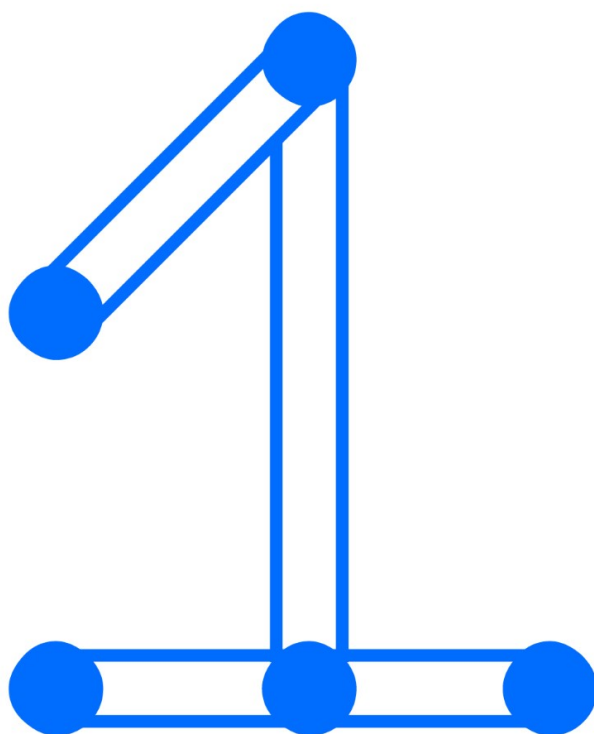


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Banco Sabadell Group

Banco de Sabadell, S.A. (hereinafter, also referred to as Banco Sabadell, the Bank, the Company, 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 corporate group of entities whose activity it controls directly or indirectly and which comprise, together with the Bank, Banco Sabadell Group. Banco Sabadell comprises 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 2023:

- Banking Business Spain groups together the Retail Banking, Business Banking and Corporate Banking business units, with individuals and businesses 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, leasing and rental services, as well as other short-term finance. Funds come mainly from customers' term and demand deposits, savings insurance, mutual funds and pension plans. The main services also include payment methods such as cards and various kinds of insurance products.
 - Business Banking: offers financial products and services to companies and self-employed persons. These include investment and financing products, such as working capital products, revolving loans and medium- and long-term finance. It also offers custom structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from customers' term and demand deposits and mutual funds. The main services also include collection/ payment solutions such as cards and PoS terminals, as well as import and export services. It also includes Private Banking, which offers personalised expert advice, backed by specialised and high-value product capabilities for our customers.
 - Corporate Banking: 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 particular 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 international presence 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 undertaking of a group of companies that, as at 31 December 2023, numbered a total of 83. Of these, aside from the parent company, 60 are considered subsidiaries and 22 are considered associates (as at 31 December 2022, there were 88 companies: the parent company, 68 subsidiaries and 19 associates).



1.1 Mission, values and business model

Mission and values

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

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

The Bank and those who form part of it share the values that help to accomplish this mission, however, wherever and whenever that may be.

Banco Sabadell accomplishes its mission while staying 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 criteria related to 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 by adopting an initiative-based, proactive approach to the relationship through the various channels that the Bank's customers have at their disposal. The Bank offers a comprehensive range of products and services, qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.

Over the last twelve years, Banco Sabadell has expanded its geographical footprint in Spain and increased its market share with a series of acquisitions, the most significant of which was its acquisition of 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 the former Caixa d'Estalvis del Penedès in Catalonia and Aragon, Banco Gallego and Lloyds' business in Spain.

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, such as finance

to non-financial companies with 9%, mutual funds with 5% and PoS turnover with 17%.

With regard to international business, Banco Sabadell has always been a benchmark. This has not changed in 2023 and Banco 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 financial institutions in Spain's financial system. It has a geographically diverse business (74% in Spain, 23% in the UK and 3% 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 2023 were the interest rate hikes carried out by central banks and their gradual effects on economic activity. The continuation of the disinflation process, with inflation rates clearly trending downwards, was the main reason why central banks put a stop to their rate hike cycles at the end of the year. In terms of economic activity, the Eurozone and UK economies suffered more in an environment of restrictive interest rates and maintained a situation of virtual stagnation, while the United States proved to be more resilient and surprised to the upside. Meanwhile, throughout the year there were various episodes of uncertainty, the economic impact of which was limited and short-lived. Some of the most noteworthy include the collapse of certain US regional banks, the problems at Credit Suisse and the outbreak of a new war in the Middle East between Israel and Hamas. Lastly, in the financial markets, 2023 was a more positive year for risk assets than 2022, a year in which a large portion of assets recorded heavy losses.

Against this backdrop, in year-on-year terms, Banco Sabadell significantly increased its bottom line. This Group profit was mainly driven by the good performance of core results (net interest income + fees and commissions – recurrent costs), which improved due to both the increase in net interest income and the efforts made to contain costs.

The reduction in provisions is also noteworthy, reducing both credit provisions and real estate provisions.

Banco Sabadell conducts its business in an ethical and responsible manner, gearing its commitment to society in a way that ensures 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.

1.2 Strategic priorities

Profitability continues to improve on the strength of improved core results.

The Group's Strategic Plan was unveiled on 28 May 2021. The strategic priorities revolve around (i) an increased focus on core business in Spain, with different action levers for each business line to strengthen the Bank's competitive position in the domestic market, and (ii) a significant improvement in the profitability of international business, both in the United Kingdom and in other geographies. Another aim is to reduce the cost base, to bring it in line with the current competitive environment. To deliver these changes, capital will be allocated more efficiently, fostering the growth of the Group in the geographies and business lines that offer the highest return on risk-adjusted capital.

In this way, a specific strategic approach is established for each business line:

In Retail Banking, the approach is to undertake a major transformation, profoundly changing the offering of products and services as well as the customer relationship model.

In relation to the aforesaid offering, the goal is to continue working to make transaction services more readily available to customers in a simple and agile way in digital channels. As for the commercial offering of products and services, the goal is to develop a fundamentally digital and remote offering of products for which the customer wants autonomy, immediacy and convenience, such as consumer loans, accounts and cards. For more complex products, such as mortgages, insurance and savings/investment products, where the customer requires support, the approach is to deploy product specialists and offer multi-channel support, all alongside greater process digitalisation.

The goal in Retail Banking is to respond better to customers' needs while at the same time reducing the cost base of the business.

In Business Banking, the goal is to strengthen the sizeable franchise of the Bank in this segment by establishing specific levers to achieve profitable growth, such as sector-specific solutions for businesses, support for customers in their internationalisation process, expansion of specialised solutions for SMEs, and the provision of comprehensive support for Next Generation EU funds. This is to be reinforced with an optimal risk management framework, complementing the perspective of risk experts and business experts with new business intelligence and data analytics tools.

The goal in Business Banking is to drive growth while safeguarding risk quality and boosting profitability.

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

The goal in this business line is to obtain adequate profitability in each customer and to meet their needs.

TSB's turnaround marks a positive trend.

TSB's aim is to focus on what it does best and what it is known for in the market: retail mortgages. TSB has an excellent platform, with high operational capabilities for mortgage management and a well-established network of brokers, a key factor in the British market where a substantial portion of new mortgages are arranged through this channel.

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

In the Group's other international business, the priority is to actively manage the capital allocated by the Group to these business lines. On a supplementary basis, 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 other foreign branches, priority will be given to supporting Spanish customers in their international activity.

The majority of the financial targets for 2023 have been met.

So far, progress has been very significant. In Retail Banking, some examples include the deployment of more than 800 specialised managers, who now cover the entire branch network both in person and remotely, 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, the digitalisation of consumer loan application processes, a 100% digital card application process, the expansion of pre-approved consumer loans and cards, the integration of Sabadell Wallet in the mobile app, the optimisation of product campaigns, the launch of a customer retention plan, and the launch of the Sabadell Online Account, which allows new customers to be registered through a 100% remote process.

As at 2023 year-end, agents specialising in mortgages generate over 50% of the total new business in this product, those specialising in savings and investment products generate 29%, while those specialising in insurance generate 21%. On the other hand, digital sales of consumer loans represent over 75% of the total, while in 2021 that figure was around 40%. Meanwhile, almost half of cards are now applied for online and 56% of new customers are acquired through the digital channel. In 2021, these digital sales capabilities were non-existent.

In Business Banking, 34 sector-specific offers have been introduced for businesses and the self-employed, and customer acquisition in these sectors has increased by 50% in 2023 compared to 2021. Online banking features have been improved, thus expanding the digital offering and interactions between the customer and the Bank/relationship manager. The use of data analytics in risk management has been enhanced and risk analysts have acquired sector-specific specialisation to better steer new lending. As a result, now, more than 80% of new lending items are granted to priority customers and sectors. In terms of capabilities, the middle market team has been bolstered to broaden the knowledge base already in use in Corporate Banking. It is also important to note that Banco Sabadell has signed a strategic agreement with Nexi, a leading European paytech company, to continue improving the value proposition and customer experience in a key product for the corporate, business and self-employed segments, through a wider and more innovative offering.

A new Private Banking model was launched to which 450 personal bankers were assigned, and the product offering and advice tools have

been enhanced with a clear growth objective in both turnover and customers.

As regards costs, efficiency plans affecting both business and retail banking were executed in 2021 and 2022 with a c.20% reduction of the workforce and c.30% reduction of branches, delivering significant cost savings.

In Corporate Banking Spain, greater focus was placed on the continuous monitoring of customer profitability, measuring this profitability as the risk-adjusted return for each customer. Furthermore, action plans were set in motion to increase profitability, resulting in 83% of customers with a RAROC above 10%, when in 2021 only 40% of customers had a RAROC above 10%.

Meanwhile, TSB has been increasing its market share in the mortgage segment since the end of 2020 and has improved its efficiency, turning its results around. After accumulating losses between 2018 and 2020, it has consistently been making positive contributions to Group profits since the first quarter of 2021.

Mexico has focused on reducing its cost base and improving its cost of risk, thus increasing its positive contribution to the Group. The Miami foreign branch, which contributes positively to the Group, has promoted its private banking franchise. As for the other foreign branches, the focus has been on supporting Spanish customers abroad and local customers who operate in Spain.

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

The macroeconomic and interest rate scenario assumptions on which the Strategic Plan forecasts were determined were set in an environment of expansionary monetary policies by central banks and were largely outdated in 2022. Central banks, seeing that inflation was considerably above their established target, were compelled to begin an accelerated and unprecedented interest rate hike cycle at the beginning of last year which has continued in 2023, with rate increases introduced at an even faster pace, pushing benchmark interest rates to levels not seen since 2001.

Capital levels amply above regulatory requirements.

Buoyed by this more positive interest rate environment for banking intermediation activity, the Institution's revenues have increased substantially during the last two years, especially in 2023. Supported by this improvement in net interest income, the Group's profitability has risen to reach a ROTE of 11.5%, well above the initial target and considerably improving on the figure obtained in 2022, which already met the ROTE target of above 6%. Furthermore, the Group's fully-loaded CET1 capital ratio stood at 13.2%, which is also widely above the target set in the Plan and already deducts a dividend equivalent to 50% of the Group's profits. Therefore, the Group reached the end of the Strategic Plan horizon amply meeting the main targets set at the start.

Consequently, Banco Sabadell updated its targets for 2023 in line with this new environment. The revised scenario projections concerning the income statement for this year were as follows:

Net interest income growth of around 25%, a target revised upwards several times during the year thanks to a better-than-expected performance. This was based on loan book repricing, while the average cost of deposits was estimated to be around 20%-25% of the average

Euribor during the year. This target has been met, since net interest income went up 24% in the year.

In terms of fees and commissions, these were expected to record a mid-single digit drop due to the weaker performance of service fees in a context of high interest rates. This income performed in line with expectations, with negative annual growth of 7.0%.

As for costs, inflation was expected to remain contained, with the total cost base standing just below 3 billion euros at the end of the year, equivalent to an increase in costs of no more than 3.5%. In the end, the increase in recurrent costs, excluding the 33 million euros of expenses related to the efficiency plan announced during the results presentation for the fourth quarter of 2023, was 3.5%, in line with expectations.

On the other hand, total cost of risk was expected to remain below 60 basis points, after slightly improving the target during the year thanks to robust asset quality. This projection has been met, since total cost of risk stood at 55 basis points in 2023.



1.3 Banco Sabadell share performance and shareholders

Banco Sabadell's share capital amounts to 680,027,680.875 euros, represented by 5,440,221,447 shares of a single class with a par value of 0.125 euros. The number of shares in the Bank decreased during the year by 186,743,254 as a result of the share buyback programme carried out between July and November, approved at the Annual General Meeting on 23 March 2023, and the subsequent capital reduction through the redemption of shares that was entered in the Companies Register of Alicante on 11 December 2023.

2023 was marked by ongoing interest rate hikes by central banks, liquidity problems of regional banks in the US, entrenchment of the war in Ukraine, inflation still at high rates but on a downward trend, and the outbreak of a new conflict in the Middle East. As a result of all these factors, the macroeconomic indicators of the main developed economies gave mixed signals throughout the year.

In the financial markets, the year started out on a very positive note, particularly in the financial sector, thanks to expectations of higher profitability by financial institutions supported by the interest rate hikes introduced by central banks. However, as the year went on and as a result of the liquidity problems of the USA's Silicon Valley Bank, financial markets on both sides of the Atlantic became more volatile. In particular, the financial sector underwent a sharp correction. Subsequently, further episodes of volatility were triggered by the uncertainty around Credit Suisse, which would be resolved with its acquisition by UBS.

Central banks continued to combat inflation, which started to ease off on a global scale throughout the year, although it remains at rates above the monetary authorities' target. Core inflation also trended downwards, albeit more slowly. The fact that there was no sign of an end to the war in Ukraine, together with the subsequent outbreak of a new conflict in the Middle East, heightened uncertainty about the potential impact on the global economy and on the pace of falling inflation.

In the Eurozone, the European Central Bank continued to tighten monetary policy with six hikes during the year and raised the official interest rate by 200 basis points to 4.50%, the highest it has been in the Eurozone since 2001. Moreover, the 12-month Euribor ended the year at around 3.5%, a level not seen since 2008.

As a result of this environment of higher interest rates, the banking industry, across the board, benefited from the increased capacity to intermediate in the economy and experienced a significant improvement in performance despite higher costs of funding. All in all, on balance it was a positive year, and the profitability of the banking industry converged to levels close to the required cost of capital.

As regards Banco Sabadell's share price performance, it has kept the good tone of recent years, with a revaluation of +33% in the year. On a like-for-like basis, the market revaluation has been above the European banking industry benchmark (STOXX Europe 600 Banks), which rose by +20%, and also above general indices such as EURO STOXX 50 and IBEX 35, which cumulatively increased by +12% and +23%, respectively, over the year. The economic and financial factors mentioned above have had a significant influence on share price performance. In addition, in terms of Banco Sabadell's idiosyncratic factors, it is worth pointing out that improvements in efficiency, operating income and profitability continued, thanks to annual results that have benefited from interest rate hikes and have enabled the Institution to achieve the highest level of

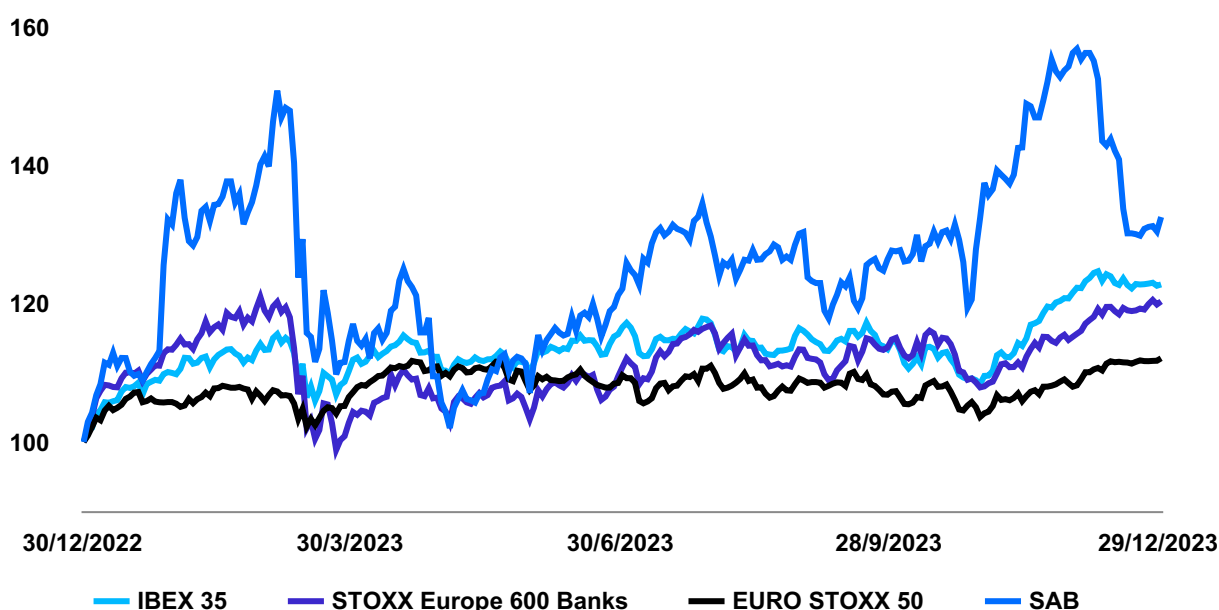
annual profit in its history. This was well received by financial analysts and the market in general.

At the end of 2023, 92% of equity analysts covering Banco Sabadell had a Buy or Hold recommendation on the stock.

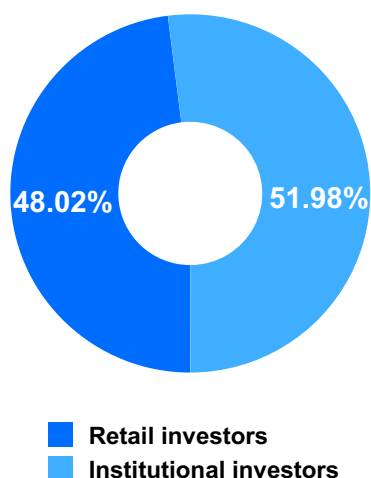
The shareholding structure in 2023 is balanced among institutional and retail shareholders, the former representing 52% and the latter 48%. Within the Bank's shareholding structure, as at year-end 2023, three investor groups reported a holding of more than 3% according to figures reported to the CNMV. The aggregate holding of those three shareholders represents 10.10% of the total share capital; the remaining holdings are free-float capital. The members of the Board of Directors, one of whom indirectly controls the voting rights attributed to the shares held by one of the aforesaid investors, hold 3.75% of the Bank's share capital.

Banco Sabadell's market capitalisation stood at 6,014 million euros at year-end, with a price/tangible book value ratio of 0.51.

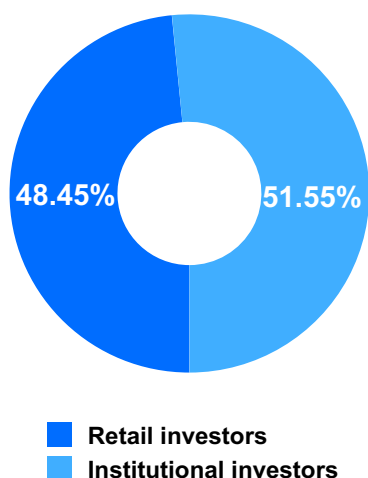
The graph below shows the evolution of the share price performance over the year:



Shareholder distribution in 2023



Shareholder distribution in 2022



Analysis of shareholdings as at 31 December 2023			
Number of shares	Shareholders	Shares in tranche	% of capital
From 1 to 12,000	168,843	531,041,462	9.76 %
From 12,001 to 120,000	41,967	1,305,324,842	24.00 %
From 120,001 to 240,000	1,656	275,264,990	5.06 %
From 240,001 to 1,200,000	930	415,699,219	7.64 %
From 1,200,001 to 15,000,000	137	514,826,662	9.46 %
More than 15,000,000	27	2,398,064,272	44.08 %
TOTAL	213,560	5,440,221,447	100.00 %

Analysis of shareholdings as at 31 December 2022			
Number 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 %

	Million	Million euro	Euro	Million euro	Euro
	Average number of shares (*)	Profit attributable to the Group	Profit attributable to the Group, per share	Own funds	Book value per share
2020	5,582	2	—	12,944	2.32
2021	5,586	530	0.080	13,357	2.39
2022 (**)	5,594	889	0.140	13,635	2.43
2023	5,401	1,332	0.225	14,344	2.65

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

(**) The data corresponding to 2022 has been restated to take into account the implementation of IFRS 17 (see Note 1.4 to the consolidated annual financial statements for 2023).

Share performance

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

	2023	2022 (*)	Year-on-year change (%)
Shareholders and trading			
Number of shareholders	213,560	218,610	(2.3)
Total number of shares outstanding (million) (**)	5,403	5,602	(3.6)
Average daily trading (million shares)	30	41	(28.3)
Share price (euro)			
Opening	0.881	0.592	—
High	1.364	0.950	—
Low	0.873	0.565	—
Closing	1.113	0.881	—
Market capitalisation (million euro)	6,014	4,934	—
Market ratios			
Earnings per share (EPS) (euro) (***)	0.23	0.14	—
Book value per share (euro)	2.65	2.43	—
P/TBV (price/tangible book value per share)	0.51	0.44	—
Price/earnings ratio (share price/EPS)	4.94	6.32	—

(*) The data corresponding to 2022 has been restated to take into account the implementation of IFRS 17 (see Note 1.4 to the consolidated annual financial statements for 2023).

(**) Total number of shares minus final treasury stock position.

(***) Denominator corresponds to average number of shares outstanding (average number of total shares minus average treasury stock and minus average number of shares subject to a buyback programme).

Dividend policy

Shareholder remuneration increased by 55% in the year, distributing 50% of 2023 earnings.

The Bank's shareholder remuneration conforms to the provisions of its Articles of Association. It is proposed by the Board of Directors and submitted to the Annual General Meeting for approval each year. In addition, Banco Sabadell has a Shareholder Remuneration Policy that lays down principles that determine the shareholder remuneration framework.

In 2022, the Bank established a payout ratio (percentage of earnings to be allocated to shareholder remuneration) of 50%. Thus, of the 859 million euros of profit attributable to owners of the parent in 2022, 430 million euros were allocated to shareholder remuneration. The remuneration was distributed in the form of a cash dividend and a share buyback.

The cash dividend was paid in two instalments. An interim dividend of 0.02 euros per share was paid in December 2022, and a supplementary dividend of 0.02 euros per share was paid in April 2023, after the Annual General Meeting approved the profit allocation for the year. The total cash dividend amounted to 225 million euros and

represented an increase of 33.3% compared to 2022. Calculated on the closing share price in 2022, the cash dividend yield was 4.5%.

The share buyback commenced on 3 July 2023, once the requisite authorisation from the European Central Bank had been received, and concluded on 10 November 2023, after having reached the approved maximum pecuniary amount of 204 million euros. In total, 186,743,254 shares with a par value of 0.125 euros each were repurchased, representative of approximately 3.32% of Banco Sabadell's share capital. The public deed corresponding to the capital reduction was entered with the Companies Register of Alicante on 11 December 2023.

The most salient aspects of the share buyback programme are shown below. For more information, see Note 3 to the consolidated annual financial statements for the year 2023.

Closing date	Number of shares	% of share capital	Payment (thousand euro)
10/11/2023	186,743,254	3.32%	204,000

Meanwhile, on 25 October 2023, the Board of Directors approved an interim dividend in cash of 0.03 euros per share, from 2023 earnings, which was paid on 29 December 2023 and entailed a 50% increase compared to the interim dividend of the previous year. Subsequently, at its meeting of 31 January 2024, the Board of Directors resolved to propose, for approval at the next Annual General Meeting, a supplementary cash dividend of 0.03 euros per share to be paid out of 2023 earnings. Both dividends represent a total amount of 326 million euros or 0.06 euros per share and a yield of 5.4% on the share price as at 2023 year-end.

In addition to this cash dividend, the Board of Directors of Banco Sabadell, after having obtained the prior permission of the competent authority, also resolved to establish, out of the 2023 earnings, a buyback programme of treasury shares for their redemption through a resolution for share capital reduction to be proposed to the Annual General Meeting of Shareholders, of up to a maximum amount of 340 million euros, whose terms, once they are set by the Board of Directors, will be the content of a new announcement before starting its execution.

The total shareholder remuneration corresponding to 2023, which combines the cash dividend and the share buyback programme, will, therefore, be equivalent to 50% of the profit attributable to the owners of the parent company, complying with the shareholder remuneration policy.

All in all, shareholder remuneration reached the aforementioned 50% payout, including both the dividend cash payment and the share buyback, bringing the total distributed amount to 666 million euros or 0.12 euros per share, a 55% increase on the shareholder remuneration in 2022, and representing a yield of 10.8% on the share price as at 2023 year-end.

Credit rating

In 2023, 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 9 February 2024, S&P Global Ratings upgraded Banco Sabadell's long-term issuer credit rating to 'BBB+' from 'BBB', changing the outlook to stable from positive. This improvement reflects the Institution's improved profitability, which is currently at levels commensurate with the franchise and its competitors' profitability. The short-term rating was also affirmed at 'A-2'.

On 12 May 2023, DBRS Ratings GmbH affirmed Banco Sabadell's long-term issuer rating at 'A (low)' with a stable outlook, reflecting the strength of the franchise as Spain's fourth largest banking group. It also took a positive view of its solid asset quality profile, its strong position in wholesale funding and liquidity, and the Group's satisfactory capitalisation. The short-term rating remained at 'R-1 (low)'. The full report on the revision was published on 24 May.

On 13 June 2023, Fitch Ratings affirmed its long-term rating of Banco Sabadell at 'BBB-', improving the outlook to positive from stable, mainly reflecting Fitch's expectations that Sabadell's profitability will continue to structurally improve due to higher interest rates, contained credit provisions and improved earnings of the Bank's UK subsidiary. The short-term rating remained at 'F3'. The full report on the revision was published on 30 June.

On 27 October 2023, Moody's Investors Service upgraded the rating of Banco Sabadell's long-term deposits from 'Baa2' to 'Baa1' and that of its long-term senior debt from 'Baa3' to 'Baa2', changing the outlook of both ratings from positive to stable. This rating upgrade reflects the gradual strengthening of Banco Sabadell's credit profile, mainly in terms of asset quality and profitability, and Moody's view that the interest rate environment will support further profitability improvements over the outlook horizon, while the increase in non-performing assets will remain contained. The short-term rating remained at 'Prime-2'. The full report on the revision was published on 7 November.

During 2023, Banco Sabadell has been in continuous contact 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, 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.

	Long-term	Short-term	Outlook	Last updated
DBRS	A (low)	R-1 (low)	Stable	24/05/2023
S&P Global Rating	BBB+	A-2	Stable	09/02/2024
Moody's Investors Service	Baa2	P-2	Stable	07/11/2023
Fitch Ratings	BBB-	F3	Positive	30/06/2023

1.4 Corporate governance

Banco Sabadell has a sound corporate governance structure that ensures effective and prudent management of the Bank, in which it prioritises ethical, solid and transparent governance, taking into account the interests of shareholders, customers, employees and society in the 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 section "Corporate Governance and Remuneration Policy – Internal Governance Framework").

As required by Article 540 of the Spanish Capital Companies Act, Banco Sabadell Group has prepared the Annual Corporate Governance Report for the year 2023, which, in accordance with Article 49 of the Spanish Commercial Code, forms part of the consolidated Directors' Report for 2023. It includes a section on the extent to which the Bank follows recommendations on corporate governance currently in existence in Spain.

As it has done in previous years, Banco Sabadell has opted to prepare the Annual Corporate Governance Report in free PDF format, in accordance with CNMV Circular 2/2018 of 12 June, in order to explain and publicise, with maximum transparency, the main aspects contained therein.

Annual General Meeting 2023

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 Regulation, as well as any business decisions that the Board of Directors considers to be of vital importance for the Bank's future and corporate interests.

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

In the Annual General Meeting, shareholders may cast one vote for every thousand shares that they own or represent. The Policy for 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 following 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.

The Bank has maintained the highest standards of transparency and participation to improve and promote the participation of shareholders in the Annual General Meeting of 23 March 2023, so that they were able to attend in person as well as remotely through a live broadcast, continuing



the approach adopted in 2022, vote on motions on the agenda and speak during question time. In addition, the Bank set up electronic channels through Banco Sabadell's websites (corporate website and BSOOnline) and its mobile app (BSMóvil) so that shareholders could delegate and cast their vote ahead of the Annual General Meeting.

The integration of these channels with the Bank's website was also improved to enhance the experience of customers that are shareholders and of shareholders in general and to facilitate interaction.

The Annual General Meeting for 2023, convened on 16 February 2023, took place on 23 March 2023, on second call.

The Annual General Meeting held on 23 March 2023 approved all items on the agenda, among them the annual financial statements and the corporate management for the financial year 2022 and, in relation to appointments, shareholders approved the re-election as Board members of the Chairman, Josep Oliu Creus, in the capacity of Other External Director; of Aurora Catá Sala, in the capacity of Independent Director; of María José García Beato, in the capacity of Other External Director; and of David Vegara Figueras, in the capacity of External Director; as well as the ratification and appointment of Laura González Molero, in the capacity of Independent Director.

Regarding the content of its resolutions, in terms of appointments, it is important to note that on 26 January 2023, Anthony Frank Elliott Ball resigned from his role as Independent Director of Banco Sabadell, effective from the date of the next Annual General Meeting. Mr Ball had held the position of Lead Independent Director. To fill this vacancy, the Annual General Meeting agreed the appointment of Pedro Viñolas Serra as Independent Director, who joined his first meeting as Board member on 30 June 2023, once the corresponding regulatory authorisations had been received.

In the interests of the aforementioned principle of transparency, and in response to the participation of investors and proxy advisors in the Corporate Governance roadshows, at the Annual General Meeting of 2023, on the occasion of the approval of the new Director Remuneration Policy, among other measures, new remuneration for the Chief Executive Officer for his executive duties was announced. 97.36% of votes were cast in favour of this Policy at the Annual General Meeting.

The Annual General Meeting also approved, under item four on the agenda and with 99.30% of votes in favour, Banco Sabadell's share capital reduction by the nominal amount of treasury shares that could be acquired by the Institution, under the share buyback programme that the Board of Directors planned to implement, for a maximum pecuniary amount of 204 million euros, all within the maximum limit corresponding to 10% of the share capital on the date of the proposed resolution, and after obtaining the corresponding regulatory authorisations. The capital reduction, as planned, would be carried out through the redemption of treasury shares acquired under the authorisation granted by the aforementioned Annual General Meeting under item eight on the agenda or, where appropriate, any resolution of the Annual General Meeting regarding the acquisition of treasury shares for redemption purposes, in accordance with the provisions of applicable legislation and regulations. The Board of Directors was also empowered to specify and develop the aforementioned capital reduction agreement, setting the terms and conditions of the capital reduction in all matters not already provided for and, in particular, setting the date on which the capital reduction should be carried out and determining the number of shares to be redeemed. The Board was also empowered, in certain cases and due to unforeseen circumstances, to opt not to execute the capital reduction. The period to execute on the agreement was established until the date of the next Ordinary Annual General Meeting.

On 30 June 2023, after receiving the required authorisation from the European Central Bank, Banco Sabadell announced to the market, by means of an Inside Information notice filed with the CNMV under number

1909, the establishment and implementation of a temporary share buyback programme for a maximum pecuniary amount of 204 million euros. The buyback programme was carried out in accordance with the provisions of Article 5 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

On 13 November 2023, Banco Sabadell announced the end of the buyback programme after reaching the established maximum pecuniary amount, having acquired a total of 186,743,254 treasury shares representing approximately 3.32% of the share capital prior to the reduction.

On 30 November 2023, the Board of Directors agreed to execute the share capital reduction, setting its amount at 23,342,906.75 euros, through the redemption of all the shares acquired under the buyback programme. Banco Sabadell's share capital resulting from the capital reduction was set at 680,027,680.875 euros, represented by 5,440,221,447 registered shares with a par value of 0.125 euros each, all belonging to the same class and series.

The capital reduction and the amendment to Article 7 of the Articles of Association relating to share capital were entered in the Companies Register of Alicante on 11 December 2023. The reduction was therefore completed and the redeemed shares were delisted.

As regards sustainability, it is also important to note that for the third 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 conducted by Eventsost.

In addition, an external consultant verified the procedures established for the preparation and holding of the Annual General Meeting 2023. The external consultant verified, from a technical, procedural and legal perspective, that the requirements, internal procedures and applicable regulations had been complied with in Phase I: pre-Meeting, Phase II: Meeting and Phase III: post-Meeting.

Information regarding the 2023 Annual General Meeting 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 to the Annual General Meeting, the Board of Directors is the most senior decision-making body of the company 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, delegating the management of ordinary business matters to the Chief Executive Officer.

The Board of Directors is subject to well-defined and transparent rules of governance, in particular to 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.

The Board of Directors, at its meeting on 23 March 2023, agreed to appoint George Donald Johnston III as Lead Independent Director, replacing Anthony Frank Elliott Ball who as mentioned above resigned from his role, effective from the date of the Annual General Meeting that took place on 23 March 2023.

As at 31 December 2023, the Board of Directors was formed of fifteen members: its Chairman (in the capacity of Other External Director), ten Independent Directors, two Executive Directors, one Other External

Composition of the Board Committees

31 December 2023

Chair

Josep Oliu Creus

Deputy Chair

Pedro Fontana García

Sabadell Group CEO

César González-Bueno Mayer

Female Director

Aurora Catá Sala
María José García Beato
Mireya Giné Torrens
Laura González Molero
Alicia Reyes Revuelta

Director

Luis Deulofeu Fuguet
David Martínez Guzmán
José Manuel Martínez Martínez
Manuel Valls Morató
Pedro Viñolas Serra

Lead Independent Director

George Donald Johnston III

Director-General Manager

David Vegara Figueras

Non-Director Secretary

Miquel Roca i Junyent

Non-Director Deputy Secretary

Gonzalo Barettino Coloma

Director and one Proprietary Director. The Board's composition keeps an adequate balance between the different director categories that comprise it.

The Board of Directors has a diverse and efficient composition. 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 good 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, following a favourable report from the Board Appointments and Corporate Governance Committee, and which was last reviewed on 30 March 2023, as a result of the most recent appointment of Pedro Viñolas Serra as a new Board member and the change in Lead Independent Director.

As at 2023 year-end, 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 account for 33% of members on the Board of Directors, honouring the Bank's commitment expressed in Sabadell's Commitment to Sustainability for 2023. They also account for 40% of Independent Directors, 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.

It is necessary to point out that the Board Appointments and Corporate Governance Committee agreed to submit a proposal to the Board of Directors for submission at the 2024 Annual General Meeting regarding the appointment of a female Independent Director to replace Independent Director José Manuel Martínez Martínez, who resigned effective from the date of the Ordinary Annual General Meeting. This appointment will increase the percentage of female Board membership, reaching 40% in 2024, thus fulfilling the Bank's commitment stated in Sabadell's Commitment to Sustainability ahead of schedule.

In relation to knowledge, skills and expertise, the following areas have been bolstered: corporate banking, accounting and auditing, risk management, anti-money laundering and counter-terrorist financing, responsible business practices and sustainability, and academic skills.

Banco Sabadell's Director Selection Policy of 25 February 2016 (amended on 29 September 2022 and reviewed with no amendment required on 28 September 2023) establishes the principles and criteria that should be taken into account in selection processes and also, therefore, 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 process for selecting candidates to sit on the Board of Directors and for re-electing existing directors is governed, among others, 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.

The Board of Directors has a Lead Independent Director who, in accordance with the Articles of Association, may ask the Board of Directors to call a meeting, request the inclusion of new items on the meeting agenda, coordinate and convene Non-Executive Directors, voice the opinions of External Directors and lead, where applicable, the regular appraisal of the Chair of the Board of Directors. In addition, the Lead Independent Director coordinates the Succession Plan for the Chairman and Chief Executive Officer, approved in 2016 and reviewed in January 2023, and leads meetings with investors and proxy advisors.

To ensure better and more diligent performance of its general supervisory duties, the Board of Directors undertakes to directly perform the responsibilities provided by law. These include:

- those deriving from generally applicable rules on corporate governance;
- approving the company's general strategies;
- appointing and, where necessary, removing directors of subsidiaries;
- identifying the company's main risks and implementing and monitoring appropriate internal control and reporting systems;
- drawing up policies on the reporting and disclosure of information to shareholders, the markets and the general public;
- setting policy on treasury stock in accordance with any guidelines laid down at the Annual General Meeting;
- approving the Annual Corporate Governance Report;
- authorising the company's transactions with directors and significant shareholders that could potentially give rise to conflicts of interest; 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 Board 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 the rules governing their composition, operation and responsibilities (see the section of the corporate website "Corporate Governance and Remuneration Policy – Regulations of the Committees"), and which develop and supplement the rules of operation and basic functions set out in the Articles of Association and in the Regulation of the Board of Directors.

The Board Committees have sufficient resources to perform their duties and they may seek external professional advice and information on any aspect of the Institution, having unrestricted access both to Senior Management and Group executives and to all information and

documentation, of any kind, held by the Institution on matters within their remit.

On 23 March 2023, the Lead Independent Director, Anthony Frank Elliott Ball, resigned as member of the Board Appointments and Corporate Governance Committee and as member of the Board Remuneration Committee following his resignation from the role of Director.

At its meeting of 30 June 2023, the Board of Directors agreed, following a report from the Board Appointments and Corporate Governance Committee, to change the composition of the Board Committees. The changes were made after Pedro Viñolas Serra joined the Board of Directors as Independent Director of Banco Sabadell and after the analysis carried out by the Board Appointments and Corporate Governance Committee of the composition of the Board Committees in order to continuously improve the Institution's corporate governance.

The length of time in the role of Chair of the Board Remuneration Committee (since 2015) was analysed, concluding that a rotation of the Chair was appropriate, but also praising the excellent work carried out by Aurora Catá Sala in performing her duties. Independent Director Aurora Catá Sala was substituted by Independent Director Mireya Giné Torrens. The new Chair of the Board Remuneration Committee, with expertise in human resources, talent, culture and remuneration, is deemed the right person to succeed Aurora Catá Sala and occupy this role. The presence of women, as the under-represented sex, thus remains intact and increases the age diversity of those occupying the roles.

Independent Director Manuel Valls Morató was appointed Chair of the Board Audit and Control Committee, replacing Independent Director Mireya Giné Torrens. Manuel Valls Morató has expertise and knowledge in the Committee's duties and experience in the role, having held it previously.

In addition, the Lead Independent Director and Chair of the Board Risk Committee, George Donald Johnston III, was appointed as a member of the Board Strategy and Sustainability Committee, substituting Lead Independent Director José Manuel Martínez Martínez. Independent Director Pedro Viñolas Serra was appointed as a member of the Delegated Credit Committee, replacing Other External Director María José García Beato, and as a member of the Board Audit and Control Committee. Other External Director María José García Beato was appointed as a member of the Board Appointments and Corporate Governance Committee. Lastly, Independent Director and Chair of the Board Appointments and Corporate Governance Committee José Manuel Martínez Martínez was appointed a member of the Board Remuneration Committee, replacing Lead Independent Director and Chair of the Board Risk Committee George Donald Johnston III.

The composition and number of meetings of these Board Committees as at 31 December 2023 are shown in the table below:

Composition of the Board Committees

Position	Strategy and Sustainability	Delegated Credit	Audit and Control	Appointments and Corporate Governance	Remuneration	Risk
Chair	Josep Oliu Creus	Pedro Fontana García	Manuel Valls Morató	José Manuel Martínez Martínez	Mireya Giné Torrens	George Donald Johnston III
Voting member	Luis Deulofeu Fuguet	Luis Deulofeu Fuguet	Pedro Fontana García	Aurora Catá Sala	Laura González Molero	Aurora Catá Sala
Voting member	Pedro Fontana García	César González-Bueno Mayer	Laura González Molero	María José García Beato	José Manuel Martínez Martínez	Alicia Reyes Revuelta
Voting member	María José García Beato	Alicia Reyes Revuelta	Pedro Viñolas Serra	Mireya Giné Torrens		Manuel Valls Morató
Voting member	César González-Bueno Mayer (*)	Pedro Viñolas Serra				
Voting member	George Donald Johnston III					
Secretary Non-voting member	Miquel Roca i Junyent	Gonzalo Baretino Coloma	Miquel Roca i Junyent	Miquel Roca i Junyent	Gonzalo Baretino Coloma	Gonzalo Baretino Coloma
Number of meetings in 2023	12	36	12	13	10	15

(*) Member for matters of strategy only.

Board Strategy and Sustainability Committee

The Board Strategy and Sustainability Committee was set up in 2021 and is formed of five Directors: three Independent, one Other External and its Chair (in the capacity of Other External Director), who is the Chairman of the Board of Directors. On matters of strategy, the Chief Executive Officer will take part in the meetings, with full voting and speaking privileges, meaning that on such matters the Committee will have six members.

With regard to strategy, the Board Committee's main responsibilities are to evaluate and propose strategies to the Board of Directors for the company's business growth, development, diversification or transformation, and to report to and advise the Board of Directors on 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 significant technological transformations. It is also responsible for studying and putting forward recommendations and improvements to the strategic plans and their updates which may be brought before the Board at any time, and for issuing and submitting to the Board an annual report containing the proposals, assessments, studies and work carried out during the year.

With regard to sustainability, the Board Committee has the following responsibilities: review the Institution's sustainability and environmental policies; report to the Board of Directors on potential modifications and regular updates of the sustainability strategy; review the definition and modification of the policies on diversity and inclusion, human rights, equal opportunities and work-life balance and periodically evaluate the level of

compliance therewith; review the Bank's strategy for social action and its sponsorship and patronage plans; review and report on the Institution's Non-Financial Disclosures Report, prior to its review and related reporting by the Board Audit and Control Committee and before its subsequent submission to the Board of Directors; and receive information related to reports, documents or communications from external supervisory bodies with regard to the responsibilities of this Board Committee.

Delegated Credit Committee

The Delegated Credit Committee is formed of five Directors: one Executive and four Independent Directors. Its main duties 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 area of activity that may be required of it by the Board of Directors. Furthermore, it shall have the responsibilities ascribed to it by Law, the Articles of Association and the Regulation of the Board of Directors.

Board Audit and Control Committee

The Board Audit and Control Committee is formed of four Independent Directors, its Chair being an audit expert. It meets at least once every quarter and aims to oversee the effectiveness of the Bank's internal control, internal audit and risk management systems, supervise the process for preparing and disclosing regulated financial information, report on the Bank's annual and interim accounts, manage relations with statutory auditors, and ensure that appropriate measures are taken in the event of any improper conduct or methods. 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 Board Appointments and Corporate Governance Committee is formed of three Independent Directors and one Other External Director. Its main duties are to exercise vigilance to ensure a compliant qualitative composition of the Board of Directors, evaluating the suitability and necessary skills and experience of the members of the Board of Directors, escalate proposals for the appointment of Independent Directors, report on proposals for the appointment of the remaining Directors, report on proposals for the appointment and removal of senior executives and members of the Identified Staff, report on the basic terms of the contracts of Executive Directors and senior executives, examine and organise the succession of the Bank's Chair of the Board and Chief Executive Officer and, where appropriate, put forward proposals to the Board so that the aforesaid succession may take place in an orderly and planned manner. It should also set a target for representation of the under-represented sex 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 company'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; submitting the Annual Corporate Governance Report to the Board of Directors for its approval and annual publication; supervising, within its sphere of competence, the company'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 company's activities.

Board Remuneration Committee

The Board Remuneration Committee is formed of three Independent Directors. Its main responsibilities 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 terms of Executive Directors, and to ensure compliance therewith. Additionally, it provides information about the Annual Report on Director 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 Board Risk Committee is formed of four Independent Directors. Its main duties are to supervise and ensure that all risks of the Institution and its consolidated Group are appropriately taken, controlled and managed, 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 of the Board Committee itself.

Chairman of the Bank

Article 55 of the Articles of Association stipulates that the Chair shall perform their duties as a non-executive director. The Chair is the most senior representative of the Bank and has the rights and obligations inherent in that position. The Chairman, through the performance of his duties, is ultimately responsible for the effective operation of the Board of Directors and, as such, he will represent the Bank in all matters and sign on its behalf, convene and preside over meetings of the Board of Directors, setting the meeting agenda, lead discussions and deliberations during Board meetings and ensure the fulfilment of the resolutions adopted by the Board of Directors.

Chief Executive Officer

Pursuant to Article 56 of the Articles of Association, the Chief Executive Officer is ultimately responsible for managing and directing the business, representing the Bank in the absence of the Chair. The Board of Directors shall also delegate to the Chief Executive Officer, on a permanent basis, all the powers that it sees fit from among those that may be legally delegated.

Control units

The Internal Audit Division and the Risk Control and Regulation Division have access 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 Director Remuneration and the Non-Financial Disclosures Report, which form part of this Directors' Report, on the website of the Spanish National Securities Market Commission and on Banco Sabadell's corporate website www.grupbancsabadell.com.



1.5 Customers

The Bank works to offer products and services that can be adapted to customers' needs, offering a wide range of products for each type of customer and combining this with an omnichannel experience between physical and digital channels.

In recent years, Spain has been able to recover from the unprecedented economic recession caused by the Covid-19 crisis, but in 2023 the country was weighed down by inflation, the low confidence of economic agents and an uncertain geopolitical environment. As a result of these factors, as a society we have changed the way we work, how we relate to each other and how we consume, evolving customer expectations at all levels.

That is why Banco Sabadell is even more committed to improving customer experience as a strategic lever to meet the primary expectations of customers as it also provides a sustainable competitive advantage over time.

To that end, the Bank works to offer products and services that can be adapted to customers' needs, thus adopting a customer-centric approach, offering a wide range of products for each type of customer and combining this with an omnichannel experience between physical and digital channels.

Knowing customers at every stage of their relationship with Banco Sabadell is crucial, which is why new methodologies have been developed that allow the Bank to listen to what customers are saying, to measure and determine the main reasons for customer satisfaction and dissatisfaction and how near or far it is from meeting customers' expectations. The ultimate goal is to implement courses of action that make it possible not only to improve customers' experience but also to try to surpass their expectations.

These methodologies make it possible to transform and adapt processes by making them more customer-centric in order to improve the experience of customers.

Measuring customer experience

Understanding the behaviours and needs of customers through customer insights is key for Banco Sabadell.

Measuring customer experience involves understanding the market, consumers and customers, using a number of different qualitative and quantitative analytical methodologies to that end.

Qualitative analysis

In order to better understand the environment and the customers within it, different qualitative studies and research projects are undertaken using different methodologies. The aims include:

- Listening carefully, actively and constantly to what customers have to say, so as to ascertain how they experience their relationship with the Bank at different touchpoints.
- Understanding the concerns, worries and attitudes of consumers and their current and future needs.
- Identifying the more emotional and least explicit part of consumer decision-making.
- Defining ad hoc value propositions for each type of customer.

A variety of techniques are used, ranging from conventional in-depth interviews and segment-specific focus groups to more innovative methodologies based on behavioural economics and the detection of the deepest emotions and motivations of consumers. All of them help the Bank to identify the needs of its customers and to innovate by offering them products and services that meet their current expectations.

During 2023, Banco Sabadell has expanded the product offering aimed at its customers, such as the Personal Online Account, aimed at new retail customers, with no established relationship or minimum commitment requirements, and with a factor that truly sets it apart from competitors, namely, that customers of the Bank can enjoy indefinite returns on their balances. In addition, the Personal Online Account is an account with zero issue and maintenance fees and a free debit and credit card.

With regard to Business Banking, Banco Sabadell is committed to supporting its self-employed customers by offering a specialised relationship manager and team of experts to help them find tailored solutions, irrespective of their size or business sector. That is why they can now open a Self-Employed Online Account with the same terms and conditions of the personal account but with free online transfers (within the EU).

Both products have been developed after listening to the Bank's customers through various studies that have helped to market products adapted to the needs of each customer.

Quantitative analysis

Banco Sabadell also analyses the experience of its customers through quantitative studies. Some of these are more closely related to the traditional concept of customer satisfaction, while others incorporate more emotional aspects of customers, to make the organisation more aware of the importance of considering customers in decision-making, so as to make meaningful improvements.

1. Net Promoter Score (NPS)

Net Promoter Score (NPS), considered to be the benchmark indicator in the market used to measure customer experience, allows us to compare ourselves against peers and even against companies in other sectors, at both the domestic and international levels.

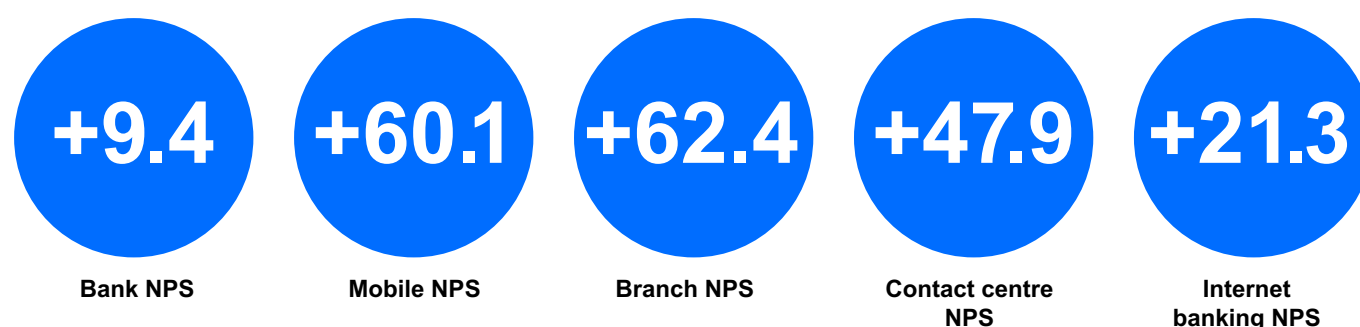
Banco Sabadell Spain's position in the ranking



Source: Accenture benchmarking of major Spanish financial institutions (2023 data).

In light of the digital transformation, the measurement of customer satisfaction in digital channels has become more important. The NPS of the mobile app for the retail segment is 44% (+4p.p YoY) and that of the telephony channel is 9% (+14p.p YoY).

TSB Data



Source: Internal NPS tracking studies, December 2023 13-Week Rolling score.

The results obtained during 2023 confirm that Banco Sabadell is on the right track. With regard to Banco Sabadell Spain, the results show a change in the trend of customer satisfaction. In terms of the Corporates NPS, the positive trend has continued, achieving the established targets.

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 its NPS, both in terms of key performance indicators (KPIs) and in terms of the position compared to other banks.

2. Satisfaction surveys

The overall customer experience measurement and management model of Banco Sabadell Spain is based on different indicators obtained from over 800,000 surveys and at more than 20 touchpoints. 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 and studies, the Bank sets itself improvement targets and continuously monitors the results.

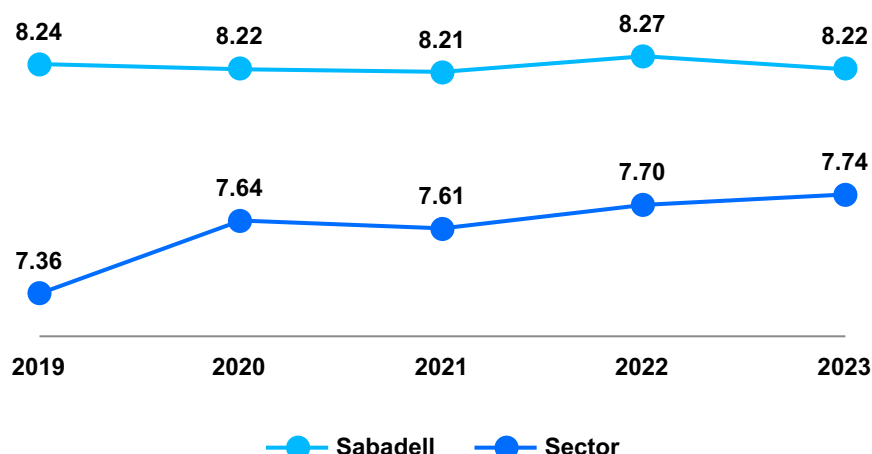
In a multi-channel environment, the surveys related to specialised customer service, both in branches and in the digital sphere, are becoming increasingly relevant. For Banco Sabadell, the use of digital channels is a moment of truth, which is why it has focused its efforts on measuring customer satisfaction and improving their experience with online banking for individuals (BSOnline Particulares) and for businesses (BSOnline Empresas), with the mobile app, etc. In particular, it is worth noting the outstanding results of the call centre, which has seen an improvement of 2% in its rating over the last year, bringing the rating for customer care from relationship managers to over 9.1.

3. Branch quality surveys

In addition to analysing customer perceptions, Banco Sabadell also carries out objective studies using approaches such as the mystery shopping technique, where an independent consultant poses as a buyer to assess the quality of service and the commercial approach to potential customers followed by the sales team.

EQUOS RCB (Stiga) is the market benchmark survey that evaluates the quality of service offered by Spanish financial institutions through the mystery shopping technique. Banco Sabadell ranks among the leading players and continues to maintain a quality differential with respect to the sector.

Service quality rating



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 regulation on 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 and resolves complaints and claims received from customers and users of Banco Sabadell's financial services and those of the institutions associated with it: 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 appropriately deal 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. Banco Sabadell's regulation on the protection of customers and users of financial services ensures compliance with the above-mentioned requirements.

In 2023, 54,884 complaints and claims were received: 51,175 in the SAC, 2,952 through the Customer Ombudsman, 720 through the Bank of Spain and 37 through the CNMV. A total of 34,930 complaints were accepted and resolved; a further 18,914 were not accepted for

processing as they did not meet the requirements set forth in the regulations.

See Note 42 to the 2023 consolidated annual financial statements for further details.

Multi-channel strategy

During the year, new capabilities were rolled out to consolidate a fully-fledged multi-channel strategy. The process to acquire self-employed customers for business purposes was fully digital, and various improvements were made to the digital customer acquisition process for retail customers, enabling the Bank to meet the ambitious customer acquisition targets that it had initially set itself.

At the same time, actions to activate and engage digital customers were strengthened through activation routes heavily focused on meeting the initial needs of customers in respect of the Bank and with powerful campaigns to capture salary and pension payments, which enabled the Bank to substantially increase the ratio of salary direct deposits, through both the digital channel and the branch network.

All this has been supported by the deployment of specialists in savings & investment and mortgages & insurance to help and advise customers in all those matters that may require greater specialisation and knowledge, so that customers can make the best decisions in each of these areas.

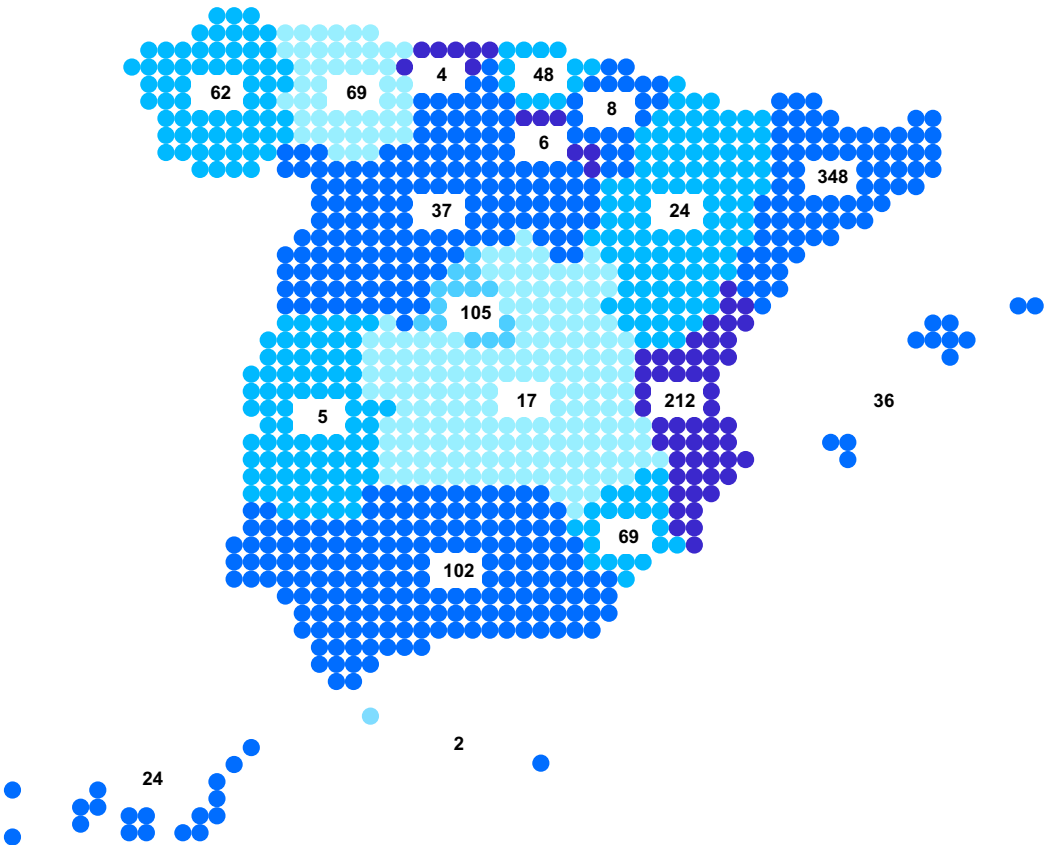
Branch network

The Group ended 2023 with a network of 1,420 branches, representing a net reduction of 41 branches with respect to 31 December 2022.

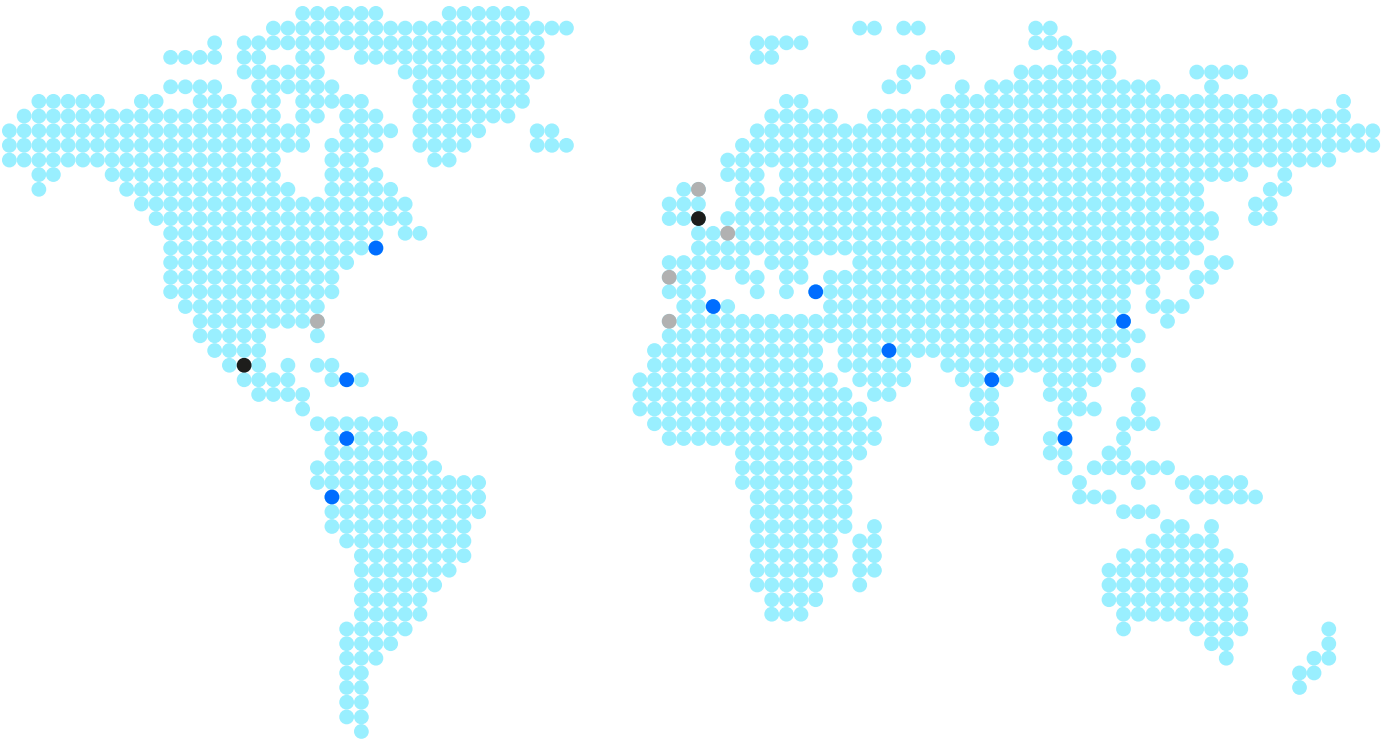
Of the total number of branches and offices of Banco Sabadell and its Group, 879 operate under the Sabadell brand (including 30 business banking branches and 2 corporate banking branches), 62 operate as SabadellGallego (3 business banking branches), 86 as SabadellHerrero in Asturias and Leon (3 business banking branches), 61 as SabadellGuipuzcoano (5 business banking branches) and 7 as SabadellUrquijo, with a further 83 branches operating under the Solbank brand. The other 242 branches and offices make up the international network, of which 211 correspond to TSB and 15 to Mexico.



Number of branches by autonomous community



Banco Sabadell in the world



- **Subsidiaries & Investees**

 - Mexico DF (Mexico)
 - London (United Kindom)
- **Branches**

 - Miami (USA)
 - Paris (France)
 - Casablanca (Morocco)
 - Lisbon (Portugal)
 - London (United Kindom)
- **Representative Offices**

 - Alger (Algeria)
 - Beijing (China)
 - Shanghai (China)
 - Bogota (Colombia)
 - Dubai (UAE)
 - New York (USA)
 - New Delhi (India)
 - Lima (Peru)
 - Santo Domingo (DR)
 - Singapore (Singapore)
 - Istanbul (Turkey)

ATM network

Banco Sabadell ended the year with a fleet of 2,488 ATMs in Spain, including 1,663 in-branch and 825 out-of-branch ATMs. Compared to 2022, the number of ATMs decreased by 3%, mainly due to branch closures.

In terms of ATM transactions carried out in 2023, the downward trend observed during the previous year continued, with more than 78 million transactions carried out, which is a 6% decrease in the total number of transactions.

Deposits and withdrawals were the most commonly used types of transactions and, in both cases, there was a slight decrease compared to the previous year.

The main goal for 2023 was to continuously improve the overall availability of the ATM fleet, enhance the customer experience and above all focus efforts on overhauling the look and feel of the ATMs and their cleanliness.

Direct Branch

During 2023, Direct Branch contacts increased by 7% compared to those recorded in 2022 and numbered 5 million, mainly as a result of the transfer of the centralised branch service (options 3 and 4 of the centralised branch service's menu, managed by the Retail Segment Direct Branch) to Direct Branch (380,000 calls).

However, all the channels saw a reduction in contacts compared to the previous year. Telephone consultations accounted for 81% of total contacts across all channels, followed by email, 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 94%, followed by the SLA for chat at 97% and the SLA for the email channel at 85%. Banco Sabadell received over 137,000 mentions on social media, and the SLA was 98%.

Highlights of 2023:

- The servicing plan has been in place since the beginning of 2023. This plan has different levers, such as the reduction in the number of calls, first contact resolution and process automation.
- 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.
- The main milestones in enhancing the usability of this channel include its implementation in English and making the virtual assistant more visible and available on almost all transaction pages of the website, including the home page, as well as placing it more prominently on the app.
- On the other hand, the conversation flows and FAQs of the virtual assistant have been improved and the chat has been given more autonomy, substantially increasing first contact resolution in this channel, which is now 18% higher than the data recorded at the start of the year.



Contact through
telephony channel



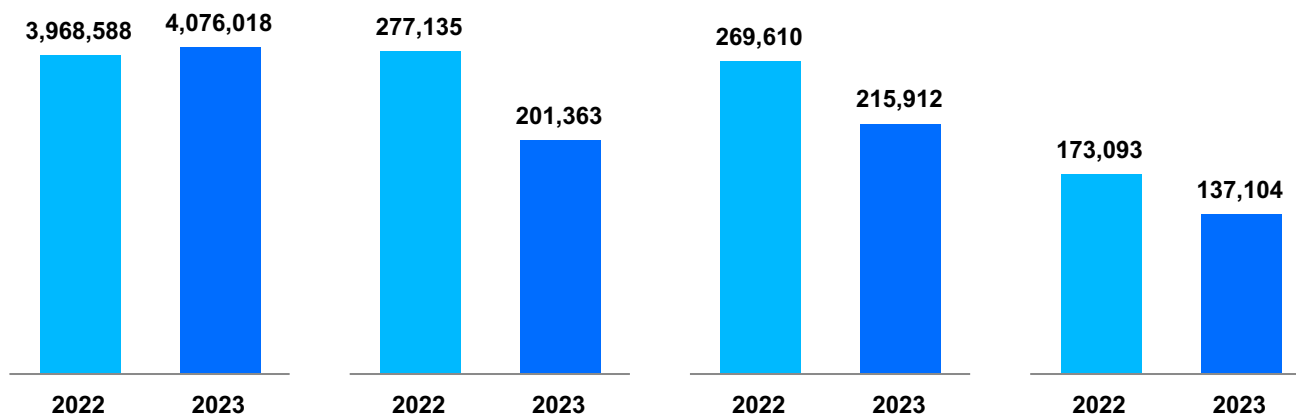
Contact through
email channel



Contact through
call with agent



Contact through
social media



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 is currently active on five social media channels: X (formerly known as Twitter), Facebook, LinkedIn, YouTube and Instagram, with 20 different profiles at the national level, and it is one of the financial institutions with the best digital reputations.

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

A key success factor is the 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.

Continuing with the initial goals, this year the Bank has also worked on improving the way it handles reviews. A personalised customer service mailbox has been set up for all iOS and Android reviews that require follow-up. This is also aligned with the objective of detecting improvements in unassisted channels such as the app and website, which can boost the use of self-service.

Meanwhile, improvements have been made to first contact resolution, making outgoing calls for cases that cannot be processed through social media, thus supporting customers until they reach the end of their journey and providing the Bank with more tools to deal with any cases in which there is reputational risk.

Finally, the Bank has started to use new channels, such as the Helpmycash portal, where it replies to reviews and comments from users of the Sabadell Online Account. The Institution thus continues to expand its digital presence in fast-growing channels.

Digital transformation and customer experience

In banking, as in many other businesses, the digitalisation of consumer habits is leading to a profound digital transformation of the sector. Interactions that previously took place in person at branches are now increasingly taking place online. Banco Sabadell Group believes that it is necessary to offer its customers an optimal level of digital services for any transactions that they wish to do using their mobile device, while continuing to offer in-person services at any one of its more than 1,400 branches and through its network of specialists, at the times that really matter to customers.

During this past year, the Group has made considerable efforts to upgrade the technology infrastructure, resulting in a scalable and efficient platform with recognised levels of cybersecurity. These improvements have absorbed the growth in transactions as a result of customers' digitalisation. In just one year, the Group has doubled the transaction volume and has done so whilst reducing application access times by between 10% and 40%.

Digitalisation also opens new doors to process improvements, which will make it possible to offer a superb customer experience in processes that are currently seen as cumbersome. The Group already has good examples of this, such as its new 100% digital customer registration process. Today, this channel acquires more than half of retail customers, with figures that can reach 1,800 customers in a single day.

Sabadell Digital

Sabadell Digital is Banco Sabadell Group's IT subsidiary. Its mission is to develop the best technological solutions, so that the Bank can drive forward its digital transformation. Sabadell Digital's contribution to the Group is based on three principles:

- Focus on customers' needs through proximity and empathy. This makes it possible to deliver the best technological and digital solutions to meet customers' needs.
- Smart innovation, to innovate, adapt to change and challenge the status quo through experience-based decisions.
- Digital talent community as a source of knowledge shared between digital and technology experts, focusing especially on collaboration and mutual trust among the people that make up Sabadell Digital.

Since the creation of Sabadell Digital in 2023, the management of digital and technological talent has been one of the priorities. In order to make Sabadell Digital a leading employer in the tech/digital sector, new employee engagement improvement initiatives have been implemented and career plans have been overhauled to maximise internal talent and attract external talent. This has led to improvements, such as a 25% reduction in recruitment time for tech/digital profiles.

Main deliveries in 2023

Digital onboarding

Onboarding customers is a gateway to the sale of other Group products. This project aims to drive the digital registration of new customers and increase their engagement with Banco Sabadell from the outset. Up to 55% of new customers were registered through the digital process and 59% of those customers brought their salary payments or recurring income to the Bank.

During this year, the Group improved the process, broadening its scope and optimising the experience:

- Expansion of the potential target: dual account holders, residents without a foreigner's ID card (TIE), self-employed with business purposes.
- Optimisation of the signature process and provision of the option to resume the registration process if not completed.
- Reinforcement of the security of the process to protect against fraud, with improvements and optimisation of user identification through facial recognition.
- Support during initial engagement actions, for instance, helping customers to set up the direct deposit of their salary, enrol on Bizum and use their card the first few times they connect to the app after being registered as customers.

New Sabadell Online Account

This project seeks to implement Banco Sabadell's new digital offering exclusive to new customers and available through a 100% digital customer registration process. It is a multi-product solution comprising a current account, the Expansión savings account, mutual funds, securities and a debit card. The value proposition of the current account consists of a 2% interest rate on account balances and 3% cashback on gas and electricity direct debits.

Mortgage model transformation

In 2023, the Group started the digital transformation of its mortgage model, with two very clear focus areas:

- The customer: focus on optimising and improving the digital process, making it as convenient as possible for customers. The Group recorded a 33% increase in digital applications and a 52% increase in the number of users who use self-service to obtain a preliminary score without contacting the branch network directly.
- The support model: the Group improved efficiency to allow relationship managers to devote their time and effort to value-added tasks for customers.

This year marks the start of a digital transformation strategy, which will begin to bear fruit in 2024, with a focus on digitalisation and support from specialists as part of an omnichannel mortgage application process.

Servicing programme

The servicing programme aims to offer the best customer experience by giving customers the option to do their banking whenever and wherever they want. This programme has activated the following levers:

- Reduce the need for low-value transactions at branches, allowing the branch network to focus on value-added transactions.
- Decrease the number of transaction-related calls made to Direct Branch and those redirected to the branch network.

- Make the operational model more efficient by providing it with better and more efficient digital capabilities.
- Improve customer satisfaction in their remote interactions with Banco Sabadell. This year the mobile banking NPS (Banco Sabadell's mobile app) grew by 4 basis points (from 40% to 44%).

Marketing tools in digital processes

Content customisation according to the customer's profile in the digital channel is key to improving transaction conversion rates. This project promotes the integration of marketing tools in Banco Sabadell's mobile app, enabling the app to show content that is both personalised and geared towards customers' interests, thus improving marketing efficiency and user satisfaction.

The Group is also using marketing tools' capabilities for A/B testing and to optimise commercial and servicing processes, making continuous improvement the foundation of its digital platform development.

Design system evolution: Galatea

During 2023, thanks to the Group's design system and the reuse of common components, the Group was able to save 4 million euros in design execution and digital front-end development. 95% of the components used were already available and this facilitates visual consistency and helps speed up deliveries.

Growth of the companies panel

The companies panel is made up of companies from various segments and sectors, and the Group offers the possibility of validating and prioritising improvements in its website (BSOnline) and mobile app (BSMóvil) available to business customers, through a structured and scalable work methodology. The creation of this panel has made it possible to reduce project delivery times and, above all, to increase customer satisfaction. During 2023, the Group has doubled the number of participating companies, which now number 275.

Digital registration process for the self-employed

Thanks to the capabilities developed in digital onboarding and the new online account for retail customers, Banco Sabadell now offers self-employed persons the option to open an account for business purposes with a 100% digital process. This digital capability is supplemented by the support of specialised managers to better address the specific needs of the self-employed.

New file query system

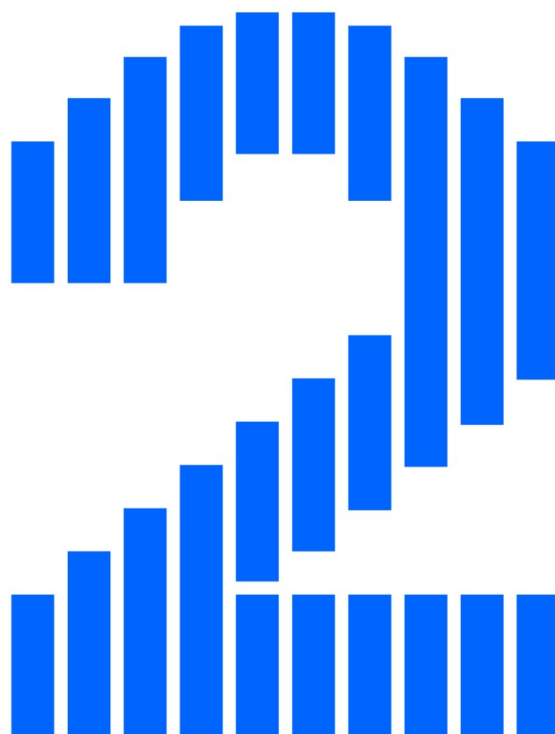
The Group has implemented a new interface in its website for business customers (BSOnline Empresas) to boost digital transactionality and payments and collections. This new interface makes it easier to manage files, as it includes incident alerts, filters and a new design. As a result of the new features and performance improvements in file management, Banco Sabadell offers an improved digital experience to companies in order to boost transactions through digital channels.

BSMóvil Empresas redesign

Banco Sabadell has redesigned its mobile app for business customers (BSMóvil Empresas), introducing new browsing features, access to frequent transactions and a secure chat with centralised customer service teams. Thanks to this redesign, the number of users of BSMóvil Empresas grew by 10% to more than 340,000 unique monthly users in December 2023.



Economic, sectoral and regulatory environment



54	Economic and financial environnement
64	Financial sector environment
69	Outlook for 2024

Economic, sectoral and regulatory environment

2.1 Economic and financial environment

The main factors at play in 2023 were the interest rate hikes carried out by central banks.

The main factors at play in 2023 were the interest rate hikes carried out by central banks and the progressive transfer of their impact to economic activity. The cycle of interest rate hikes only came to a halt in the final part of the year when the monetary authorities indicated that rates had already reached sufficiently restrictive levels. The progress seen over the year in the process to reverse inflation, which now demonstrates a clear downward path, was the main factor enabling the central banks to adopt a more relaxed position. In terms of economic activity, the Eurozone and UK economies suffered more in this environment and maintained a situation of virtual stagnation, while the United States proved to be more resilient and surprised to the upside. On the other hand, a number of specific episodes of uncertainty, of different kinds, emerged over the year, among them the collapse of certain US regional banks, the problems at Credit Suisse and the beginning of the armed conflict in the Middle East between Israel and Hamas. The economic repercussions of these events were mostly contained and short-lived. Lastly, in the financial markets, 2023 was a positive year for most financial assets, following 2022 when a large portion of assets recorded heavy losses.

Geopolitical environment

Geopolitical events continued to represent a vector of uncertainty across the global panorama. The outbreak of a new conflict between Israel and Hamas in the final part of 2023 rekindled instability in the Middle East. With the outbreak of the conflict, Arab countries that had normalised relations with Israel under the Abraham Accords paused the peace process and/or placed it under review. The greatest risk lies in a potential escalation of the conflict at a regional level, which could cause disruption to oil and gas supplies. The most recent developments in this conflict were the attacks by Yemen's pro-Palestine Houthi rebels on cargo ships in the Red Sea, disrupting maritime traffic in the region.

On the other hand, the conflict between Russia and Ukraine became deadlocked and Ukraine remains divided on its eastern side. In the Western world, sanctions against Russia continued and support for Ukraine, both military and economic, was maintained, although the "fatigue" evident among several Western States raises doubts about what may happen going forward.

In the background, the geostrategic contention between China and the United States continued, and the emergence of the Global South as a player to be reckoned with in international relations took on new importance. The greater relevance of these countries at multilateral meetings, such as the G20, or in alternative groupings, such as BRICS (particularly after its forthcoming enlargement was announced), were at the centre of the geopolitical debate.

Economic activity and inflation

The evolution of the global economy showed a marked divergence between the dynamism of the US economy, which proved to be stronger than expected, and the European economies, which lagged and were practically stagnant throughout the year. Spain continued to outperform other Eurozone countries, while China was affected by the impacts of its real estate sector adjustment.

In 2023, inflation gradually eased from the peaks observed in 2022.

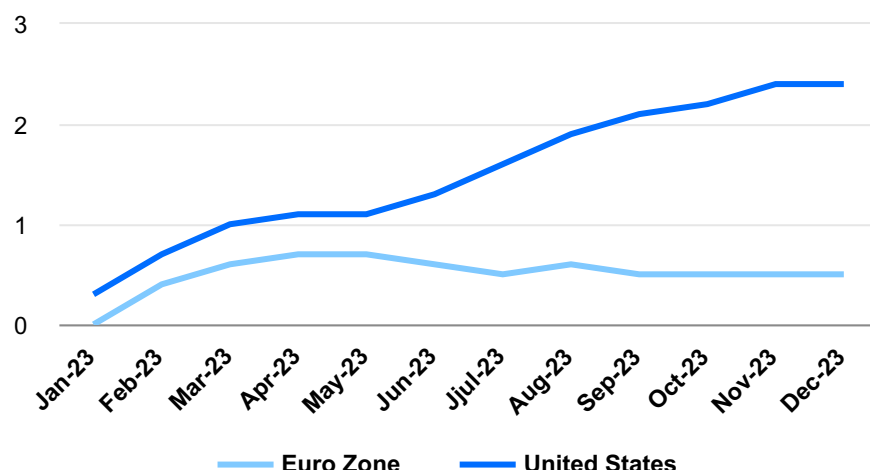
In the Eurozone, economic activity remained practically stagnant throughout the year. The economy was weighed down by monetary policy tightening, weak domestic demand and a sluggish industrial sector, particularly in Germany, which remains affected by the energy crisis. In fiscal matters, EU governments formally agreed on a proposal to reform the European bloc's tax framework at the end of 2023. This proposal will need to be negotiated with the European Parliament and is expected to come into force before the European elections scheduled to take place in June 2024. In the United Kingdom, economic activity remained weak for most of the year, with growth diminishing as the year progressed. Higher interest rates and inflation dampened domestic demand. In the real estate sector, prices fell with respect to the peak seen in 2022. In the United States, however, economic activity was more solid and the growth forecasts for 2023 were continually revised upwards. Domestic demand and, in particular, private consumption were the main levers for growth during the year. The labour market remained solid throughout the year and the unemployment rate stayed below 4%. Nevertheless, the cooling was more evident in the reduced number of vacancies, with job market tension easing.

The global economy showed sharp divergence between the dynamism of the US economy and stagnation in the Eurozone and the UK.

The evolution of the economic growth forecast for 2023 revealed a significant gap between the Eurozone and the United States.

Economic growth of the Eurozone vs United States

Source: Consensus Economics.

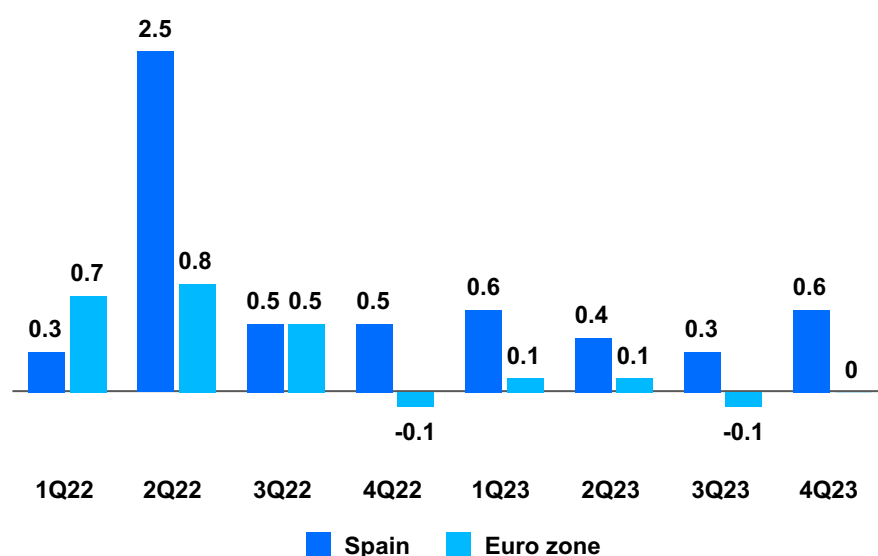


Spain's economy continued to stand out in a positive light in the Eurozone.

In Spain, the economy followed a similar growth pattern throughout the year, despite a backdrop of rising interest rates, weaker export market performance and a loss of momentum due to the post-pandemic reopening. Growth forecasts for 2023 improved as the year progressed, and the performance of the Spanish economy ended up being much more favourable than that of the Eurozone as a whole. This improved comparative performance was accompanied by greater weight of the service sector (in a context of weakness in industry), less exposure to China's economic slowdown, lower inflation during much of the year, and a better balance sheet position among private sector players.

GDP growth of Spain vs Eurozone (quarterly variation, %).

Source: Eurostat.

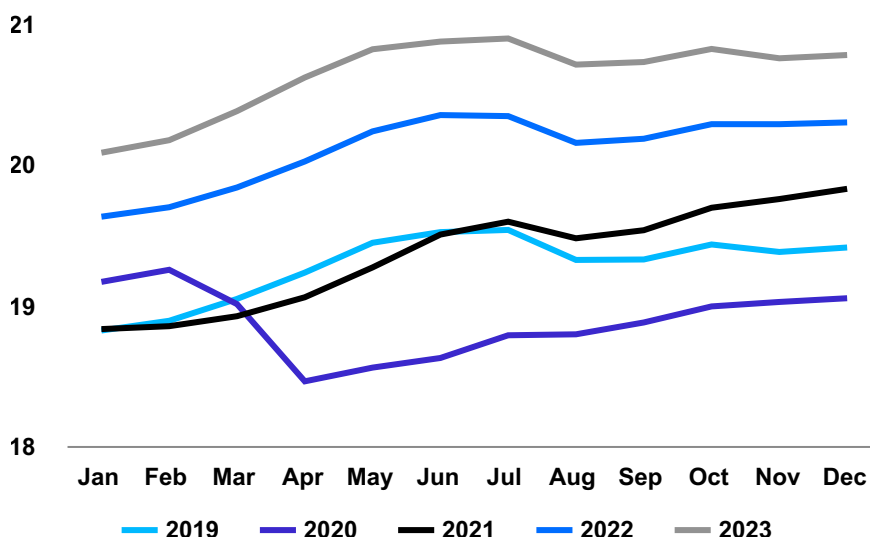


In 2023, growth in Spain was driven by private consumption, in turn supported by revived purchasing power among households and good performance of the labour market. Consequently, unemployment reached its lowest rate since 2008 and the job occupancy rate hit a record high, with significant dynamism in high value-added sectors and a marked recovery of immigration, which boosted the labour force. On the other hand, investment in residential property, impacted by the fall in mortgage lending, remained far from its pre-pandemic levels, while business investment was also persistently sluggish.

Job occupancy in Spain is at a record high.

Workers enrolled in Social Security (millions).

Source: Ministry of Social Security.



With regard to economic policy in Spain, it is worth mentioning the approval, early in the year, of the second part of the pension reform, which aims to increase the income obtained through the system. In the second quarter, the government extended most of the measures to alleviate the impacts of the energy crisis until the end of the year. Subsequently, in December, the government approved a decree to further extend several of these tax breaks, as well as an extension of the scope of the Code of Good Practice to encompass mortgage borrowers and the extension of the bank levy during 2024. Lastly, the European Commission's approval of the addendum to the Spanish Recovery Plan, which will mobilise an additional 94 billion euros related to the NGEU funds, is also worthy of mention. With regard to the political landscape, snap general elections took place in July, after which a coalition government was formed between PSOE and Sumar, supported by various parties from the autonomous communities.

The emerging economies generally proved to be resilient, despite the high interest rate environment at a global level. The region benefited from the post-Covid reopening in China and from commodities prices, which remained at high levels. The industrial offshoring trend, arising from a more fragmented geopolitical environment, could also be an additional support for some emerging countries. In Mexico, for example, investment grew at historic double-digit rates, partly due to nearshoring with the United States. Also worth noting is the positive turnaround of the management of economic policy in Turkey, which developed a more orthodox approach. In this context, the process to reverse inflation in emerging economies progressed and some central banks (particularly in South America) were able to reduce their official interest rates.

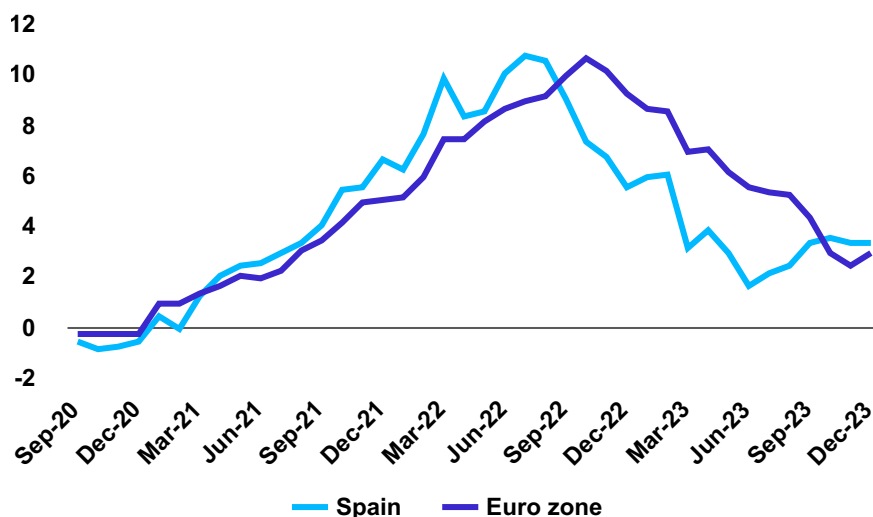
In China, the post-Covid reopening drove growth, although the recovery was slower than expected. A lack of household confidence in the real estate sector and delayed decision-making on household investments weighed on China's recovery. In this context, the adjustment of the real estate sector, already underway since 2021, intensified. The liquidity problems of real estate developers worsened and fears grew that defaults might become more widespread in the sector and could also spread to local governments. This problem was kept in check as public sector real estate developers, in a better position in terms of liquidity and leverage, were able to sustain the sector. In addition, lending flows to the industrial sector continued, and private investment in the manufacturing sector grew at robust rates.

In 2023, inflation in the main developed economies eased from the peaks observed in 2022. Once the energy crisis and supply chain issues were resolved, the correction of energy prices and industrial goods was, to a large extent, the force behind the moderation of headline inflation. The evolution of core inflation, which is more affected by the service sector and wage dynamics, was more subdued, although it also showed a clear downward trend.

In the Eurozone, inflation continued to ease, with the year-on-year rate falling below 3.0% for the first time since July 2021, due to the energy component in particular. Core inflation, which excludes energy and food, also eased, although it remained at historically high levels. In the United Kingdom, headline inflation fell from the peaks seen in 2022, but the pressure shifted to core inflation, which reached its highest levels since 1992. Pressure from the service sector combined with increased food prices drove inflation in the UK to levels worse than its peers. The sharp tightening of the labour market, where wages increased by more than 8% year-on-year, also contributed to the persistence of inflation. In the United States, inflation continued with its gradual slowdown, although it remained above the monetary policy target. Wages gradually moderated from the second half of the year onwards, which served to contain the pressure on the underlying index.

In Spain, inflation was influenced by the base effect of energy products, with the year-on-year rate presenting a downward trend and falling below 2.0% in June. After that, the base effect began to work in the opposite direction, raising the year-on-year rate of inflation once again. Core inflation, on the other hand, followed a gradual slowing trend, influenced in particular by slower price growth in the industrial sector which, unlike the service sector, was less affected by the increase in labour costs.

HICP for Spain vs Eurozone (year-on-year change in %). *Source: Eurostat.*

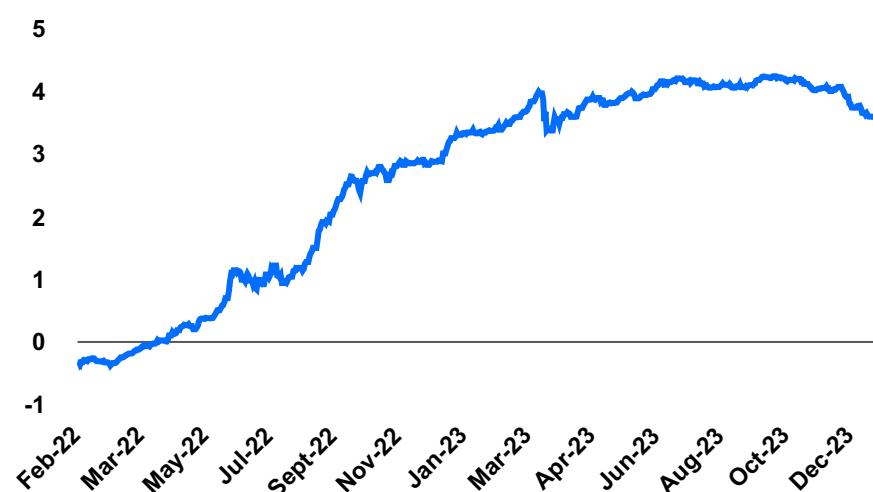


Monetary policy

During 2023, the central banks of developed countries continued their cycle of interest rate hikes, although the pace was somewhat less intense than in 2022. It was only towards the end of the year that they considered that rates had reached sufficiently restrictive levels to keep inflation under control, at which point they indicated that the rate hike cycle might have reached its end.

In the Eurozone, the European Central Bank (ECB) implemented an unprecedented tightening of its monetary policy. Thus, it continued with the rate hike cycle that had begun in 2022 and ended the year with the deposit facility rate standing at a record high of 4.00%. In addition, the size of its balance sheet continued to shrink, due to the maturity of TLTRO III funding transactions and the beginning of the process to reduce its holdings of assets bought under its APP. Additionally, it announced that it would stop reinvesting a portion of maturing securities purchased under the PEPP asset purchase programme in the second half of 2024. Meanwhile, the ECB stopped remunerating banking institutions' mandatory reserves.

12M Euribor (%). Source: Refinitiv.



In the United States, the Federal Reserve (Fed) continued to pursue its rate hike cycle, with official interest rates reaching a range of 5.25%-5.50% mid-year. At its last meeting of the year, the Fed signalled that the rate hike cycle had come to an end and that it would even begin discussions about future rate cuts, which provided additional support for the performance of various financial assets. In terms of balance sheet policy, its balance sheet reduction was interrupted following the financial instability triggered by the collapse of Silicon Valley Bank, as a result of which the Fed established new extraordinary funding facilities for the banking system. Nevertheless, once the event was resolved, the Fed continued its balance sheet reduction by electing not to reinvest maturing debt.

In the United Kingdom, the Bank of England (BoE) raised the base rate to 5.25%, after inflationary pressures intensified at the beginning of the year. In addition, it continued with the balance sheet reduction programme, unwinding practically all of its corporate bond holdings (around 18 billion pounds) and 93 billion pounds of government debt acquired under the Asset Purchase Facility (APF). In the same vein, the BoE announced that it would continue to downsize its balance sheet and estimated a further reduction of 100 billion pounds of government debt holdings in the next tax year (October 2023 - September 2024).

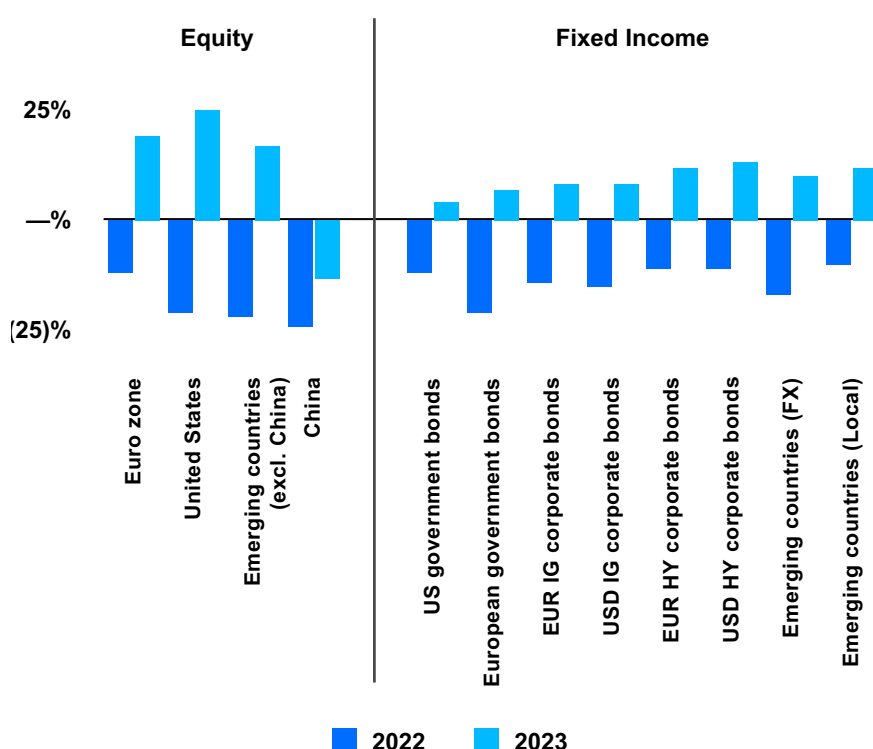
In Mexico, the central bank ended its rate hike cycle in the first half of the year with the official interest rate standing at 11.25% and kept it unchanged during the second half of 2023. Banxico has not yet begun to discuss possible rate cuts and continued to hold the opinion that inflation risks remained skewed to the upside. This stood in contrast with the situation of other Latin American countries, such as Brazil, Chile and Peru, where the central banks started to make rate cuts in the second half of the year. This was also the tone in China, where the authorities adopted monetary loosening measures, albeit cautiously, to support economic recovery. By contrast, benchmark interest rates were hiked sharply in Turkey, in a context of double-digit inflation.



Financial markets performed better in 2023 than in the previous year.

The financial markets performed better in 2023 than the previous year, when a large portion of financial assets posted heavy losses. The liquidity problems related to the US regional banking industry and the outbreak of the conflict between Israel and Hamas had an initial negative impact, but this was quickly and fully reversed. Government bond yields showed a rising trend for a good part of the year, but the trajectory was completely reversed towards the end of the year, in response to some downside surprises in inflation data and the Fed's monetary policy turnaround. The improved performance of risk assets was related to the end of the central banks' cycle of rate hikes, the forthcoming rate cuts priced in for 2024 and the boom in companies related to artificial intelligence. The risk premiums of European peripherals and corporates held up well. On the other hand, the euro exchange rate against the dollar displayed pronounced volatility, swinging back and forth according to the interest rate differential and the divergence of economic growth across regions.

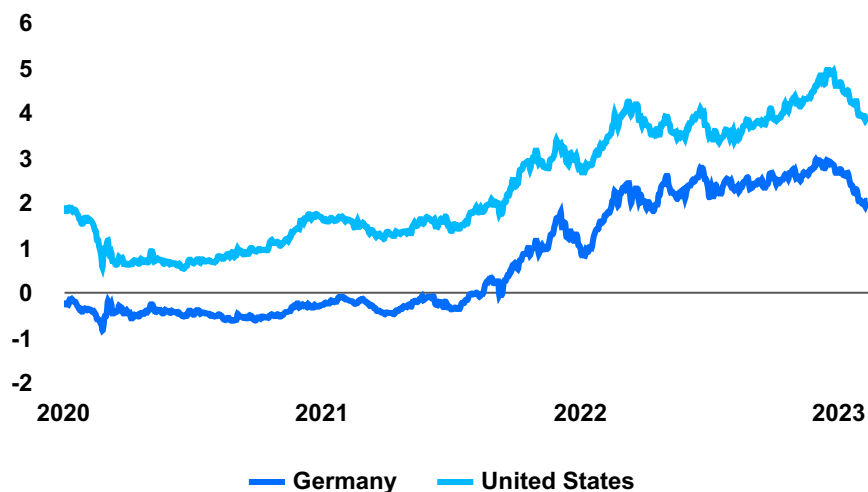
Returns on various financial assets (in %, by year). *Source: Refinitiv.*



Long-term government bond yields showed a rising trend for much of the year. In the United States, the yield on 10-year bonds reached its highest level since 2007, while in Germany it reached levels not seen since 2011. Yields were driven upwards by pressure from monetary policy tightening, the resilience of the US economy and concerns regarding high levels of need for sovereign debt funding (exacerbated by the deterioration of US public accounts). The latter had a particularly marked impact on the financial markets due to the context of balance sheet reduction by central

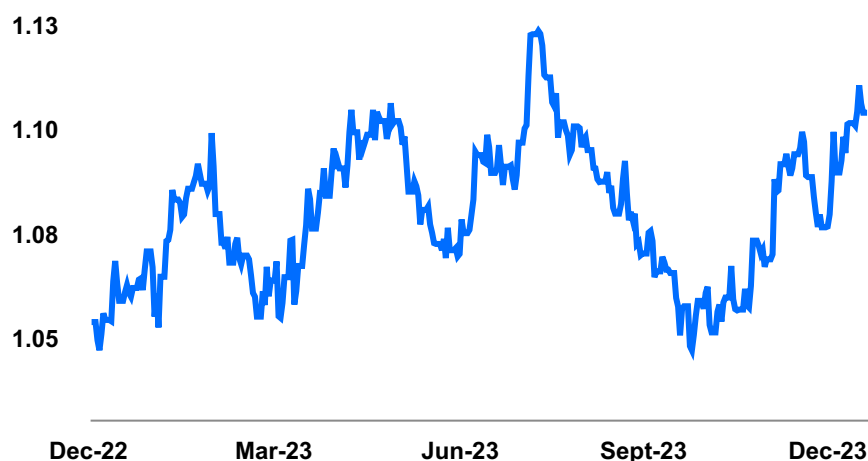
banks and the shift in demand for public debt towards more price-sensitive investors. In the last two months of the year, some unexpected falls in price data and a shift in the central banks' communication policy (particularly that of the Fed) led to a turnaround in yields, which completely reversed the upward trend seen over the year. The yield on US 10-year government bonds ended the year at the same level as 2022, while that of the German 10-year bund ended the year 50 basis points lower.

US and German 10-year government bond yields (%). *Source: Refinitiv.*



The risk premiums on peripheral sovereign debt were at lower levels than those seen at the end of 2022, supported by the ECB's emergency purchase programmes, the European Union's NGEU funds and some positive actions undertaken by the rating agencies. The Italian sovereign risk premium was pushed up towards the end of the year, due to poor performance of the public accounts and an upward revision of forecasts for the budget deficit in the coming years. Despite this, the main rating agencies kept Italy's credit rating unchanged and Moody's even improved its outlook from negative to stable (Moody's rated Italy's debt on the lowest notch of investment grade). On the positive side, Greece performed well, obtaining an investment grade rating for its public debt from rating agency Standard & Poor's for the first time since 2010. Furthermore, Fitch and Moody's raised Portugal's rating to A-.

With regard to developed countries' currencies, the US dollar posted numerous swings in its exchange rate against the euro, finishing the year at somewhat lower levels compared to the end of 2022 (EUR 1.00 = USD 1.10). The currency was mainly affected by the divergence between the Fed and the ECB's respective stances on monetary tightening, and concerns regarding global economic growth. The risk episodes related to liquidity problems in the US regional banking industry and the outbreak of the conflict between Israel and Hamas only gave piecemeal support to the US currency. The pound sterling appreciated slightly against the euro, due to greater interest rate tightening by the BoE.



The equity markets performed well, following significant corrections in the previous year. Most of the global stock market indices managed to post gains. For example, the Stoxx 600 advanced by more than 12% year-on-year, while the IBEX 35 managed to post a 20% gain. Stock market increases were also significant in the United States, above all in the case of tech companies (the Nasdaq managed to gain over 40%).

In emerging economies, sovereign risk premiums were slightly reduced over the year. The outbreak of the conflict between Israel and Hamas towards the end of the year had a limited impact on emerging markets. Yields on long-term domestic government bonds, in general, shifted downwards over the year, with the main exceptions of Mexico (where they were pushed up by US yields) and Turkey (due to the benchmark rate hikes). With regard to exchange rates, the high official interest rates in emerging countries continued to serve to support emerging market currencies. The Mexican peso performed particularly well in this respect. Conversely, it is worth highlighting the significant depreciation of the Turkish lira due to reduced currency intervention by the country's authorities, and the devaluation of the yuan, in a context of portfolio outflows and lower foreign direct investment in China.

On the other hand, the cryptoassets market registered a slow and partial recovery in 2023, following the significant correction that occurred in 2022 due to the collapse of numerous large crypto entities. This recovery was partially supported by expectations of United States approval of Exchange Traded Funds (ETFs) that invest in bitcoin for cash, which, according to analysts, could attract traditional investors to this market. Nevertheless, its valuation is still far from the historical peaks recorded at the end of 2021.

2.2 Financial sector environment

Banking sector

The banking industry showed adequate levels of capital and higher profitability thanks to improved interest income.

The global banking sector registered sporadic episodes of instability in the first half of 2023, which were confined to the collapse of the US regional banks Silicon Valley Bank (SVB) and Signature Bank in March, and the acquisition of First Republic Bank by JP Morgan in May. SVB faced a significant liquidity crisis, stemming from poor management of its balance sheet (asset side heavily invested in long-term public debt and mortgage-backed securities at a time when interest rates were low, and a high concentration of deposits in the hands of relatively few customers) and a lack of regulation and supervision of small and medium-sized banks in the United States. In the end, the FDIC (US deposit insurance fund), the Federal Reserve and Treasury intervened to protect all funds held by depositors at SVB and Signature Bank, which faced similar problems. As for Credit Suisse, in a deal brokered by the Swiss government, the bank was acquired by UBS. The agreement included writing off the investment of Credit Suisse AT1 bondholders, meaning that shareholders were not the first to fully absorb the losses; this had implications for the AT1 market. The monetary and regulatory authorities in the various jurisdictions took prompt action and introduced measures that were effective in containing the financial contagion. This, together with the existing differences between the banks concerned and the rest of the sector, meant that the consequences were limited.

These episodes led to a review of the regulatory and supervisory framework for regional banks in the United States. In the EU, attention shifted to the need to strengthen the supervisory framework. This had consequences for the European construction process, leading the European Commission to propose a reform of the bank crisis management and deposit insurance framework (CMDI) for medium-sized and smaller banks. Other debates that arose at global level concerned (i) how to stem the rapid outflow of deposits at times of stress, as these are carried out digitally and are therefore more difficult to control than physical withdrawals, and (ii) the need to review the level of coverage of the deposit guarantee scheme and increase the maximum threshold of guaranteed deposits in different jurisdictions. Elsewhere, in the United States and the United Kingdom, the entry into force of Basel III was postponed to June 2025.

Throughout 2023, several governments introduced a windfall tax on the banking sector and other unorthodox measures. The main objectives were to increase their tax contribution and mitigate the impact of interest rate hikes on other players in the economy. With regard to tax, the cases of Spain and Italy are worth mentioning in particular. In Spain, the tax on extraordinary profit of banks, applied to 2022 and 2023 earnings, was approved amidst the unfavourable opinion of the ECB and IMF because of its design and its impacts on the banking sector. Subsequently, the government extended the measure for a further year. In Italy, the government had to water down the design of the tax so that, ultimately,

banks had the option of increasing provisions to avoid paying the tax. Other measures adopted by EU governments included greater pressure on banks to regulate their prices, compelling banks to sign mortgage moratorium agreements and establishing taxes on share buybacks carried out by banks.

In the year overall, the general situation of banks was one of adequate capital levels, with a CET1 capital ratio that, according to the authorities, would remain above the minimum required by regulations, 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. European banks operated in a less liquid environment following the maturity of the bulk of TLTRO III borrowing, although this did not have a very significant impact on regulatory liquidity ratios, which remained comfortably above the regulatory minimum and market requirements. Asset quality did not appear to deteriorate, although concerns grew about the performance of the commercial real estate sector, above all in the United States. In general, the conditions applicable to bank loans in the main developed economies were compatible with tightening financial conditions.

With regard to the Spanish banking sector, the Bank of Spain (BoS) indicated that, in the scenario of heightened uncertainty and increased risk arising from geopolitical tensions, Spanish banks continued to present a favourable evolution in terms of profitability, solvency and default rates. Financing costs were gradually being adapted to the new interest rate regime. Banks replaced ECB funding with debt issues (mostly senior debt) and interbank market transactions (repos). Spanish banks maintained a relatively high liquidity coverage ratio (LCR) relative to comparable countries, although the ratio had fallen significantly since 2021 due to the reduction of surplus reserves deposited by banks with the ECB. The pass-through of monetary policy tightening to interest rates was more pronounced in loans than in deposits; this was partially due to the ample liquidity that banks were operating with at the time. Nevertheless, the Bank of Spain anticipated a gradual increase in costs associated with liabilities going forward. On the other hand, it continued to ask banks to increase their provisions.

Financial stability and macroprudential policy

Throughout 2023, the financial authorities maintained that the risks of financial instability at a global level were high and they appeared more concerned following the beginning of the conflict in the Middle East. Other focal points in the year included a potentially disorderly correction of prices in the commercial real estate sector (above all in the United States, but also in some European countries), the situation facing companies, the economic weakness of certain economies such as China, and the potential price adjustment of financial assets.

The authorities continued to warn about risks in the non-bank financial sector (NBFS), although little progress has been made with its regulation. In terms of risks, of particular note were the increase of synthetic and financial leverage, which can spread risks throughout the financial sector and trigger disruption; structural liquidity imbalances, with a potential to spread contagion to the rest of the financial sector; and counterparty credit risk produced by exposure of bank derivatives to the non-bank financial sector (NBFS). In Europe, the authorities showed concern about collateralised loan obligations (CLOs) as, up to now, they have only existed in a low interest rate environment.

The European authorities decided not to proceed with macroprudential policy reform, which they had planned to include in Basel III legislation, postponing it until the beginning of the new European legislature in 2024, at the earliest. European countries did not make progress with the accumulation of countercyclical capital buffers (CCyB), unlike in 2022, and the Bank of Spain kept Spain's at 0% due to the moderate evolution of lending and the real estate market. However, the European and global authorities called for the CCyB to be raised to positive levels when financial conditions return to normal, which began to put pressure on the national authorities to consider raising this buffer to around 2%.

Banking Union and Capital Markets Union

Progress made in terms of European reconstruction was affected by the banking sector episode of March 2023. In April, the European Commission proposed a reform of the bank crisis management and deposit insurance framework (CMDI) for medium-sized and smaller banks. The proposal maintained the limit of 100,000 euros for deposit guarantees. The proposed measures sought to incentivise resolution rather than liquidation in the event of a crisis in medium-sized and smaller banks, with the aim of limiting the use of taxpayer money in the event of a banking crisis and to protect depositors. To that end, if a bank went into resolution and if a point was reached where the depositors would be forced to assume losses, the deposit guarantee fund would absorb those losses first, rather than the depositors. In addition, the deposit guarantee framework was harmonised across different countries and its coverage was extended to also encompass public entities and money deposited by customers in certain non-bank financial institutions, and allowing a guarantee of more than 100,000 euros in specific cases such as house purchase transactions, receipt of insurance compensation and inheritances. The proposal has to be discussed by the European Parliament and the Council and, after that, the ECB will give its opinion, although both the central bank and the Single Resolution Board backed the measures.

Also related to bank resolution, the European Stability Mechanism (ESM) will not ultimately be the backstop for the Single Resolution Fund (SRF), due to Italian opposition, which limits the resources currently available to the European framework to cope with potential needs to resolve large banks or manage systemic events.

The European Deposit Insurance Scheme (EDIS) was maintained without improvements, despite the initial pressure to renew the debate following the episode in March. No progress was made with the Capital Markets Union either.

Challenges for the banking industry

Sustainability continued to feature on the supervisory agenda in 2023. The ECB published its second climate stress test (the first was published in 2021) for the economy as a whole, in which it was shown that the best way to achieve a net-zero economy is to accelerate transition, with more decisive policies. Additionally, the European Banking Authority (EBA) published its report on the incorporation of climate risks in the prudential framework for credit institutions and investment firms in which it recommends measures to accelerate the inclusion of environmental and social risks in Pillar 1. The report does not advocate the introduction of a green supporting factor nor that of a brown penalising factor, but it does

adjust probabilities of default (PD) and loss given default (LGD) and proposes a series of measures to be adopted in the next three years. In addition, the European Green Bonds Standard was approved, which will foreseeably start to be applied at the end of 2024. The standard is voluntary and establishes uniform requirements for bond issuers that use the term “European green bond” or “EuGB”, thus facilitating consistency and comparability in the green bond market and reducing greenwashing risks. The Spanish Macroprudential Authority (AMCESFI by its Spanish acronym) published its first report examining the potential impact of climate change risks on the Spanish financial system under the scenarios used by the international authorities. The report indicates that drought events and severe heatwaves could have a negative impact on the solvency and profitability of banks, but considers that the exposure of banks’ mortgage portfolios to flood risk is limited. The European Commission published a new package of measures to strengthen the EU Sustainable Finance Framework and contribute to the European Green Deal objectives. In relation to the COP28 climate summit, various commitments were adopted, such as a greater contribution from developed countries to the loss and damage fund for climate events and the use of renewable energy, whilst recognising for the first time, in its final agreement, that countries must move away from fossil fuels and switch to alternative energy sources in a fair, orderly and equitable manner in the coming years. In relation to international initiatives: (i) the United Nations Environment Programme (UNEP) published its second biennial report on progress with the implementation of the United Nations Principles for Responsible Banking, which considers that considerable progress has been made with the publication of the social and environmental impacts on portfolios, (ii) the TNFD published its final recommendations for the management and disclosure of nature-related risks and a guide to implementation, the equivalent of the climate-related recommendations of the TCFD, and (iii) the NGFS published an initial version of its guidelines for the supervision of nature-related risks. Other focal points included the increase of litigation risk, above all in the United States, and the withdrawal of insurance coverage in certain areas.

Digitalisation processes continued at an increasingly fast pace, giving rise to several focus areas. On one hand, in spite of the continued advance of Bigtech in the financial services sector and the banking industry’s repeated 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 continued to cause considerable concern was the proliferation of cyberattacks, which were becoming more frequent and more severe.

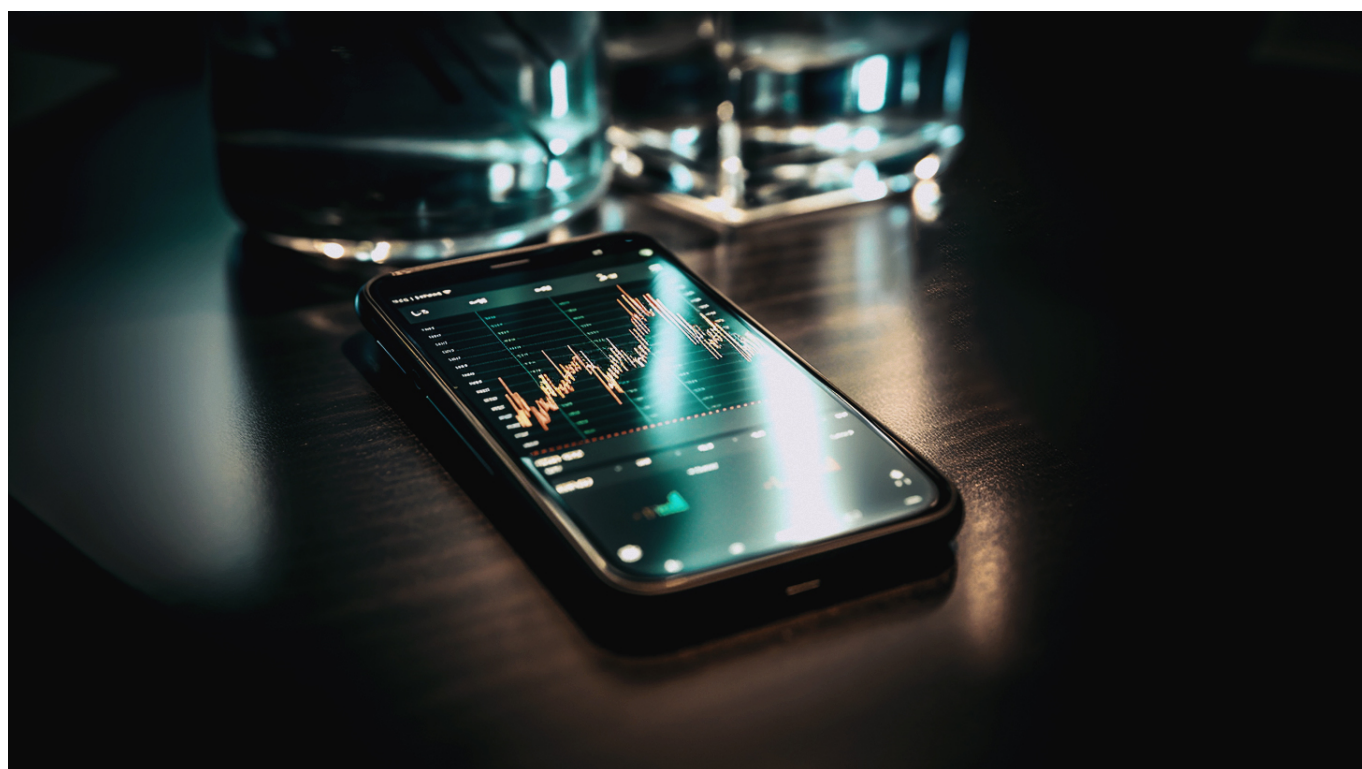
With regard to the regulation of digitalisation, following the crypto crashes of 2022 and in light of the evidence found that risks had not been transferred from the crypto ecosystem to the traditional financial system in this case, only because links between the two are, for the moment, limited, the authorities saw the urgent need to regulate these markets before those links could develop and pose a systemic risk to financial stability. Thus, the authorities proceeded with initiatives to strictly regulate the cryptoassets markets, particularly in the EU, where the Markets in Crypto Assets (MiCA) regulation was approved mid-year. The MiCA regulation will enter into force between 12 and 18 months following its approval and the European supervisory authorities began to publish proposals on the requirements to be established so that they may implement the supervisory responsibilities arising from MiCA.

The authorities in the United Kingdom also made progress in these matters, albeit rather more slowly. In the United States, legislative proposals to regulate these markets did not make any meaningful progress, but the federal agencies, particularly the Securities Exchange Commission (SEC), put increased regulatory pressure on the main cryptoasset exchanges and, in numerous cases, began legal proceedings against these entities. As for the Basel Committee, in June it published

the final version of its corresponding standard on prudential treatment, which banks will be required to apply to their cryptoasset exposures as from 1 January 2025.

With regard to central banks' digital currencies, these plans continue to develop. In particular, the digital euro project made progress in 2023. The ECB completed the research phase, which took two years, and began the preparatory phase, which is expected to take another two years. The ECB published a report with the findings of the research phase, which gave details of the characteristics that the digital euro would have if it were ultimately issued. The preparatory phase will include finalisation of the rules of operation and the selection of service providers that could develop the platform and infrastructure. For its part, the European Commission published a proposal for a regulatory framework for the digital euro; discussion of this framework is expected to be postponed until after the 2024 European elections.

China continued to progress with the digital yuan, extending its use to, among other things, specific stock market transactions, as well as cross-border payments. In February, the United Kingdom published a document on its digital pound project. Meanwhile, the United States kept its digital dollar plan at a more preliminary stage and, for the time being, has not seen clear reasons to move it forward. Significant progress continued to be 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). In parallel, the BIS and the IMF began to jointly push for the development of public financial infrastructures in Distributed Ledger Technology (DLT), under rules to be established by the central banks, and the tokenisation of traditional financial assets.



2.3 Outlook for 2024

Global economic growth in 2024 is expected to be weak and below potential, affected by the impacts of tightened monetary policy. In terms of regions, the structural adjustments in China are expected to continue, while in the Eurozone, Germany's weaker performance will contrast with the periphery countries that benefit from NGEU funds. As for the United States, an economic slowdown is expected in 2024. By contrast, Mexico is expected to see a more pleasing growth dynamic than the United States, supported, to some extent, by nearshoring, a favourable labour market and the absence of financial imbalances.

It is expected that inflation will continue to gradually ease towards monetary policy targets, although these will not be achieved until the end of 2024 or beginning of 2025. Inflation dynamics will be largely determined by domestic factors, such as the job market, the real estate market and the fiscal policy of each country. Unstable supply conditions could generate new disruptions in production chains and new specific cost pressures.

In terms of economic policy, it is likely that central banks will cut interest rates as inflation moderates and gets closer to their targets, in order to avoid a further rebound of the real interest rate. Throughout this process, central banks could be forced to tolerate inflation rates somewhat higher than their targets, if that serves to avoid a potential financial crisis and significant recession.

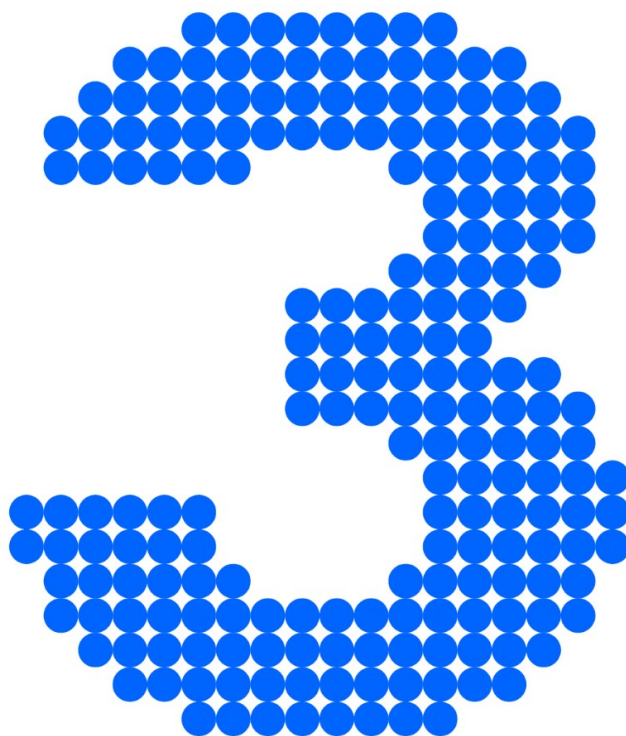
In relation to the financial markets, it is expected that short-term government bond yields will gradually decline alongside official interest rate cuts. Long-term government bond yields are expected to remain relatively stable, despite weak economic growth and easing inflation, due to concerns about the fiscal situation, particularly in the United States. Corporate risk premiums could climb to levels higher than the average of the last few years. In relation to sovereign debt risk premiums in the European periphery, it is expected that these will remain at contained levels and in line with their respective ratings.

With regard to the currency market, it is anticipated that the US dollar will gradually depreciate once further weakness in the US economy becomes apparent and the Federal Reserve starts to cut interest rates in 2024.

Spain continues to outperform the rest of Europe in this environment. In this respect, the recovery of real household incomes stands out as a key tailwind, thanks to the favourable evolution of the labour market, higher wages and lower inflation. In addition, business investment has been supported by fewer supply chain issues, the NGEU funds and tenders for public works associated with them, and by liquidity on corporate balance sheets.

In the financial environment, profitability in the banking sector is expected to moderate, as net interest income will provide less support, and asset quality is expected to deteriorate slightly. On the other hand, further progress is expected on the global regulatory framework for activities linked to cryptoassets and on central banks' plans to issue digital currencies.

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Financial information ¹

3.1 Key figures in 2023

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:

	2023	2022	Year-on-year change (%)
Income statement (million euro) (A)			
Net interest income	4,723	3,799	24.3
Gross income	5,862	5,211	12.5
Pre-provisions income	2,847	2,328	22.3
Profit attributable to the Group	1,332	889	49.8
Balance sheet (million euro) (B)			
Total assets	235,173	251,241	(6.4)
Gross performing loans	149,798	156,130	(4.1)
Gross loans to customers	155,459	161,750	(3.9)
On-balance sheet customer funds	160,888	164,140	(2.0)
Off-balance sheet funds	40,561	38,492	5.4
Total customer funds	201,449	202,632	(0.6)
Funds under management and third-party funds	226,682	225,146	0.7
Equity	13,879	13,086	6.1
Shareholders' equity	14,344	13,635	5.2
Profitability and efficiency (%) (C)			
ROA	0.54	0.35	
RORWA	1.70	1.12	
ROE	9.48	6.64	
ROTE	11.49	8.19	
Cost-to-income	42.59	44.86	
Risk management (D)			
Stage 3 exposures (million euro)	5,777	5,814	(0.6)
Non-performing assets (million euro)	6,748	6,971	(3.2)
NPL ratio (%)	3.52	3.41	
Stage 3 coverage ratio, with total provisions (%)	58.3	55.0	
NPA coverage ratio (%)	55.6	52.3	
Capital management (*) (E)			
Risk-weighted assets (RWAs) (million euro)	78,428	79,545	
Common Equity Tier 1 phase-in (%) (1)	13.19	12.68	
Tier 1, phase-in (%) (2)	15.42	14.75	
Total Capital ratio, phase-in (%) (3)	17.76	17.08	
Leverage ratio, phase-in (%)	5.19	4.62	
Liquidity management (F)			
Loan-to-deposit ratio (%)	94.0	95.6	
Shareholders and shares (as at reporting date) (G)			
Number of shareholders	213,560	218,610	
Total number of shares outstanding (million) (**)	5,403	5,602	
Share price (euro)	1.113	0.881	
Market capitalisation (million euro)	6,014	4,934	
Earnings per share (EPS) (euro) (***)	0.23	0.14	
Book value per share (euro)	2.65	2.43	
P/TBV (price/tangible book value per share)	0.51	0.44	
Price/earnings ratio (P/E)	4.94	6.32	
Other data			
Branches and offices	1,420	1,461	
Employees	19,316	18,895	

(*) Information corresponding to the consolidated annual financial statements for the year ended 31 December 2022.

(**) Total number of shares minus final treasury stock position (including shares in the buyback programme)..

(***) Calculated based on the average number of shares (total number of shares minus average treasury stock and minus average shares in the buyback programme).

(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)

¹ The data contained in sections 3 and 4 of this consolidated Directors' Report as at 31 December 2022 has been restated to take into account the implementation of IFRS 17 (see Note 1.4 to the consolidated annual financial statements for 2023).

3.2 Profit/(loss) for the year

Record-breaking Group net profit, amounting to 1,332 million euros as at the end of 2024, representing year-on-year growth of 55.1%² and placing the Group's ROTE at 11.5%.

Million euro

	2023	2022	Year-on-year change (%)
Interest and similar income	8,659	4,989	73.6
Interest and similar expenses	(3,936)	(1,190)	230.8
Net interest income	4,723	3,799	24.3
Fees and commissions, net	1,386	1,490	(7.0)
Core revenue	6,109	5,289	15.5
Gains or (-) losses on financial assets and liabilities and exchange differences	68	104	(34.0)
Equity-accounted income and dividends	131	156	(15.6)
Other operating income and expenses	(447)	(337)	32.5
Gross income	5,862	5,211	12.5
Operating expenses	(2,496)	(2,337)	6.8
Staff expenses	(1,495)	(1,392)	7.4
Other general administrative expenses	(1,002)	(946)	5.9
Depreciation and amortisation	(519)	(545)	(4.8)
Total costs	(3,015)	(2,883)	4.6
<i>Memorandum item:</i>			
Recurrent costs	(2,982)	(2,883)	3.5
Non-recurrent costs	(33)	—	--
Pre-provisions income	2,847	2,328	22.3
Provisions for loan losses	(813)	(825)	(1.5)
Provisions for other financial assets	(18)	(111)	(84.1)
Other provisions and impairments	(80)	(96)	(17.0)
Capital gains on asset sales and other revenue	(46)	(23)	101.8
Profit/(loss) before tax	1,891	1,273	48.5
Corporation tax	(557)	(373)	49.3
Profit or loss attributed to minority interests	1	11	(86.8)
Profit attributable to the Group	1,332	889	49.8
<i>Memorandum item:</i>			
Average total assets	245,173	257,553	(4.8)
Earnings per share (euros)	0.23	0.14	

The average exchange rate used for the cumulative balance of TSB's income statement is 0.8706 (0.8532 in 2022).

² The informations as of 31 December 2022 used to calculate the variation was restated by application of IFRS 17 (see Note 1.4 in the 2023 Consolidated Report).

Net interest income

Net interest income followed a positive trend, reaching 4,723 million euros as at the end of 2023, representing year-on-year growth of 24.3%, mainly due to a higher credit yield and improved revenue from the fixed-income portfolio, underpinned by higher interest rates, all of which served to offset higher costs of both funds and capital markets and the negative effect of the pound sterling's depreciation.

Consequently, the net interest margin as a percentage of average total assets stood at 1.93% in 2023 (1.47% in 2022).

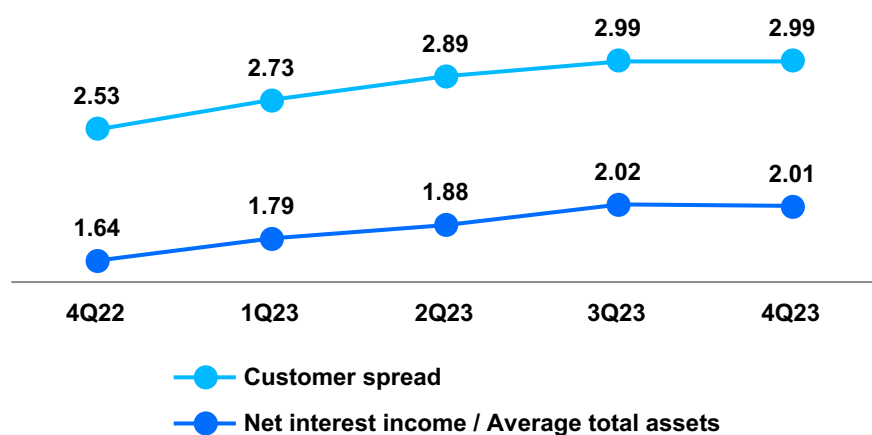
The breakdown of net interest income for the years 2023 and 2022, as well as the different components of total investment and funds, was as follows:

Million euro

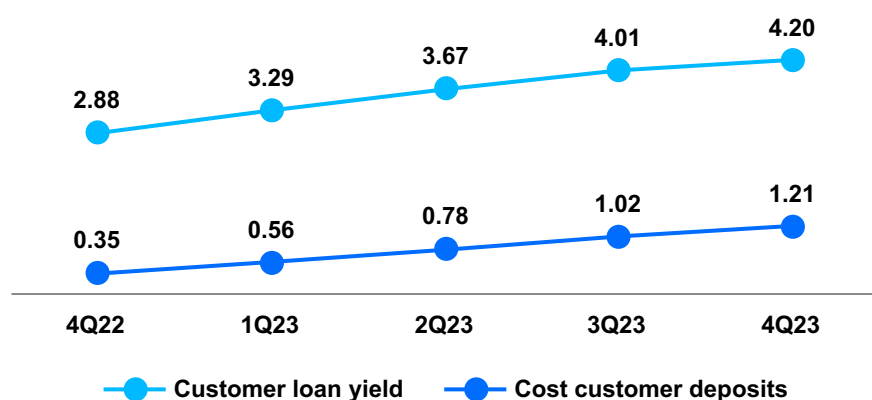
	2023			2022			Change		Effect	
	Average balance	Profit/(lose)	Rate %	Average balance	Profit/(lose)	Rate %	Average balance	Profit/(lose)	Rate	Volume
Cash, central banks and credit institutions	42,117,993	1,476,738	3.51	53,538,412	208,485	0.39	(11,420,419)	1,268,253	1,473,389	(205,136)
Loans and advances to customers	153,978,221	5,839,767	3.79	157,870,419	3,965,858	2.51	(3,892,198)	1,873,909	1,892,904	(18,995)
Fixed-income portfolio	28,531,645	832,967	2.92	26,229,512	289,924	1.11	2,302,133	543,043	513,512	29,531
Subtotal	224,627,859	8,149,472	3.63	237,638,343	4,464,267	1.88	(13,010,484)	3,685,205	3,879,805	(194,600)
Equity portfolio	859,258	—	—	903,212	—	—	(43,954)	—	—	—
Tangible and intangible assets	4,576,149	—	—	4,820,868	—	—	(244,719)	—	—	—
Other assets	15,110,214	508,059	3.36	14,191,036	180,022	1.27	919,178	328,037	—	328,037
Total investment	245,173,480	8,657,531	3.53	257,553,459	4,644,289	1.80	(12,379,979)	4,013,242	3,879,805	133,437
Central banks and credit institutions	31,484,501	(1,064,832)	(3.38)	48,310,994	8,713	0.02	(16,826,493)	(1,073,545)	(1,366,466)	292,921
Customer deposits	160,564,046	(1,432,303)	(0.89)	162,393,140	(309,002)	(0.19)	(1,829,094)	(1,123,301)	(1,059,227)	(64,074)
Capital markets	26,379,723	(876,225)	(3.32)	22,304,397	(316,115)	(1.42)	4,075,326	(560,110)	(452,311)	(107,799)
Subtotal	218,428,270	(3,373,360)	(1.54)	233,008,531	(616,404)	(0.26)	(14,580,261)	(2,756,956)	(2,878,004)	121,048
Other liabilities	13,183,674	(560,954)	(4.25)	11,491,130	(229,160)	(1.99)	1,692,544	(331,794)	—	(331,794)
Own funds	13,561,536	—	—	13,053,798	—	—	507,738	—	—	—
Total funds	245,173,480	(3,934,314)	(1.60)	257,553,459	(845,564)	(0.33)	(12,379,979)	(3,088,750)	(2,878,004)	(210,746)
Average total assets	245,173,480	4,723,217	1.93	257,553,459	3,798,725	1.47	(12,379,979)	924,492	1,001,801	(77,309)

Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading on the liabilities side includes negative interest rates applied to balances of credit institutions on the liabilities side, the most significant item being TLTRO III borrowing.

Quarterly evolution of net interest income (%)



Quarterly evolution of customer margin (%)



Core results (net interest income + fees and commissions – recurrent costs) performed well in the year, growing by 29.9% due to higher net interest income.

Gross income

Net fees and commissions reached 1,386 million euros as at the end of 2023, representing a year-on-year reduction of 7.0%, which was mainly due to fewer service fees, as well as fewer asset management fees, particularly those charged on pension funds and insurance due to the change in the insurance product mix.

Gains/(losses) on financial assets and liabilities and exchange differences reached a total of 68 million euros, representing a reduction compared to the end of 2022, mainly due to reduced gains on trading derivatives.

Dividends received and earnings of companies consolidated under the equity method together amounted to 131 million euros, compared with 156 million euros in the previous year, as the latter included higher earnings from BSCapital investees.

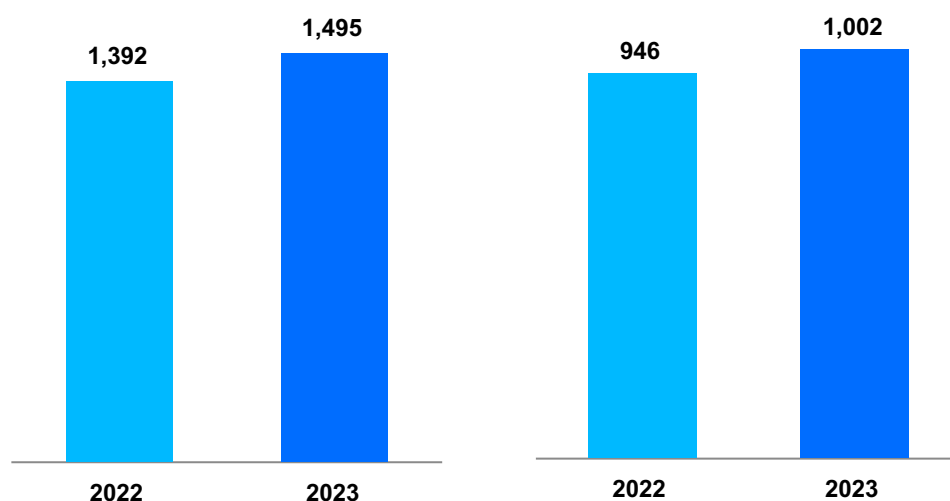
Other operating income and expenses amounted to -447 million euros, compared with -337 million euros in 2022. This negative balance variation is mainly explained by the -156 million euros paid for the new bank levy, booked in the first quarter of 2023, and by a larger contribution made to Banco Sabadell's Deposit Guarantee Fund (-132 million euros in 2023 compared to -114 million euros in 2022), which was partially offset by the booking of a smaller contribution to the Single Resolution Fund (SRF) (-76 million euros in 2023 compared to -100 million euros in 2022), given the reduction of the target calculated by the Single Resolution Board (SRB). It is also worth mentioning that 2022 was impacted by the recognition of -57 million euros net, resulting from the agreement regarding the incidents that took place following the migration of TSB's IT platform, which were partially offset with a tax-payable amount of 45 million euros (32 million euros, net) due to insurance claim recoveries, with this item amounting to a total of -25 million euros net, while in 2023, an additional 16 million euros of insurance claims were recognised.

Pre-provisions income

Total costs stood at -3,015 million euros as at year-end 2023, impacted by -33 million euros of non-recurrent costs recorded in the fourth quarter related to TSB's restructuring, which included 26 million euros of allocated provisions. Not including this impact, recurrent costs increased by 3.5% year-on-year due to both higher staff expenses and higher general expenses, particularly marketing and technology expenses, which offset the reduction of amortisations/redemptions.

Staff expenses
(in million euro)

Other general administrative expenses
(in million euro)



The cost-to-income ratio for 2023 improved, standing at 42.6% compared to 44.9% in 2022.

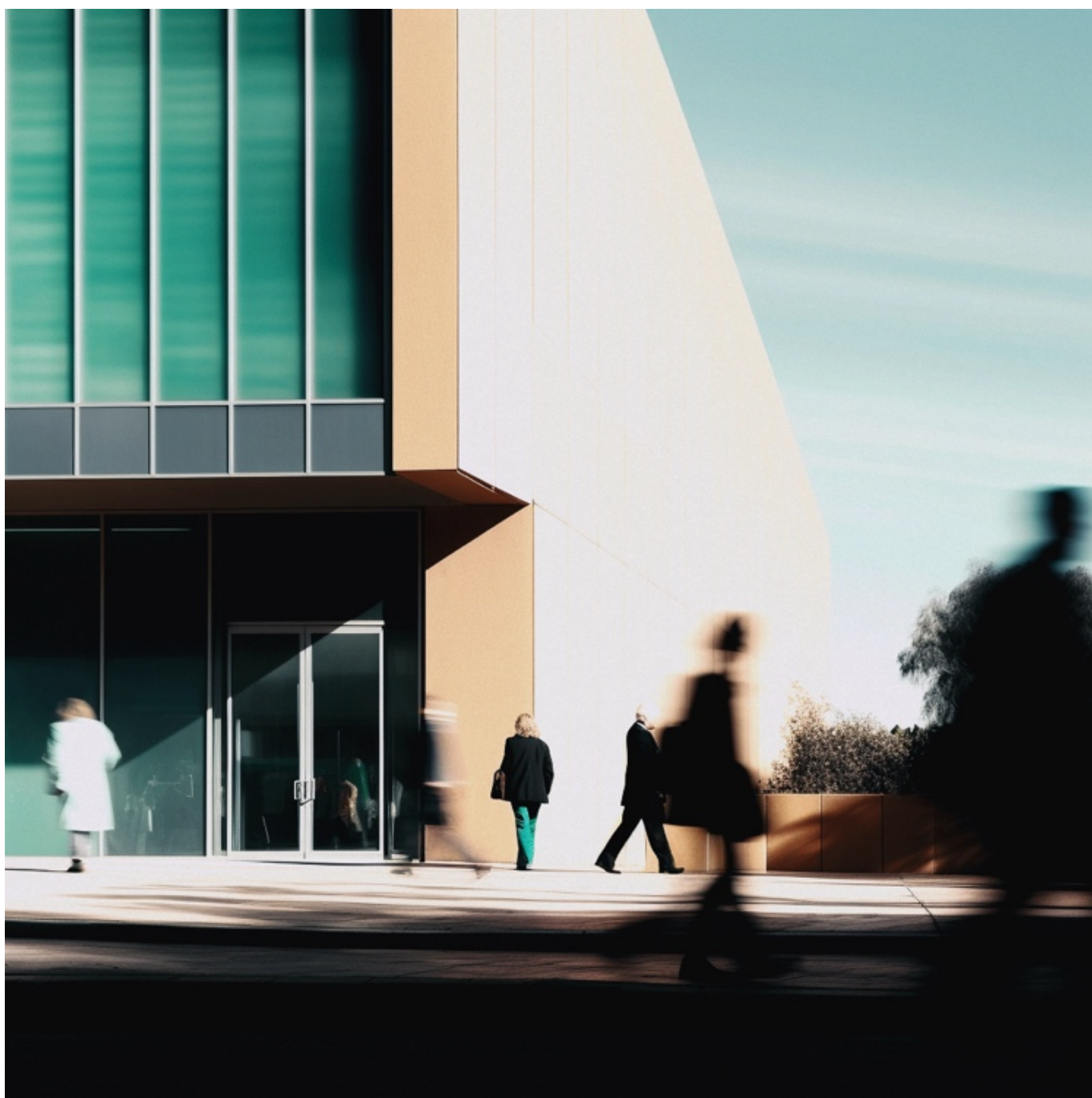
Core results (net interest income + fees and commissions – recurrent costs) improved in the year, standing at 3,127 million euros as at 2023 year-end, having grown by 29.9% year-on-year as a result of the good evolution of net interest income.

Total provisions and impairments amounted to -910 million euros as at the end of 2023, compared to -1,032 million euros at the end of the previous year, representing a reduction of 11.8% thanks to fewer provisions for credit items, financial assets and real estate.

Capital gains on asset sales and other revenue amounted to -46 million euros as at the end of 2023. The year-on-year change is due to the recognition of higher IT asset write-offs.

Profit attributable to the Group

After deducting corporation tax and minority interests, net profit attributable to the Group amounted to 1,332 million euros as at the end of 2023, representing strong year-on-year growth mainly due to improved net interest income.



3.3 Balance sheet

Million euro

	2023	2022	Year-on-year change (%)
Cash, cash balances at central banks and other demand deposits	29,986	41,260	(27.3)
Financial assets held for trading	2,706	4,017	(32.6)
Non-trading financial assets mandatorily at fair value through profit or loss	153	77	97.9
Financial assets at fair value through other comprehensive income	6,269	5,802	8.0
Financial assets at amortised cost	180,914	185,045	(2.2)
Debt securities	21,501	21,453	0.2
Loans and advances	159,413	163,593	(2.6)
Investments in joint ventures and associates	463	377	22.8
Tangible assets	2,297	2,582	(11.0)
Intangible assets	2,483	2,484	—
Other assets	9,902	9,596	3.2
Total assets	235,173	251,241	(6.4)
Financial liabilities held for trading	2,867	3,598	(20.3)
Financial liabilities at amortised cost	216,072	232,530	(7.1)
Deposits	183,947	203,294	(9.5)
Central banks	9,776	27,844	(64.9)
Credit institutions	13,840	11,373	21.7
Customers	160,331	164,076	(2.3)
Debt securities issued	25,791	22,578	14.2
Other financial liabilities	6,333	6,659	(4.9)
Provisions	536	645	(16.8)
Other liabilities	1,818	1,382	31.6
Total liabilities	221,294	238,155	(7.1)
Shareholders' equity	14,344	13,635	5.2
Accumulated other comprehensive income	(499)	(583)	(14.5)
Minority interests (non-controlling interests)	34	34	(0.4)
Equity	13,879	13,086	6.1
Total equity and total liabilities	235,173	251,241	(6.4)
Loan commitments given	27,036	27,461	(1.5)
Financial guarantees given	2,064	2,087	(1.1)
Other commitments given	7,943	9,674	(17.9)
Total memorandum accounts	37,043	39,222	(5.6)

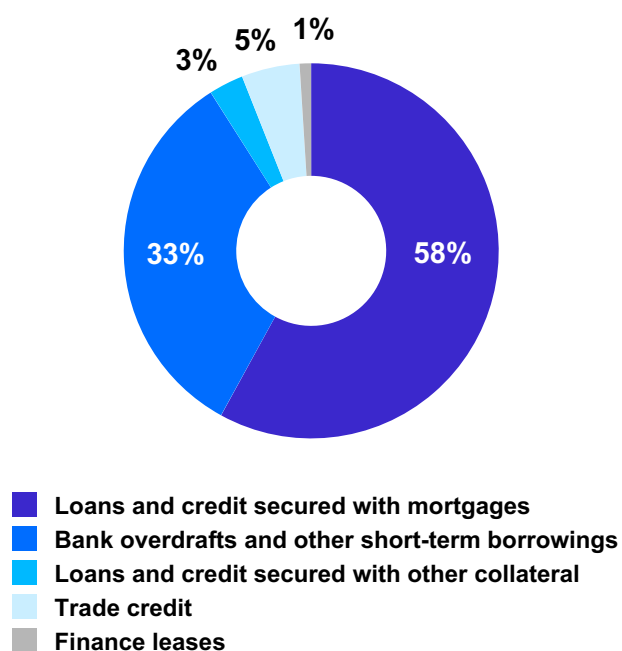
The EUR/GBP exchange rate used for the balance sheet is 0.8691 at 31 December 2023.

Gross performing loans to customers ended the year 2023 with a balance of 149,798 million euros, having decreased by 4.1% year-on-year, mainly due to the impact of reduced mortgage volumes in both Spain and the United Kingdom, lower volumes of loans granted to SMEs and corporates, and maturing Treasury loans in general governments. Home equity loans formed the largest single component of gross loans and receivables, amounting to 86,162 million euros as at 31 December 2023 and representing 58% of total gross performing loans to customers.

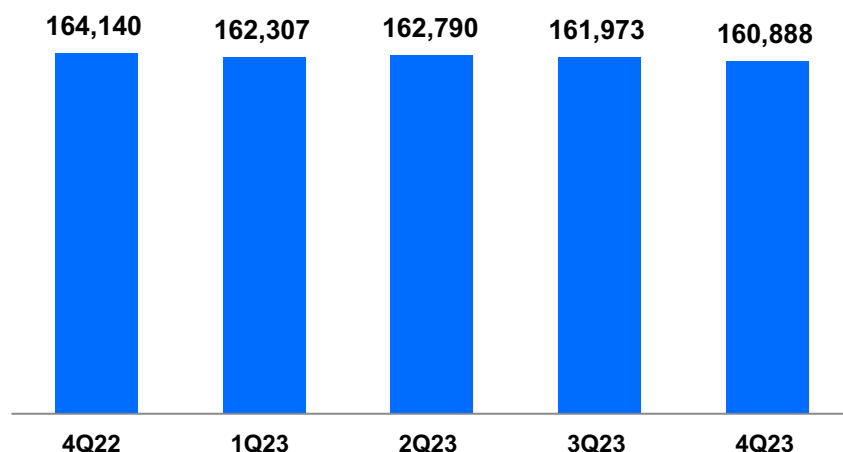
	2023	2022	Year-on-year change (%)
Loans and credit secured with mortgages	86,162	89,340	(3.6)
Loans and credit secured with other collateral	5,064	3,412	48.4
Trade credit	7,465	7,489	(0.3)
Finance leases	2,236	2,227	0.4
Bank overdrafts and other short-term borrowings	48,870	53,663	(8.9)
Gross performing loans to customers	149,798	156,130	(4.1)
Stage 3 assets (customers)	5,472	5,461	0.2
Accrual adjustments	172	159	7.9
Gross loans to customers, excluding reverse repos	155,442	161,750	(3.9)
Reverse repos	17	—	—
Gross loans to customers	155,459	161,750	(3.9)
Reserve for loan losses and country risk	(3,199)	(3,020)	5.9
Loans and advances to customers	152,260	158,730	(4.1)

The EUR/GBP exchange rate used for the balance sheet is 0.8691 at 31 December 2023.

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):



On-balance sheet customer funds

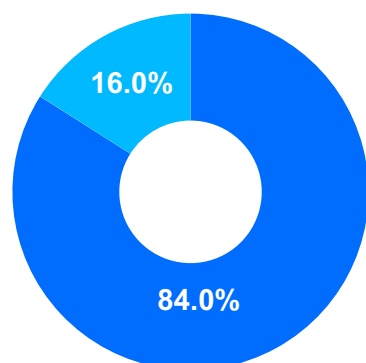


As at the end of 2023, on-balance sheet customer funds showed a balance of 160,888 million euros, compared to 164,140 million euros as at the end of 2022, representing a decrease of 2.0%, mainly due to a lower volume of demand deposit accounts, with customers seeking a higher return on their savings, which is partially reflected in the growth of off-balance sheet funds, as well as the increase of term deposits and retail issuances, particularly commercial paper.

Demand deposit account balances amounted to 134,243 million euros, representing a reduction of 9.0% compared to 2022.

Term deposits came to a total of 25,588 million euros, representing growth of 58.5% year-on-year.

The breakdown of customer deposits as at 2023 year-end is shown below:



- Sight deposit accounts
- Term deposits

Total off-balance sheet customer funds came to 40,561 million euros as at 2023 year-end, reflecting an increase of 5.4% in year-on-year terms, driven by growth across all segments and most notably by the good performance of mutual funds, in terms of both yields and net inflows.

Total funds under management as at 31 December 2023 amounted to 226,682 million euros, compared to 225,146 million euros as at 31 December 2022, representing a year-on-year increase of 0.7%, as the growth of off-balance sheet customer funds offset the aforesaid reduction of on-balance sheet funds.

Million euro

	2023	2022	Year-on-year change (%)
On-balance sheet customer funds (*)	160,888	164,140	(2.0)
Customer deposits	160,331	164,076	(2.3)
Current and savings accounts	134,243	147,540	(9.0)
Term deposits	25,588	16,141	58.5
Repos	200	405	--
Accrual adjustments and hedging derivatives	299	(9)	--
Borrowings and other marketable securities	22,198	19,100	16.2
Subordinated liabilities (**)	3,593	3,478	3.3
On-balance sheet funds	186,122	186,654	(0.3)
Mutual funds	24,093	22,581	6.7
Investment companies	589	703	(16.2)
UCITS sold but not managed	23,504	21,878	7.4
Assets under management	3,598	3,532	1.9
Pension funds	3,249	3,182	2.1
Personal schemes	2,103	2,065	1.8
Workplace schemes	1,141	1,112	2.6
Collective schemes	5	5	(8.1)
Insurance products sold	9,621	9,197	4.6
Off-balance sheet customer funds	40,561	38,492	5.4
Funds under management and third-party funds	226,682	225,146	0.7

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

(**) Refers to subordinated debt securities issued.

The EUR/GBP exchange rate used for the balance sheet is 0.8691 at 31 December 2023.

The balance of non-performing assets was reduced by 223 million euros over the year, while the coverage ratio considering total provisions rose to 55.6%.

Non-performing assets have been reduced over the year 2023. The quarterly performance of these assets in 2023 and 2022 is shown below:

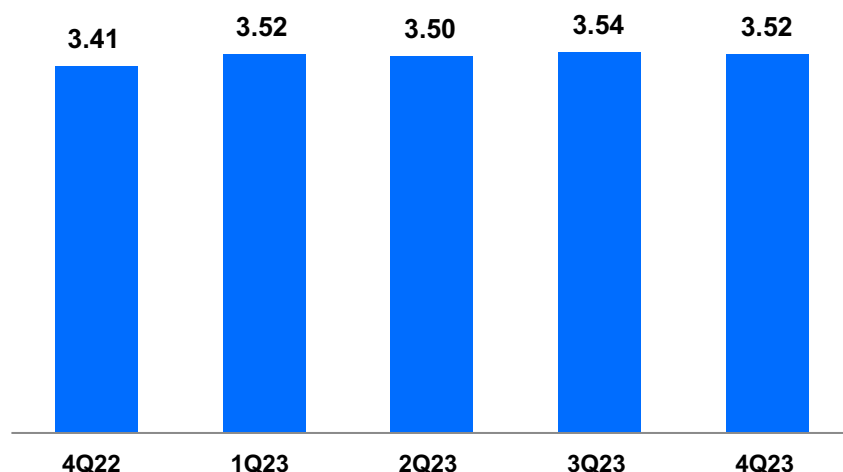
Million euro

	2023				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Ordinary net increase in stage 3 loans	183	111	85	(35)	153	(421)	208	68
Real estate asset balance variation	(40)	(34)	(44)	(68)	(63)	(22)	(68)	(53)
Ordinary net increase in stage 3 loans + real estate	143	77	41	(103)	89	(443)	140	15
Write-offs	106	114	82	79	146	74	92	83
Ordinary QoQ change in balance of stage 3 loans and real estate	37	(37)	(41)	(182)	(56)	(517)	48	(68)

As a result of the reduction of exposures classified as stage 3, associated with a reduction of the risk base, the NPL ratio reached 3.52% as at 2023 year-end, compared to 3.41% as at 2022 year-end (increase of 11 basis points). The coverage ratio of exposures classified as stage 3 with total provisions as at 31 December 2023 was 58.3% compared to 55.04% one year earlier, while the coverage ratio of non-performing real estate assets stood at 39.6% as at 31 December 2023, compared to 38.34% at the end of the previous year.

As at 31 December 2023, the balance of exposures classified as stage 3 in the Group amounted to 5,777 million euros (including contingent exposures) and declined by 37 million euros in 2023.

NPL ratio (*) (%)



(*) Calculated including contingent exposures.

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

Million euro

	2023				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Exposures classified as stage 3	5,891	5,888	5,891	5,777	6,210	5,714	5,830	5,814
Total provisions	3,219	3,280	3,329	3,368	3,456	3,159	3,214	3,200
Stage 3 coverage ratio, with total provisions (%)	54.6	55.7	56.5	58.3	55.7	55.3	55.1	55.0
Stage 3 provisions	2,328	2,361	2,402	2,445	2,560	2,263	2,273	2,292
Stage 3 coverage ratio (%)	39.5	40.1	40.8	42.3	41.2	39.6	39.0	39.4
Non-performing real estate assets	1,117	1,083	1,039	971	1,299	1,277	1,209	1,157
Provisions for non-performing real estate assets	429	419	404	385	494	499	470	443
Non-performing real estate coverage ratio (%)	38.4	38.7	38.9	39.6	38.0	39.1	38.9	38.3
Total non-performing assets	7,008	6,971	6,930	6,748	7,508	6,991	7,039	6,971
Provisions for non-performing assets	3,648	3,699	3,733	3,752	3,950	3,658	3,684	3,644
NPA coverage ratio (%)	52.1	53.1	53.9	55.6	52.6	52.3	52.3	52.3

Incluye riesgos contingentes.

3.4 Liquidity management

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

The funding gap increased during 2023, showing a greater decline in lending than in customer funds. Funding in capital markets increased, 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 2023 was 94.0%.

The Institution has made the most of the different issuance windows to access the capital markets at different times in the year, taking advantage of the first quarter, in particular, when it managed to execute most of the Funding Plan, in a market environment with persisting inflationary pressures, which led central banks to continue tightening their monetary policies and, specifically, continue raising interest rates. Maturities and early repayments in capital markets over the year amounted to 4,158 million euros, of which 250 million pounds correspond to TSB Bank. On the other hand, Banco Sabadell carried out two issues under the current Fixed Income Programme amounting to a total of 1.2 billion euros, specifically the following: one issue of mortgage covered bonds on 28 February 2023 for a total of 1 billion euros with a 3.5-year maturity, and one issue of mortgage covered bonds on 22 December 2023 for 200 million euros with an 8-year maturity. Furthermore, under the EMTN Programme, Banco Sabadell carried out four issues for a total amount of 2,750 million euros, specifically the following: one senior non-preferred debt issue on 7 February 2023 for 750 million euros with a 6-year maturity and an early call option in favour of Banco Sabadell in the fifth year; one Tier 2 subordinated bonds issue on 16 February 2023 for 500 million euros with a 10.5-year maturity and an early call option in favour of Banco Sabadell in the second half of the fifth year; one green senior preferred debt issue on 7 June 2023 for 750 million euros with a 6-year maturity and an early call option in favour of Banco Sabadell in the fifth year; and one senior non-preferred debt issue on 8 September 2023 for 750 million euros with a 6-year maturity and an early call option in favour of Banco Sabadell in the fifth year. In addition, Banco Sabadell carried out one AT1 Preferred Securities issue amounting to 500 million euros on 18 January 2023. For its part, TSB Bank carried out one mortgage covered bonds issue for 1 billion pounds with a 4-year maturity on 14 February 2023, and on 15 September 2023, it carried out one mortgage covered bonds issue for 750 million pounds with a 5-year maturity.

Additionally in 2023, having obtained the corresponding authorisations, Banco Sabadell exercised the early redemption option on the AT1 2/2017 issue amounting to 400 million euros on 23 February 2023 and the early redemption option on the Subordinated Debt 1/2018 issue amounting to 500 million euros on 12 December 2023. Furthermore, on 8 September 2023, together with the Senior Non-Preferred Debt 2/2023 issue, Banco Sabadell exercised a call option on the Senior Non-Preferred Debt 1/2019 issue in the amount of 580.4 million euros, leaving an outstanding balance on this issue of 419.6 million euros. TSB Bank also exercised a call provision on 15 September on its Covered Floating Rate Notes 2019 issue, in the amount of 250

million pounds, leaving an outstanding balance on this issue of 500 million pounds.

With regard to securitisations, on 29 September 2023, the traditional securitisation fund SCF Autos 1, FT was disbursed. This inaugural securitisation carried out by the subsidiary Sabadell Consumer Finance, S.A.U. enabled the financing and transfer of credit risk of a portfolio of auto loans granted by this subsidiary in the amount of 650 million euros. The issue consists of six classes of securities that were placed on the market, with the exception of the first loss tranche of 9.5 million euros to fund the reserve fund and initial expenses, which was retained by Sabadell Consumer Finance, and 156 million euros from the senior series which was subscribed by Banco de Sabadell, S.A.

On 13 September 2023, the Management Company TdA (Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A.) published an inside information notice through the National Securities Market Commission (CNMV) disclosing the fact that Banco Sabadell had exercised its pre-emptive right to buy back its portion of the portfolio sold to the multi-seller fund TDA 25 FTA (currently in the process of being liquidated by the Management Company).

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 203% and 274%, respectively, as at 31 December 2023. At the Group level, the Institution's LCR remained well above 100% on a stable basis at all times throughout the year, ending 2023 at 228%. As for the Net Stable Funding Ratio (NSFR), which came into force on 28 June 2021, the Institution has also remained steadily above the minimum requirement of 100% in all LMUs. As at 31 December 2023, the NSFR was 152% for the TSB LMU, 134% for Banco Sabadell Spain and 140% for the Group.

The key figures and basic liquidity ratios reached at the end of 2023 and 2022 are shown here below:

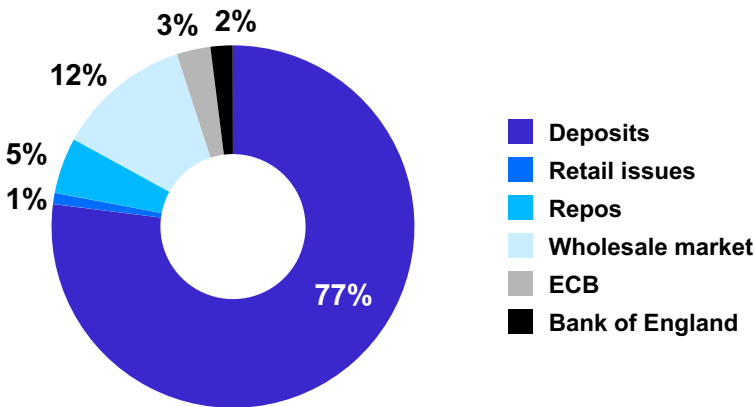
Million euro

	2023	2022
Gross loans to customers, excluding reverse repos	155,442	161,750
Impairment allowances	(3,199)	(3,020)
Brokered loans	(953)	(1,806)
Net loans and advances excluding ATAs, adjusted for brokered loans	151,290	156,924
On-balance sheet customer funds	160,888	164,140
Loan-to-deposit ratio (%)	94.0	95.6

The EUR/GBP exchange rate used for the balance sheet is 0.8691 as at 31 December 2023 and 0.8869 as at 31 December 2022.

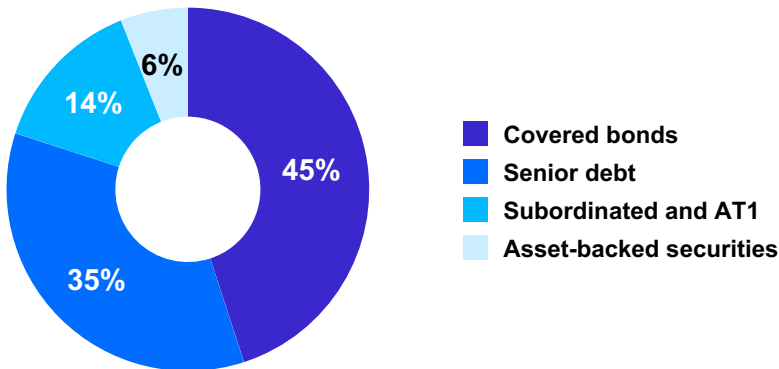
The main sources of funding as at the end of 2023, broken down by type of instrument and counterparty, are shown below (in percentage):

Funding structure (*)



(*) Excluding accrual adjustments and hedging derivatives.

Breakdown of institutional issues (*)



(*) Excluding accrual adjustments and hedging derivatives.

For further details about the Group's liquidity management, liquidity strategy and liquidity performance during the year, see Note 4 to the 2023 consolidated annual financial statements.

3.5 Capital management

Key capital figures and solvency ratios

Thousand euro

	31/12/2023		31/12/2022	
	<i>Fully loaded</i>	<i>Phase-in</i>	<i>Fully loaded</i>	<i>Phase-in</i>
Common Equity Tier 1 (CET1) capital	10,346,761	10,346,761	9,985,006	10,082,751
Tier 1 (T1) capital	12,096,761	12,096,761	11,635,006	11,732,751
Tier 2 (T2) capital	1,829,460	1,829,460	1,911,331	1,855,001
Total capital (Tier 1 + Tier 2)	13,926,221	13,926,221	13,546,337	13,587,753
Risk weighted assets	78,427,616	78,427,616	79,559,621	79,544,790
CET1 (%)	13.19 %	13.19 %	12.55 %	12.68 %
Tier 1 (%)	15.42 %	15.42 %	14.62 %	14.75 %
Tier 2 (%)	2.33 %	2.33 %	2.40 %	2.33 %
Total capital ratio (%)	17.76 %	17.76 %	17.02 %	17.08 %
Leverage ratio	5.19 %	5.19 %	4.59 %	4.62 %

In 2018, following the entry into force of IFRS 9, the Group opted to apply the transitional arrangements established in Regulation (EU) 2017/2395. As at 31 December 2022, the main difference between the phase-in and fully-loaded ratios was due to the static component of those transitional arrangements, which came to an end at the 2022 year-end closing. In 2023, the transitional arrangements arising as a result of IFRS 9 and still in effect had no impact on the Institution's solvency ratios.

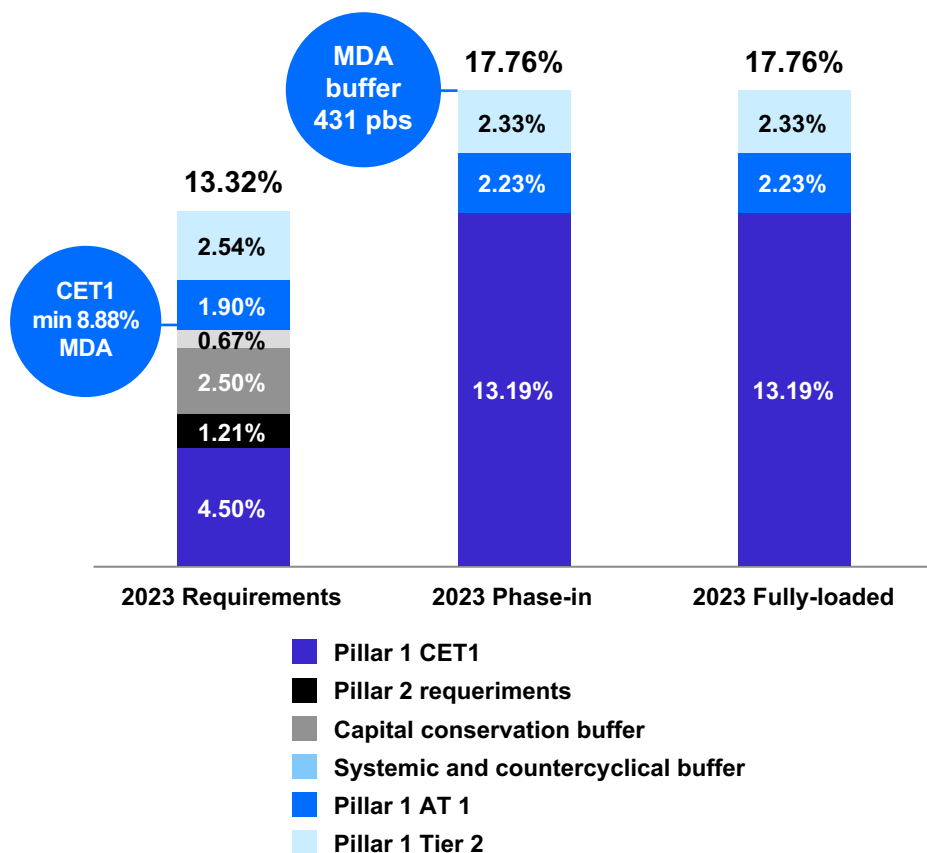
During 2023, the Group increased its capital base by 380 million euros in fully-loaded terms.

In 2023, a new issue of Preferred Securities 1/2023 was executed in the amount of 500 million euros, which replaced the Preferred Securities 2/2017 issue in the amount of 400 million euros. Regarding subordinated debt, it is worth noting the Subordinated Debt 1/2023 series, which increases Tier 2 capital by 500 million euros and replaces the Subordinated Debt 1/2018 series, in the amount of 500 million euros.

In terms of risk-weighted assets (RWAs), two securitisations were carried out during the period: one synthetic securitisation of business loans to SMEs and mid-corporates, disbursed on 27 September 2023 for an amount of 1,103 million euros, and one traditional securitisation carried out by the subsidiary Sabadell Consumer Finance, S.A.U. of loans intended for vehicle purchase, disbursed on 29 September 2023, which amounted to 650 million euros. In addition, in the Banco Sabadell ex-TSB perimeter, it is worth noting the reductions in RWAs as a result of the improved portfolio density due to, among other things, the implementation of new models for mortgages and consumer loans to individuals, reduced lending volumes (although the impact of this on RWAs is limited as most of that reduction is concentrated in ICO loans) and lastly, reduced requirements for market risk, especially interest rate risk, largely due to the portfolio's good evolution. This reduction in credit RWAs and market RWAs is partially offset by the update of operational RWAs, given the increase of the material risk indicator in 2023.

As a result, the fully-loaded CET1 ratio stood at 13.2% as at 2023 year-end.

As at 31 December 2023, the Group had a phase-in CET1 capital ratio of 13.2%, well above the requirement established in the Supervisory Review and Evaluation Process (SREP), which for 2023 was 8.88%, meaning that the aforesaid ratio is 431 basis points above the minimum requirement.



The minimum capital requirement has been calculated taking into account the own funds requirements in effect at the end of 2023 for Pillar 1 (8%) and Pillar 2R (2.15%), as well as the capital conservation buffer (2.5%), countercyclical buffer (0.42%) and the buffer for other systemically important institutions (0.25%).

In May 2021, the SRB published the MREL Policy under the Banking Package, which integrates the regulatory changes of the aforesaid resolution framework reform. The new SRB requirements are based on balance sheet data as at December 2021 and set two binding MREL targets: the final MREL target, which is binding from 1 January 2024, and an interim target to be met from 1 January 2022 onwards. The latter corresponded to an intermediate level that allowed for a linear build-up by institutions of their MREL capacity. Its calibration therefore depended on the Institution's MREL capacity at the time of calibration and its final target.

The interim requirements in effect since 1 January 2022 are:

- 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.

On 19 December 2023, Banco Sabadell received a communication from the Bank of Spain regarding the decision made by the Single Resolution Board (SRB) concerning the minimum requirement for own funds and eligible liabilities (MREL) and the subordination requirement applicable on a consolidated basis.

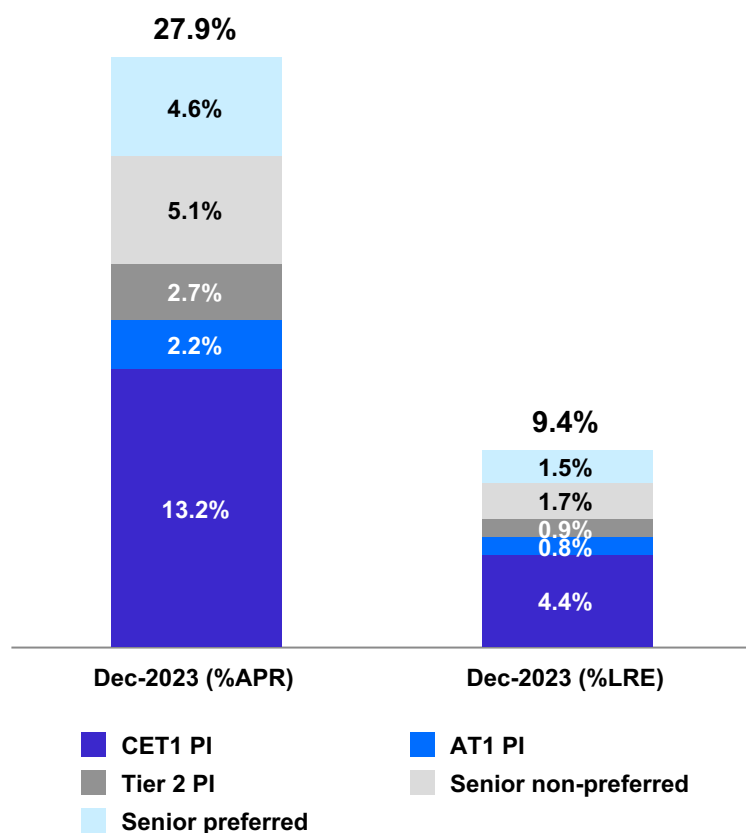
The requirements that must be met from 1 January 2024 are as follows:

- The minimum MREL is 22.52% of the total risk exposure amount (TREA) and 6.35% of the leverage ratio exposure (LRE).
- The subordination requirement is 17.31% of the TREA and 6.35% of the LRE.

The own funds used by the Institution to meet the combined buffer requirement (CBR), comprising the capital conservation buffer, the systemic risk buffer and the counter-cyclical 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 coincide with Banco Sabadell's expectations and are in line with its funding plans.

Group MREL



The RWAs percentage includes the capital used to meet the Combined Buffer Requirement (CBR) (3.13% as at 31 December 2023 and estimated at 3.15% for 2024). This serves as a mechanism to accumulate capital to protect against cyclical and structural systemic risks, in order to build up own funds during periods of prosperity and thus be able to protect the regulatory minimum during periods of adverse economic conditions.

Businesses



89	Banking Business Spain
121	Banking Business United Kingdom
125	Banking Business Mexico

Businesses

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 2023.

4.1 Banking Business Spain

Key figures

Net profit as at the end of 2023 amounted to 1,093 million euros, representing a year-on-year increase of 41.8%, mainly driven by the good evolution of net interest income.

Net interest income amounted to 3,353 million euros as of the end of 2023, growing by 34.2% year-on-year, due to higher loan yields and improved fixed-income revenue, underpinned by higher interest rates, which offset the higher costs of funds and capital markets.

Net fees and commissions stood at 1,247 million euros, 7.2% less than at year-end 2022, mainly due to the drop in service fees and asset management fees, particularly fees on pension funds and insurance due to the change in the insurance product mix.

Gains/(losses) on financial assets and liabilities and exchange differences amounted to 45 million euros, which represents a reduction in year-on-year terms, mainly due to trading derivatives.

Other income and expenses were mainly impacted by the -156 million euro bank levy paid in 2023.

Total costs recorded a year-on-year increase of 4.2%, due to higher staff expenses, including salary management in the wake of inflationary pressures, and to the increase in general expenses, particularly marketing and technology expenses.

Provisions and impairments amounted to -816 million euros, down by 11.2% year-on-year, due to the booking of fewer provisions for both loan losses and financial assets, and also due to the impairment of real estate assets.

Million euro

	2023	2022	Year-on-year change (%)
Net interest income	3,353	2,499	34
Fees and commissions, net	1,247	1,344	(7.2)
Core revenue	4,601	3,843	19.7
differences	45	95	(52.8)
Equity-accounted income and dividends	131	156	(15.7)
Other operating income and expenses	(404)	(225)	79.7
Gross income	4,372	3,869	13.0
Operating expenses, depreciation and amortisation	(1,965)	(1,887)	4.2
Pre-provisions income	2,407	1,982	21.5
Provisions and impairments	(816)	(920)	(11.3)
Capital gains on asset sales and other revenue	(27)	(9)	198.1
Profit/(loss) before tax	1,564	1,053	48.5
Corporation tax	(469)	(270)	73.6
Profit or loss attributed to minority interests	1	11	(87.1)
Profit attributable to the Group	1,093	772	41.7
Cumulative ratios			
ROTE (net return on tangible equity)	12.0 %	9.3 %	
Cost-to-income (general administrative expenses / gross income)	37.2 %	39.9 %	
NPL ratio	4.3 %	4.2 %	
Stage 3 coverage ratio, with total provisions	59.9 %	56.2 %	

Gross performing loans decreased by 4.6% compared to the previous year, impacted by the higher interest rate environment, where particular note should be taken of the reduced balances of SMEs and corporates, the maturity of Public Treasury loans and the smaller volume of mortgages.

On-balance sheet customer funds fell by 1.9% year-on-year, due to the reduction of demand deposits, as customers searched for products that offer higher returns on savings, with that reduction being partially offset by an increase in term deposits and commercial paper. Off-balance sheet funds increased by 5.4%, mainly due to mutual funds.

Million euro

	2023	2022	Year-on-year change (%)
Assets	173,648	189,545	(8.4)
Gross performing loans to customers	103,830	108,889	(4.6)
Non-performing real estate assets, net	586	713	(17.8)
Liabilities	162,767	179,402	(9.3)
On-balance sheet customer funds	117,820	120,118	(1.9)
Wholesale funding in capital markets	19,949	19,444	2.6
Allocated equity	10,880	10,005	8.7
Off-balance sheet customer funds	40,561	38,492	5.4
Other indicators			
Employees	13,455	12,991	3.6
Branches and offices	1,194	1,226	(2.6)

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

Retail Banking

Business overview

Retail Banking is Banco Sabadell's business unit that offers financial products and services to individuals for personal use. The business is based on a banking model that combines processes typical of a digital bank for interactions that require the autonomy, immediacy and simplicity that only digital channels can offer with specialised and personalised commercial management for those interactions where expert support is needed, provided through the branch network, both in brick-and-mortar branches and remotely. Among the main products offered, it is worth noting investment and financing products in the short, medium and long term such as consumer loans, mortgages and leasing/rental services. As for funds, the main products on offer are customer term and demand deposits, savings insurance, mutual funds and pension plans. Additionally, the main services also include payment methods such as cards and various kinds of insurance products.

Management milestones in 2023

The efforts made in 2023 have focused on continuing to move forward with the strategic priorities that are allowing the Retail Banking business to be transformed. Those 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.

In 2023, the Retail Banking business has continued with its transformation, moving forward in the following areas:

- Customer-focused growth, with more than half of new customers currently registered via the digital channel.
- Change of sales mix: increased level of digitalisation in accounts, cards and consumer credit, which in turn increases the volume of sales year-on-year.
- The specialised distribution model has been completed, supporting customers in mortgages, insurance and savings/investment products. Because the model has matured, the percentage of the specialists' contribution to the business has increased.
- Self-service: an increasing number of customers are choosing to do most of their banking remotely, with the mobile app recording considerably higher usage rates than branches. In addition, in 2023, customer satisfaction indices in relation to the services received has greatly improved.

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 evolution of the mortgage market in Spain in 2023 was characterised by a reduced volume of transactions and a lower average transaction amount, as a result of rising interest rates and inflation.

In this environment, Banco Sabadell has continued to make progress:

- By adapting its mortgage offer to the environment and to the perceived needs of its customers with the launch of the hybrid mortgage, which already accounts for 16% of total new mortgage lending since its launch.
- In the mortgage specialists' distribution model, with all branches included in the model, focusing on remote management (122 remote specialists covering 100% of branches).
- In the transformation of the mortgage process, outsourcing administrative tasks to focus on the commercial function of specialists and increase capacity to generate and manage demand, reduce processing lead times and improve the customer experience.
- By improving the digital experience in the mortgage application process, optimising mortgage switching and making efficiency gains. In particular, the focus has been upstream in the digital journey, where technological, intelligence and commercial systems capabilities have been rolled out to allow better prioritisation of commercial opportunities.

Consumer loans

In consumer loans, 2023 was characterised by volume growth, driven by various improvements introduced, among them, speeding up the loan application process and adapting the product offering to meet the end customer's needs.

These improvements also served to increase digital credit applications and pre-approved loans proportional to total new lending, ensuring adequate risk management and segmentation.

With regard to short-term financing solutions, 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

2023 was a good year for growth of card transactions, with an 8% increase in purchases, which reached 19,576 million euros. In terms of card financing volume, the level of year-on-year growth prior to the pandemic (approximately 9%) was achieved, reaching 356 million euros.

On the other hand, the instant card issue process was consolidated, allowing customers to use their new card immediately in e-commerce and

mobile payment transactions following application. The percentage of card activations executed via digital channels represented 47% of total activations, while mobile payments represented 24% of purchases.

With regard to the Bizum payment system, Banco Sabadell has more than 1.7 million registered users.

Demand deposit accounts

Banco Sabadell has a digital onboarding process that has allowed it to boost its acquisition of digital customers, improving productivity and the customer experience. In less than 10 minutes and with just one contract signing session, new retail customers can register with their mobile phone, quickly and simply, through an integrated onboarding process which, in addition to the Digital Account, also includes a package of products that meet the basic needs of customers (among them, a debit/credit card, the Sabadell Savings account for easy saving, the remote banking service to manage accounts, as well as the alerts and notifications service).

Following the launch of the digital onboarding process in 2022, the Sabadell Online Account was renewed in the second quarter of 2023, with the aim of continuing to acquire new customers and become their main bank, in order to drive profitable growth in the Retail Banking segment.

The main demand deposit accounts offered are 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.

Savings and Investment

Market volatility and interest rates affected asset performance and, consequently, mutual fund returns.

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

- The mutual funds offering was adapted to the market situation and to customer demand by incorporating the following types of products:
 - Guaranteed products: during the year, guaranteed fund products were offered that combined fixed and variable return funds, with the launch of the mutual funds Sabadell Garantía Fija 20, FI, Sabadell Garantía Fija 21, FI, Sabadell Capital Extra No.1, FI and Sabadell Capital Extra No. 2.
 - Target return products: introduction of two mutual funds that feature a target, not guaranteed, to recover 100% of the initial investment plus a return on maturity, namely Sabadell Horizonte 10 2025 and Sabadell Horizonte 02 2026, launched in September and November, respectively.
- Improvements were made to information on digital channels and customer information in general.

With regard to guaranteed return insurance plans, the high-interest rate environment boosted customer interest in these products. Specifically, savings plans and life-contingent annuities saw a significant increase in premiums compared with previous years.

This growth was also seen in the unit-linked savings insurance product, which involves assets linked to structured deposits with a capital guarantee and fixed coupon. Specifically, two multi-asset investment issues with an 18-month maturity were carried out, in which the linked assets are deposits issued by Banco Sabadell.

With regard to the pensions business, as in the case of guaranteed return insurance plans, the rise in interest rates increased demand for Insured Retirement Plans (IRPs), particularly those with a payback period of 3 and 5 years. This led to the launch of issues of IRPs with these payback periods, mainly channelled towards transfers from pensions schemes or short-term IRPs, due to the higher return offered. However, growth in the pensions business is influenced by the application of a cap on the maximum annual contribution.

In addition, the new online deposit account was launched, a digital-only fixed-term deposit account, with an excellent customer take-up, due to the ease of the account opening process and the return offered. In the coming year, there are plans to gradually expand this online deposit facility.

It is worth highlighting that specialists continued to be deployed in 2023. As at the end of December 2023, the cumulative contribution to new business of in-branch specialists was 29% and that of branches whose employees included a specialist was 52%.

With regard to deposits, and in accordance with the digital transformation strategy, a new digital application process was introduced that enabled retail customer deposits to grow, improving productivity and the customer experience.

Lastly, the offering of structured deposits was maintained over 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.

The strategy for the insurance business in Retail Banking consists of offering the Bank's customers the best option for protection insurance. To that end, a product offering is proposed, adapted to the needs of each type of customer, to ensure customer satisfaction every time they interact with the Bank. Commercial actions are mainly carried out through the insurance specialist, providing services to the Institution's different customer segments.

In 2023, the business continued to grow in spite of the complicated and uncertain environment. 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 (28%) was the result of the agreement with the company Sanitas reached at the end of 2020. It is also worth noting Banco Sabadell's promotion of Blink insurance products, specifically, home insurance and vehicle insurance, which are arranged remotely.

It should also be mentioned that since the end of 2022, BanSabadell Seguros Generales has sold a funeral insurance product, through an agreement with the company Meridiano, a leading institution in this field.

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 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 its customers.

Activity in 2023 benefited from the end of the supply chain issues that affected the automotive industry, maintaining a good performance from one month to the next, due to increased purchases of new cars by individuals, as well as the inclusion of agreements with large groups.

Work also continued in areas such as training, homeowners' associations and sustainability. With new transactions reaching a weight of 31% of the consumer finance line, Sabadell Consumer Finance has become a leading player in the sector.

With regard to digitalisation, the "Instant Credit" tool for e-commerce provided an efficient response to both referrers and customers, increasing the number of contracts by more than 150% in one year and generating new business.

In 2023, Sabadell Consumer Finance executed 205,962 new transactions through more than 12,000 points of sale located throughout Spain, which translated into an inflow of new investments amounting to 1,368 million euros, placing the total outstanding exposures of Sabadell Consumer Finance at 2,170 million euros.



Business Banking

Business overview

The Business Banking unit offers financial products and services to legal and natural persons engaging in business activities, 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 funding solutions, solutions to manage cash surpluses, products and services to guarantee the processing of day-to-day payments and collections through any channel and in any 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 sets it apart from its peers, allowing it to be very close to customers, acquiring in-depth knowledge of its customer base whilst at the same time offering a level of full engagement.

Large enterprises with turnover in excess of 10 million euros are essentially managed by specialised branches. All other companies, which include SMEs, small businesses and self-employed professionals, are managed by standard branches. All of these companies have relationship managers who specialise in their respective segments, as well as access to expert advice from product and/or sector specialists.

This all enables Banco Sabadell to be a standard-bearer for all companies, as well as a leader in customer experience.

Management milestones in 2023 and priorities for 2024

In 2023, the Business Banking unit focused its management efforts on strengthening the strategic courses of action established for each segment, in accordance with the Strategic Plan (2021-2023). This approach is reflected in a significant improvement in the profitability and specialisation of the large enterprises and SMEs segments, through specialised solutions tailored to customers, and in the framework's enhancement and the risk function's rapid optimisation of the portfolio's credit profile. The branch network's specialisation has helped to evince improvements in this business line's cost of risk and return on equity (ROE).

Furthermore, the development and enhancement of the sector's commercial offering aimed at small businesses and self-employed professionals constituted another key management milestone during 2023, successfully consolidating the Bank's position as a leading specialist in the market for this segment. In its mission of maximising the value proposition and putting a wide range of products and services on offer for its customers, Banco Sabadell announced that it planned to close a strategic deal with Nexi, a European leader in digital payments. This strategic deal is scheduled to commence in 2024.

Following the structural change implemented in the past year, the new Private Banking model has been successfully implemented. This model has brought the Bank closer to its customers and allowed it to better understand their needs, providing operational capabilities to improve management and adjusting the value proposition with different products adapted to the preferences of high-value customers.

In 2024, Business Banking will face a series of key challenges that will set the course for its strategy in the coming years. Efforts will be made to boost the growth of the customer base and the profitability of the various segments, endeavouring to optimise operational efficiency and the offering of specialised products and services so as to meet the

specific needs of each customer. Particular emphasis will be placed on improving cost of risk, implementing proactive measures to mitigate risks and make the portfolio more robust.

In addition, the Institution's commitment to excellence in customer experience will be a core pillar. Significant initiatives will be undertaken, designed to improve customer interactions and satisfaction across all segments, from large enterprises to self-employed persons.

Lastly, the Institution aims to consolidate and cement its position as the leading bank for its business customers. This goal will be achieved with high-quality financial solutions, the cornerstones of the approach being innovation, specialisation, and customer centricity and proximity.

The different segments, specialists and commercial products that fall within Business Banking are described here below.

Segments

Large enterprises

Banco Sabadell has been by the side of large enterprises, comprehensively managing its customers through relationship managers specialising in different sectors in order to help them make the best economic decisions and with a pool of specialists who have supported customers based on their business needs.

In an economic environment marked by the geopolitical situation, inflation and changing interest rates, this comprehensive management of customers has made it possible to support companies by adapting to the new circumstances. Banco Sabadell has offered customers with liquidity needs access to both basic financing solutions and complex solutions with 360° value propositions. In terms of customers undergoing economic growth, Banco Sabadell has remained by their side with specialised lending solutions typical of the middle market, acting either alone or in a pool with other credit institutions, adding solutions for cash surpluses.

Where sustainability is concerned, Banco Sabadell has participated in the market as a key player in the drive towards a more sustainable economy, providing finance for projects developed by its customers for purposes directly or indirectly linked to environmental, social or governance improvements.

In 2024, the sector-specific approach will be further enhanced, providing more knowledge to customers, with a greater level of professionalism, adding more value and supporting customers by acting as a key player.

Small and medium-sized enterprises

2023 was marked by an unstable context, with high rates of inflation, although these increased less sharply than in 2022, with interest rates rising during the first half of the year and stabilising in the second half, amidst a complex geopolitical situation due to the war in Ukraine and, more recently, the conflict in the Middle East.

Against this backdrop, Banco Sabadell remained by the side of SMEs, helping them and meeting their needs with its offer of value-added solutions for the basic management of their day-to-day operations and to finance their transformation and growth projects. Specifically, Banco Sabadell helped SMEs, ensuring the continued provision of basic payment and collection transactions and it also offered renewal options to deal with the increasing number of expiring ICO Covid guarantees. In addition, to meet SMEs' investment needs, Banco Sabadell launched several campaigns throughout the year to drive investment.

Within the framework of the Next Generation EU Funds, Banco Sabadell continued to hold briefing sessions among SMEs and actively provided all of them with information about the open calls published by the government that were best suited to each of them according to their characteristics.

For 2024, the challenge lies in helping SMEs benefit from the opportunities offered by the Next Generation EU Funds, activated with the Recovery Plan Addendum, a large part of which will go both towards strategic projects for economic recovery and transformation (proyectos estratégicos para la recuperación y transformación económica, or PERTEs) that have a significant sustainable component, and towards offering loans to help these companies in their decarbonisation processes.

In terms of sustainability, Banco Sabadell has continued to create and offer sustainable financing and investment solutions to SMEs. In 2023, the Bank increased its portfolio of green products, including green and social loans as well as sustainability-linked loans.

It is also worth noting that in 2023, Banco Sabadell continued to develop its specialisation model launched in previous years, concentrating the management of larger SMEs in branches specialising in that segment. In 2024, it will continue to develop the model, offering an even higher level of professional support based on its knowledge of the sectors and markets in which SMEs operate.

Small businesses

Banco Sabadell continued to support the daily activities and new projects of self-employed professionals, small retailers and businesses, focusing on the development of the customer value proposition and making a concerted effort, as it does every year, 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 offering specifically designed for each activity sector.

The aim is to gain an even deeper understanding of the factors that shape customers' day-to-day lives in order to offer each customer the solution that is best suited to them, building on the offering by actively listening to customers and relationship managers, professional groups and representatives from industry associations, ensuring that they actually meet the identified needs. At present, the catalogue of specific solutions considers 34 different activity sectors, prioritising those that offer the biggest opportunity in the current economic environment.

In accordance with this sector specialisation framework and in order to apply it to the market in a tangible way, the approach to both existing and potential customers was enhanced during 2023, with the launch of frequent sector campaigns that, on one hand, serve to galvanise the commercial activity of specialist managers and, on the other hand, help to give a much clearer and more powerful message about Banco Sabadell's value proposition by specifically targeting an audience with common needs and interests. Examples of this in 2023 include the "Health and Well-being" and "Bars and Restaurants" campaigns, which delivered significant year-on-year increases in customer acquisition in these sectors. Both conveyed the idea of proximity as a common denominator and were underpinned by an innovative product, the Smart PoS device, a smart payment terminal capable of adapting to each user by combining its various available applications, in addition to rewarding merchants' customers with free purchases during the campaign period as an additional incentive.

In addition, during 2023, relationship managers specialised in assisting self-employed workers, small retailers and businesses were once again the most numerous and representative management figure of the entire branch network, thus demonstrating the Bank's clear vocation for, and commitment to, a customer segment that attaches great value to proximity and personalised assistance from an expert manager. New features were added to the management support system available to these relationship managers, designed to help them better understand the key aspects of each sector, thus providing the best response to the specific needs of each one, including a university-accredited expert training programme on how to advise businesses and self-employed professionals.

In parallel and in line with the development and consolidation of new financial service consumption habits, Banco Sabadell continued to drive the digitalisation of customers during the year, responding to their needs for self-service transactions and enabling new products and services to be applied for and managed remotely. On this topic, it is worth mentioning, as the main achievement and flagship of new capabilities, the implementation during the fourth quarter of a digital channel for the acquisition and engagement of self-employed customers, allowing the Bank not only to significantly increase its sources of customer acquisition but also to fill a gap in the market with a 100% online process, becoming a pioneer in the sector, and with the support of a new specific online account for this segment, offering the best conditions in the market.

In 2024, the main challenges in relation to this segment relate to strengthening the specialisation of both the product offering and relationship managers, consolidating a digital model for the management and engagement of self-employed customers that can guarantee the best customer experience by combining it with the capillarity of the Bank's branch network, and promoting the sophistication of the value proposition in PoS (point of sale) terminals, which are a key product for this segment, by developing new devices and considerably expanding the range of solutions on offer to customers according to the needs of each business.



SabadellUrquijo Banca Privada

2023 saw the launch of the new Private Banking model. Banco Sabadell has set itself the target of growing in private banking and to that end it has redefined the type of customer that can access the most exclusive services based on business intelligence, allocating the necessary resources to support that growth.

The first phase of the process consisted of identifying which customers need and value bankers' advice. Thanks to this analytical process, a large number of customers were identified and added to Private Banking, joining other customers already categorised in that segment. This had a positive impact in terms of the volume of funds under management. To serve those customers, Banco Sabadell tripled the number of professionals working in that area.

One clear objective with regard to the network of bankers was that they should be physically close to the territory in question. To that end, many bankers were deployed across the more than 1,000 Sabadell branches located throughout Spain. Two subsegments were created (Affluents and Private) to which customers are assigned according to their financial assets.

The value proposition was revised, paying particular attention to products specific to Private Banking, such as alternative management. With regard to the investment funds on offer, there are Sabadell Asset Management funds, with exclusive products for Banco Sabadell customers, and also Amundi Group funds. Amundi is not only a key partner in terms of the mutual funds it offers, which it continuously updates and which are always competitive, but it is also an important technological partner for this business line. Banco Sabadell also offers a wide range of third-party products to all customers in this segment.

Regarding the transactional offer, products such as accounts and cards were revised. As for financing products, special prices were approved. In addition, specific risk management workflows were created, assigning staff specialised in Private Banking.

As for the UCITS management company, Urquijo Gestión, during 2023 it continued to support Private Banking through its management of customised mandates for customers in the Affluents segment.

In terms of asset diversification, Urquijo Gestión has balanced the positions of its customers between international equity and fixed-income assets, enabling the recovery of a large part of the losses sustained by markets in 2022, particularly fixed-income markets, which account for a significant portion of Banco Sabadell customers' savings.

Due to an environment of geopolitical uncertainty, financial restrictions and weak growth, in 2023 a cautious position was held in equities, prioritising companies that stand out due to their quality, dividends and thematic ideas. The Bank focused on governments and companies with investment grade ratings, which shielded customers from interest rate volatility, leaning on products that took fixed income to maturity.

In order to remain close to customers, supporting them and increasing the level of their business engagement with SabadellUrquijo Banca Privada, Banco Sabadell increased the number of conferences, meetings and events with customers in this unit. Participants included Amundi, the Banco Sabadell Foundation and international mutual fund managers, in addition to other brands linked to the world of sport, motor vehicles, watches and aviation, as well as cultural institutions such as the theatre organisations Teatro Real de Madrid and Gran Teatre del Liceo de Barcelona.

The commercial strategy implemented in 2023 generated very positive data in relation to business. Evidence of this lies in the large number of new customers registered in the Private Banking segment, thus contributing to a considerable increase in volume, which will

ultimately have a positive impact on Banco Sabadell Group's results and create value for its shareholders.

The Private Banking unit proved to be a driver for Banco Sabadell's growth, helping to position it as a leading institution in Spain when it comes to Private Banking.

Institutional business

The goal of the Institutional Business division is to develop and enhance the business with public and private institutions, placing Banco Sabadell as a leading institution in this line of business.

Managing this line of business requires the specialisation of products and services in order to offer a comprehensive value proposition to public authorities, financial institutions, insurance firms and mutual insurance companies, as well as religious and third-sector organisations.

2023 was a very busy year for all institutional businesses. Activity in terms of asset management was very dynamic, with continuously rising interest rates, which saw agents in the financial sector actively engaged in fierce competition to gather funds. To respond to this new panorama in which the spotlight was on business profitability, Banco Sabadell strengthened its position in these segments, with increased commercial activity, more proximity and a wider range of solutions, all of which resulted in an increase in customer acquisition, turnover and in the margin generated with its offering of products with more added value for customers and for the Institution.

Public institutions

Public institutions' economic activity in 2023 was marked by the slowdown of borrowing activity, due in large part to elections and the increase in cash surpluses among the various public authorities.

The result was a decline in asset volumes, as a result of reduced borrowing activity and a large amount of ordinary repayments, as well as a reduction in liabilities, due to high levels of competition for customer funds in the market.

During 2023, due to higher interest rates, autonomous communities that had been restructuring government debt with financial institutions stopped requesting those transactions, there being no way to further improve the cost of funds. This circumstance is reflected in smaller volumes of long-term loans granted to autonomous communities that are members of the Autonomous Liquidity Fund, these being limited to short-term borrowing only.

Financial institutions and insurers

In terms of investments, 2023 continued to be affected by an environment of high rates of inflation with high interest rates, driving investments in fixed income and prioritising these over alternative investments. Investors turned their attention to more liquid and less complex assets, which are currently producing attractive yields. In this respect, investors showed preference for positions in government debt from both periphery and European countries, as well as emerging countries, opting above all for short-dated positions.

The Financial Institutions and Insurers unit continued to roll out the value-added proposition for these institutions, focusing especially on adapting the offering to plain vanilla products. With the new context of positive interest rates, the interest offered on accounts in this segment was adapted on a discretionary basis and according to the level of

customer engagement, particularly their transactionality. On the other hand, for fixed-income products, the Bank took advantage of investors' interest in issues of public debt and sustainability bonds. At the same time, both the CRISAE senior debt fund and the AURICA IV private equity fund (marketed by Banco Sabadell) took positions in interesting operations. Lastly, it is worth noting the infrastructure operations brought to market in relation to renewables with customers in this segment.

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 specialist advice on financial assets.

2023 saw the completion of the second and third editions of the university-level qualification of Financial Advisor to Religious Institutions and Third-Sector Organisations, offered to employees and customers of both these groups. These two new editions culminated with a total of 244 enrolled students (75 of whom were Banco Sabadell employees, with the remainder being customers and employees of religious institutions and the third sector as well as other sectors), a total of 188 of whom received a certificate of completion from Francisco de Vitoria University. For the first time, the course was open to professionals from all sectors, with a wide range of grants available covering up to 80% of the enrolment fee.

Uptake of the DONE system for collecting charity donations, which works with contactless technology, continued to grow throughout the territory, helping non-profit organisations to raise funds for their projects.

The Religious Institutions and Third Sector Division coordinated the delivery of financial aid for the charitable causes supported by the fund Sabadell Inversión Ética y Solidaria, FI, managed by Sabadell Asset Management, and it also managed the payments made together with the branches and beneficiary entities. This year, for the 27 charitable projects of the 27 entities selected by the Ethics Committee in 2022, almost 280 thousand euros were delivered, bringing the cumulative figure since 2006 to over 3.3 million euros. Furthermore, in 2023, the Ethics Committee selected a total of 24 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, healthcare and education. Sabadell Asset Management will distribute the aid to these projects in 2024.



Segment specialists

Franchising

Banco Sabadell was the first financial institution in Spain to adopt the franchising system. For 27 years, its Franchising Division has supported both franchising brands and their franchisees, becoming a leader and standard-bearer in the sector. It is a consolidated and professionalised sector that has been increasing its turnover, job creation and the number of franchising brands. Banco Sabadell has 9,000 franchised customers and has signed partnership agreements with most brands, over 1,100 in total. It offers them products and services, with advantageous conditions to access funding, as well as transactionality and protection, through its branch network and with the support of franchise directors specialising in different sectors.

Banco Sabadell works closely with the Spanish Franchisors' Association (Asociación Española de la Franquicia, or AEF) and was the first bank to secure a partnership with that association and, together, they drive this business model. During 2023, Sabadell Franquicias took part once again in the annual Expofranquicias Madrid fair, with its own stand, travelling to the various locations where the Franquishop and Franquinorte events took place. Reports were also commissioned, including *El Informe de la franquicia en Madrid* (Franchising in Madrid), *Observatorio de la Jurisprudencia de la Franquicia* (Franchise Case Law Observatory), and *La Mujer en la Franquicia* (Women in Franchising). Articles were published in the press and in magazines, and it partnered up with various consultancy firms specialising in franchising. Countless other activities were covered by social media, reinforcing the Bank's renown and leadership in this business model.

Agriculture segment

In 2023, Banco Sabadell's Agriculture Segment, which includes the agriculture, livestock, fishing and forestry production subsectors and has more than 300 specialised branches, 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 thanks to its personalised customer support, led to a significant increase in business compared to 2022, with customers continuing to put their trust in the Bank, translating into an increase in the customer base compared to the previous year.

During 2023, Banco Sabadell's Agriculture Segment participated in nine fairs of the agrifood sector and sponsored 38 events throughout the nation.

Banco Sabadell's Agriculture Segment has the clear objective of being by the side of customers in this 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 was the first financial institution to specialise in Tourism Business in order to adapt to the top contributing sector to Spain's GDP. It has consolidated itself as one of the top banks, a leader in the sector, offering expert advice with the highest standards of quality.

The value proposition for this segment mainly consists of offering specialised financial solutions to a diverse and highly fragmented group of customers, based on three core pillars: expert advice, a catalogue of specialised products, and rapid response.

Within the value proposition especially designed to provide a specific solution to each customer, and mindful that activity in the sector came to a complete standstill as a result of the health crisis triggered by Covid-19, which saw all establishments forced to close by decree. Both 2022 and 2023 were very successful years for the sector, with full recovery of visitor numbers, tourist expenditure, overnight stays and occupancy rates. Banco Sabadell continues and will continue to support projects, to build new hotels and also to improve and reposition existing ones.

The Tourism Business Division also has the institutional recognition and participation of 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 (Confederación Española de Organizaciones Empresariales, or CEOE) 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 ended with an almost record-breaking number of 222,000 visitors and 8,500 participating companies.

Sabadell Professional

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 the directors of Sabadell Professional. The mission of this specialised segment is to cater to the needs of schools, associations and their members with an offering of specific and unparalleled financial products and services. In 2023, the Bank participated in over 400 events and conferences organised by these professional associations and bodies.

In addition, given its prominent position in this customer segment, specific actions were taken during the year to boost the various sector-specific products on offer for the different groups, focusing heavily on self-employed persons and small businesses. The opportunity offered by the Next Generation EU Funds also continued to be leveraged, using them for the rehabilitation of private housing, as part of the sustainability strategy, given the close relationship with associations of licenced property managers in Spain, substantially increasing the amount of funds channelled towards home rehabilitations.

Another aspect worth highlighting is the creation of the first simplified occupational pension plan for self-employed professionals in Banco Sabadell, promoted by Spain's Consejo General de Economistas (General Council of Economists), which was first offered to self-employed persons in November 2023.

Associate Banking continues to strengthen the link with customers who are SMEs and small businesses, based on a differential range of products and services for their executives and employees, as an important remote channel for acquiring individual customers at Banco Sabadell.

Retirement planning

Through its Retirement Planning unit, Banco Sabadell Group offers solutions and responses to customers to help them better implement, manage and develop their retirement planning systems through pension plans and group insurance policies.

In 2023, the demand for workplace retirement planning systems continued to grow, particularly demand for collective retirement insurance and joint pension plans among small and medium-sized enterprises. Part of the business comes from tender processes and bids through consultants, with demand and business generated through this channel having increased.

Both in collective retirement insurance and in pension plans, it is worth noting, as an innovative and unique solution in the market, the life cycle-based investment policies that complement profiled investment funds.

Also worth mentioning in the pension plans business line are the new simplified occupational pension plans for the self-employed, under Law 12/2022 of 30 June on regulations to boost occupational pension plans. These plans can be promoted by any association, federation, syndicate or trade union representing sole traders or self-employed workers, or by any professional body or mutual insurance society, and they allow self-employed professionals to make contributions above the limit of 1,500 euros applicable to individual pension plans. The Bank reached an agreement to market these plans, promoted by the General Council of Economists (Consejo General de Economistas) and the Professional Union of Self-Employed Workers (Unión Profesional de Trabajadores Autónomos, or UPTA), both of which are leading institutions among the self-employed segment, first bringing them to market in November 2023.

It is also worth calling attention to the Sabadell Flex Empresa product, available across the branch network since February 2023. This product consists of a fully digital platform for cafeteria plans that allows companies to optimise their remuneration model, at very competitive prices. It is a solution that enables managers and employees to maximise their savings and increase their net disposable income by optimising their taxation.

Real estate business

The Real Estate Division focuses on comprehensively handling the residential real estate development business through a specialised and well-consolidated management model.

Banco Sabadell's commitment to this sector has allowed it to continue consolidating, year after year, its developer mortgage loans, guarantees and reverse factoring facilities, with a growing associated margin.

2022 was marked by increasingly expensive commodities (steel, cement, aluminium) that continued to have an effect in 2023, which saw a slight decrease in lending volumes, although to date the target margin remains unchanged.

The Investment Property Division focuses its efforts on generating new business and consolidating the completion of residential properties so as to minimise any potential negative impact, as well as monitoring sales in progress.

The main strategy is to maintain the Bank's leading position in the sector, consolidating its market share, prioritising the best business opportunities by pinpointing the most noteworthy projects and the most solid customers, all the while minimising risk and maximising profit for Banco Sabadell.

BStartup

In 2023, Banco Sabadell celebrated 10 years since the creation of this pioneering financial service for startups and scaleups, the first of its kind among Spanish banks. The enormous growth of this segment and of many of its customers validates the belief upon which the service was launched in 2013: that the great companies of the future will emerge from among those companies.

It is a project unique to Banco Sabadell that offers a 360° service of specialised banking and equity investment and which plays a very active role in the country's innovative entrepreneurial ecosystem.

Banking specialisation has been the key pillar of BStartup from the very beginning. It is fundamentally based on a team of relationship managers dedicated exclusively to startups and scaleups in the Territorial Divisions with the highest concentration of this type of companies, with their own risk management process, specific products and a team of specialists that drive the business throughout Spain.

As at 2023 year-end, BStartup had 5,128 startup customers. These customers have a strong level of engagement, they are very international and their activities are often complex.

Equity investment is mainly aimed at early-stage tech companies with strong growth potential and scalable, innovative business models. This year, 1,050,000 euros were invested in ten startups. BStartup invests in all types of sectors, above all in digital companies, and it also maintains its two specific verticals. In 2023, it launched the third call for proposals under BStartup Green for startups that use technology or digitalisation to facilitate the transition to a more sustainable world (from the point of view of the energy transition, industry 4.0, smart cities and the circular economy). 154 companies have been analysed in this vertical. The year also saw the launch of the sixth call for proposals under BStartup Health, already a firm leader in investments in healthcare industry startups in the early stages of bringing science to market in Spain. This year, proposals for 108 projects were submitted. With the ten new companies that received investments, there are now 71 investees in the portfolio of BStartup10, which is regarded very highly and has already delivered significant returns. During the year, three companies went fully public, one of them with substantial capital gains, and one went partially public, also with gains.

This year, to mark BStartup's tenth anniversary, the Bank was present at all the key events of the entrepreneurial ecosystem. BStartup's team organised or actively participated in 110 entrepreneurship events throughout Spain. This, together with all the activity mentioned above, continues to reinforce Banco Sabadell's reputation and position as a leading bank for startups and scaleups. As proof of this, BStartup was mentioned 1,289 times in various media (offline and online press), it amassed 13,871 followers on Twitter and BStartup was one of the trending topics in connection with the Bank on social media every month, always with a positive sentiment.

Companies Hub (*Hub Empresa*)

The Companies Hub is Banco Sabadell's centre for business connections, an initiative that contributes to positioning the Bank as the financial institution that best understands the challenges of growth and transformation faced by companies and the one that can best help them on that journey. It is an instrument used by the Institution to communicate with SMEs, small businesses and the self-employed, based on valuable business content that is of great use to them and that at the same time highlights Banco Sabadell's specialisation in companies, as well as its proximity to customers. The Companies Hub combines:

- A digital space where companies can connect with everything that interests them through webinars led by the Bank's experts and leading external figures. These are inspiring and engaging sessions in which business experiences and relevant and current content are shared. This year, 103 activities took place (60 webinars, 42 in-person events live-streamed from the Companies Hub in Valencia, and 1 in-person event streamed from the auditorium in Serrano, Madrid), in which a total of 16,937 companies and self-employed professionals took part (online).
- A physical space for companies located in the heart of Valencia, where they can connect with other companies, receive knowledge and business advice from experts, attend training events and workshops and access work spaces and meeting rooms for their business meetings. In 2023, 144 activities were held (in-house, co-hosted and third-party events), which a total of 5,914 people attended in person. To this figure should be added the 2,232 people who used the meeting rooms of the Companies Hub in Valencia (553 bookings for the meeting room were made by business customers), in addition to the more than 857 people from outside the Bank who took part in various activities organised by companies and organisations that are customers of the Bank in the physical premises of the Companies Hub in Valencia (signing of agreements, visits and other non-internal meetings).

This brings the total number of participants to 25,940, with the total number of organised in-house activities being 144.

The events' reviews continued to reflect great reception and wide acceptance of their content by participating companies, with an overall rating of 8.99 out of 10.

The impact of all the activities generated by the Companies Hub was amplified through other media, such as articles, news and videos that can be accessed through the press and social media. 87 summary videos of the events were made and released on the Bank's social media, and more than 67 articles and news items were featured in different 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 generated 1,127 mentions in social networks and offline and online media, reaching a total audience of 9.3 million users.

The main thematic areas are established and agreed by the Editorial Committee, following the lines of the Strategic Plan. This year, the events included the following:

- The "Inspiring Stories" series of conferences, with success stories from large customers interviewed by employees of Banco Sabadell, Naeco, Istobal, Herbolario Navarro, Grefusa and Destinia.
- The regular cycle of conferences on various practical and topical aspects concerning the Next Generation EU Funds and the opportunity they represent for the transformation of Spain's economy.
- The cycle of conferences on enterprise digitalisation, which for the first time this year included a large number of conferences on artificial intelligence, its application in business and the opportunities it offers, attracting a lot of interest and participation.
- The cycle of conferences on sustainability aimed to make SMEs aware of the need to have a sustainability strategy in place, providing them with information and tools to get started.
- The cycle of conferences on internationalisation, with solutions and the latest information of interest for the Bank's customers, organised by the Internationalisation Division.
- As well as many other events addressing a variety of current topics, such as business contingencies and insurance, occupational pension plans, trends in human resources and the latest news about tax-related matters, the macroeconomic environment and leadership.



Sabadell Partners

Sabadell Partners is a lever used to attract customers to the network of commercial banking and private banking branches and which helps the network, through partnership agreements with introducers, by bringing new customers and business in exchange for commissions, in addition to improving customer satisfaction.

It is particularly worth mentioning the growth of the Sabadell Partners Division and its significant contribution to the Bank's good results in 2023. This contribution already accounts for a key portion of the mortgage business generated over the year, generating 42.6% of the Bank's total new mortgage lending. The contribution and management by Sabadell Partners' top branches deserves to be seen as equally important. These are specialised branches that manage the relationship with the main mortgage partners.

Commercial products

Business services

Payment services

As at the end of 2023, the business volume of Payment Services was continuing with its upward trend, driven by the growth of domestic consumption and the surge of international tourism. In Banco Sabadell, payments collected through PoS terminals reached double-digit year-on-year growth, in terms of both the volume processed and the income generated. The Bank was also able to increase its PoS terminal count thanks to the good uptake levels of its most innovative product launched in May 2022 – the Smart PoS terminal – which remains one of the most advanced payment devices in the market and which recorded excellent year-on-year growth in sales.

The Institution has maintained its policy of offering an advanced and personalised service to small retailers and, to that end, it has strengthened its network of PoS and e-commerce specialists. In addition, in February 2023, the Bank signed a strategic agreement with Nexi, a leading European paytech company, ratifying the commitment of continuing to improve its value proposition and customer experience with a broader and more innovative product offering.

Corporate credit cards

The use of corporate credit cards continued to grow in 2023, recording an annual increase of +10.3% in purchases and +4.1% in turnover. As the use of cards becomes more widespread among its business customers, Banco Sabadell continues to work to offer a value proposition that is competitive in the market and which meets its customers' needs.

Company insurance

To maintain its position as a leading provider of risk insurance for companies, in 2023 Banco Sabadell worked to provide a comprehensive and competitive product offering with high-quality service. It developed the value proposition for its self-employed customers and small businesses, enhancing its specialisation in each sector and adjusting the offering to the specific needs of each industry. In particular, the specialised product offering for companies in the agricultural sector was expanded, adding new multi-risk insurance and livestock protection products. It also worked to make its multi-risk protection products for small retailers and businesses more competitive. The team of directors specialising in Company Insurance, distributed throughout Spain, continued to be consolidated during the year and was also strengthened with product and support training for the existing insurance policies service.

During the year, the focus was placed on personal protection products, with life insurance and health insurance products aimed at management staff and employees of the Bank's business customers, offered in the form of both fringe benefits and flexible benefit cafeteria plans. Equity protection products (multi-risk, civil liability and specialised products) continue to be the core products for Banco Sabadell customers, essential to protect the various material risks that may materialise in a company.

Company finance

Working capital credit experienced very significant growth, especially in the case of credit facilities. In 2023, a number of facilities covered by the ICO Covid guarantees signed during the pandemic expired. The renewal of these transactions drove the growth of new lending to double-digit figures.

As for the rest of the working capital credit products, the significant growth recorded in 2022 slowed down in 2023. As companies need to finance their day-to-day payments and collections, they increasingly turn to specialised lending solutions such as factoring, and above all reverse factoring, which account for an increasingly large proportion of the different lines of credit used by companies.

It is also worth taking note of the good uptake of a novel product launched one year ago: the Online Payments Line. This is a digital product that helps self-employed workers and businesses to fund their regular payments such as payrolls, taxes and supplier invoicing.

As for medium- and long-term products, new lending decreased in 2023, particularly in relation to miscellaneous loan transactions granted to large enterprises and the public sector. There was less bankruptcy-related activity in autonomous communities than in 2022, while large corporates, faced with higher interest rates, opted for short-term funding solutions. Fewer transactions are taking place, and those that are carried out are done so for smaller amounts.

In 2023, the Bank increased its portfolio of green products, both green and social loans and sustainability-linked loans.

Leasing and rental of capital goods

There was less demand for the leasing and rental of capital goods in 2023 compared to the previous year, reflected in a reduction of both the number of new contracts and the volume, as a result of the uncertain environment.

In relation to sustainability, a high percentage of the investment arranged through the leasing and rental of capital goods qualified as sustainable lending.

Vehicle leasing

The year continued to be affected by a shortage of stock, although things began to improve in June 2023.

Inflation also increased not only vehicle purchase costs but also the cost of all services included in this product. Despite the headwinds, there was a considerable increase in new business compared to the same period in the previous year, which also improved the product's margins.

In the second half of the year, the focus was placed on acquiring company fleets of vehicles, with very satisfactory results, allowing plans to be made for what looks to be a more normal year in 2024, resuming the trend followed prior to the pandemic.

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 partnership agreements that enable it to meet the financing needs of its customers.

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

The Bank opted in once again this year to the ICO's second-floor facilities and to the new home rehabilitation facility currently being developed for homeowners' associations, which will be brought to market in January 2024, through the Council of Ministers agreement, which

allows ICO Covid transactions to be extended to customers struggling to fulfil their payment obligations, 2,261 transactions were arranged.

360 transactions were also arranged under the ICO Ukraine line.

The Bank's agreements with Mutual Guarantee Societies (MGSs) operating in Spain were also revised. On this topic, it is worth noting the good uptake of the Industrialisation Support Programme whereby, through the support of the Next Generation EU funds, customers can obtain funding, with discounted interest rates and fees. This makes the cost of this funding much lower than the standard conditions offered by mutual guarantee societies and institutions. Of the total amount of funding requested through this programme, the second largest amount was applied for through Banco Sabadell, and the Bank's customers benefited from substantial direct subsidies.

In 2023, a very large number of applications for the various EIB facilities made available to customers was submitted. In October 2023, a new special agreement was signed between the EIB, the EIF and the ICO to offer 936 million euros of new finance to SMEs and ecological projects in Spain.

The aim for 2024 continues to be the launch of new lines and agreements with public bodies, in order to offer customers products with the best conditions to support their project finance.

International

As it has done in recent years, and in line with international geopolitical changes, Banco Sabadell has remained firmly by the side of companies to help them navigate the difficulties encountered in the different markets, attempting to provide them with the best financial solutions at all times:

- Management of ongoing transactions in Russia and neighbouring countries in order to charge for exports and manage imports in a way that is duly compliant with international sanctions.
- Change of activity in Egypt, due to the country's monetary difficulties, recommending the most suitable financial tools to avoid future problems for customers and actively promoting the use of letters of credit due to the added security that they offer to companies.

This year, efforts centred on providing training, both to teams of relationship managers and to heads of International Business, with the following initiatives:

- Training session on changes in export customs procedures, aimed mostly at specialists from the branch network and heads of International Business.
- Specific training on international matters, aimed at enterprise managers and other relationship managers in the branch network, in order to explain Banco Sabadell's value proposition in the area of international business and the criteria that should be followed to support companies.
- Launch of the Expert in International Business programme, imparted by ESIC and aimed at heads of International Business, who learned how to create an International Business Plan for companies.

A new (sixth) cycle of the course aimed at Banco Sabadell's business customers called the "International Business Program" was held, where companies receive training on how to develop an international plan in an efficient and well-organised way. It is a course that takes place annually and which sees good levels of participation.

At the business level, the Bank supported Spanish companies during this financial year, during which there have been notable increases in foreign trade, maintaining its position in Spain as leader in export letters of credit (34.5% market share) and export remittances (43.4% market

share), and ensuring customers' continued confidence in the teams of International Business managers as a support lever to increase their business abroad.

On the topic of communication, the following are worth mentioning:

- The creation of Country Factsheets, containing useful information about the various markets preferred by companies, such as Mexico and Saudi Arabia. This new type of communication will be gradually expanded to eventually cover all of the markets that attract the most interest.
- Various talks were held about international markets through Banco Sabadell's Companies Hub, holding 11 talks about topics of interest among companies, with more than 4,000 companies enrolled in these activities.

In terms of products, a new internal workflow was set in motion to improve the way in which working capital credit options and international guarantees covered by CESCE were made available to business customers engaging in foreign trade, improving and speeding up internal processes to allow specialist teams to improve the way in which they market these products, reaching a larger number of customers with highly specialised activity.



Corporate & Investment Banking

Business overview

Through its presence in Spain and in a further 15 countries, Corporate & Investment Banking offers financial and advisory solutions to large Spanish and international corporations and financial institutions.

It structures its activity around two pillars, the first of which is the customer. It aims to serve its customers who are natural persons to meet the full range of their financial needs. This pillar is determined by the nature of those customers and includes large corporations classed under the Corporate Banking umbrella, financial institutions, Private Banking customers in the USA and the venture capital business carried out through BSCapital. The second pillar is Specialised Business, which encompasses the activities of Structured Finance, Treasury and Markets, Investment Banking, and Trading, Custody and Research. Its goal is to advise, design and execute custom operations that anticipate the specific financial needs of its customers, be they companies or individuals, with its scope of activity ranging from large corporations to smaller companies and customers, insofar as its solutions are the best way to meet their increasingly complex financial needs.

Management milestones in 2023 and priorities for 2024

Corporate & Investment Banking continues to pursue its goal of prioritising the creation of value for its customers, thus contributing to their growth and future earnings. To do this, it has continued to innovate and promote its specialist capabilities, fundamentally in the areas of Investment Banking and Structured Finance, which are currently able to meet 100% of customers' financial needs. In the same way, the international coverage of the teams is constantly being improved, always serving the markets in which their customers invest or where they have business interests.

The key areas in which it works to create value for its customers are the following:

- Knowledge: the Corporate Banking teams, located in the different countries in which the Bank operates, have not only specialisation in the large corporations segment but also knowledge and penetration differentiated by activity sectors in order to better understand and serve customers according to their own and their sector's singular characteristics.
- Coordination: unique and specialised solutions are required to meet the needs of large corporations, and these can be provided as a result of the participation and collaboration of several areas within the Bank (specialist teams and even teams operating in different geographies). Coordination between all these teams is crucial for providing and bringing value to customers.
- Specialisation: there are units that develop custom products for large corporations and financial institutions (Corporate Finance, Project Finance, Project Bonds, Syndication, Commercial Paper Programmes, Debt Issuance, M&A, Asset Finance, Derivatives, Risk Hedging, etc.). The units responsible for developing this entire range of products do so for the entire Banco Sabadell Group, extending their capabilities to the Corporate and Institutional Banking segment.
- Innovation: transitioning from idea to action is vital to grow in such a dynamic and demanding market as that of specialised lending and large corporations. The necessary spaces and

mechanisms are created to allow teams to dedicate part of their time to innovation, understood in its broadest sense: innovation in products, in operations and also in the way of collaborating and interacting with others.

- Sustainability: customers are offered support and advice to move towards a more sustainable economy, generating solutions through specialised products and services.

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

Customer pillar

Corporate Banking Europe

Corporate Banking is the customer unit, within Corporate & Investment Banking, responsible for the management of the segment of large corporations which, given their size, uniqueness and complexity, require a tailored service, complementing the range of the more traditional financial products and transaction banking products with services provided by specialised units, thereby offering an end-to-end solution to their needs. The business model is based on a close and strategic relationship with customers, providing them with end-to-end solutions adapted to their needs and requirements, to that end taking into account the specific aspects of their economic activity sector and the markets in which they operate.

This unit also covers various foreign branches and offices, notably including the London, Paris, Casablanca and Lisbon foreign branches, which support and cater for the international activity of domestic customers and where the international Corporate Banking business is carried out.

2023 was characterised by the active support provided to customers, focusing 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 the changes in the economy that began in the second half of 2022 and continued during 2023, with an environment of high inflation and as a result of higher interest rates in the different markets in which customers operate.

Lending volumes in Corporate Banking Spain have been maintained despite higher interest rates, standing at 8,034 million euros. On the international plane, after the exercise that took place the previous year to optimise the consumption of capital, lending positions remained broadly steady versus December.

As for profitability, measured in terms of ROTE, Corporate Banking Europe ended December 2023 with a ROTE of 16.59% (+336 basis points versus December 2022).

2024 poses a series of challenges, among which are the interest rate hikes that had already been taking place at the end of 2022 and which are estimated to be more moderate in 2024, and the inflationary environment that directly affects consumption and production. Corporate Banking is tackling these challenges by supporting its customers at both the national and international levels, with a product offering that covers 100% of their financing requirements, in both 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 management pillars of this unit, which over the coming year will also focus on optimising capital consumption, with the aim of increasing the return on capital employed.

Corporate Banking and Private Banking USA

2023 marked Banco Sabadell's thirtieth year operating in the United States through an international full branch in Miami and Sabadell Securities USA, which was set up in 2008 and has been operational ever since. These units manage the financial business activities of corporate banking and international private banking 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 experience and capability 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 the products and services required by professionals and businesses of all sizes. As a way of complementing its structure in Miami, through this branch the Bank manages representative offices in New York as well as in Peru, Colombia and the Dominican Republic.

Sabadell Securities USA, for its part, 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, meeting their needs by providing advice on investments in capital markets.

2023 unfolded against a backdrop characterised by sharply rising interest rates and an uncertain macroeconomic environment.

With a balance of interest rate sensitive assets and unwavering discipline in controlling deposit prices, the branch continued to increase its net interest margin during the first half of the year. In the second half, the higher rates of interest paid in the banking market and the competitive rates of US treasury bills triggered a migration of balances from non-interest-bearing deposits to term deposits and to investments in securities with higher rates. This process resulted in a higher average cost of deposits, reducing part of the net interest margin during the second half of 2023. In addition, the composition of customers' investment portfolios was adjusted to become more heavily weighted in funds with exposure to US treasury bonds, causing a slight reduction in the average fees received on these portfolios.

The process of operational improvements continued during 2023, with completion of the second stage of the project to update the IT platform (Project Aspire) in order to improve the features available to customers and to business and support units. The third and final stage of this process will take place in 2024.

Turning to key financial figures, in an environment of considerable uncertainty over the projected performance of the US economy, the volume of business managed closed the year at almost 14.9 billion US dollars, representing an increase of 5%. In this environment, the balance of loans ended at over 6.4 billion US dollars, an increase of 1%, while total deposits ended at 3.7 billion US dollars, down 2% compared to the end of the previous year.

The private banking business was a mixed bag, with a slight reduction in deposits and a 16% increase in portfolios of investments in securities, which ended with a balance of close to 4.8 billion US dollars.

As a result of higher interest rates, the corporate banking business was impacted by the larger volume of loan prepayments, making it harder for overall lending volumes to grow in spite of the commercial efforts

made to grow in the target segments and with adequate returns. In any case, net interest income followed a very positive trend, mainly on the strength of higher market interest rates. As for net fees and commissions, these remained at similar levels to the previous year. All of this benefited gross income which, with moderate growth in administrative and amortisation/depreciation expenses, had a positive impact on net profit compared to 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.

Structured Finance's activity focuses on the study, design and origination of corporate finance products and transactions, 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 levels, as well as being active in the primary and secondary syndicated loan 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. In this way, it ensures that it provides customers with optimal support during their internationalisation processes, in coordination with the Group's international network of branches, subsidiaries and investees.

In 2023, Banco Sabadell, thanks to its policy of supporting customers and adapting to their needs so as to seek the best way to meet their credit requirements within the possibilities offered by the credit markets in the specific macroeconomic environment, maintained its leading position in Spain. This positive activity is being exported to other geographies.

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

BSCapital

BSCapital carries out the Group's venture capital and private equity activities, managing industrial (non-real estate) investees. Its activity involves acquiring temporary stakes in companies in order to maximise the return on its investments. In addition, it offers support to companies through alternative financing (senior debt fund, venture debt and mezzanine loans).

BSCapital actively managed its portfolio, engaging in its traditional capital and debt-related activities, with the materialisation of investment and disinvestment operations and portfolio revaluations.

It continued to invest in private equity funds with a strategic approach and it also made a new co-investment. The fund Aurica IV, of

which Banco Sabadell is anchor investor, continues to make new investments.

BSCapital executed the first transactions guaranteed under the InvestEU programme for renewable loans, venture debt and mezzanine facilities granted by the European Investment Fund (EIF). It is also making use of the co-investment framework with the European Investment Bank (EIB) to grant venture debt to scaleups.

The Bank has invested heavily in renewables, as part of its action framework for Spain, while certain asset divestitures have also materialised in Latin America. In addition, Greening, a company included in Sinia Renovables' portfolio of investees, debuted on BME Growth, with Sinia Renovables taking part in the capital increase.

The debt fund Crisae continues to originate and execute transactions to offer funding to companies in the Spanish midmarket, with participation by Banco Sabadell Group and institutional investors.

In 2024, BSCapital will continue to invest in capital and debt, with the support of international bodies such as the EIF and the EIB, and it will continue to focus on optimising capital consumption. It will also continue to manage the current portfolio to generate long-term value.

Funding opportunities will continue to be sought, in accordance with the frameworks of investment in mezzanine debt and renewable energies, with the expansion of the latter.

Focus will be placed on venture debt activity and the rotation of the venture capital portfolio through divestments with capital gains.

Crisae will continue with the origination and execution of transactions and a new fundraising process will take place to increase the investment capability of this strategy.

Treasury and Markets

Treasury and Markets is responsible, on one hand, for structuring and 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 short-term liquidity, as well as managing its regulatory ratios to ensure compliance therewith. It also manages the risk associated with the trading of interest-rate, forex and fixed-income products, which mainly arises due to flows of transactions originated by the activity of structuring and distribution units with both internal and external customers and by activities carried out in connection with short-term liquidity management.

In 2023, the Treasury and Markets Division continued to work on the digitalisation and optimisation of its transactions with customers, seeking to expand its range of services and improving customer experience. Furthermore, the division continued to expand the range of products and solutions it has on offer, 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.

As for distribution activity in 2024, activity related to foreign currency products is expected to continue being a core pillar of the strategy, although work will continue to increase the range of other available underlying products so that customers may manage their risks more efficiently. As regards the institutional customer segment, efforts will continue to be made to expand the international investor base for capital market products. In trading activity, the aim is to continue to build up the capacity to manage risk in the Bank's own books, reducing hedging transactions with other institutions, and to continue to improve collateral management in order to obtain the highest possible returns.

Investment Banking

Investment Banking is a division within Corporate & Investment Banking which, following the restructuring of activities that took place in 2023, is currently organised into three units:

The first of these, which stands out due to the shift in its approach, is the new Corporate Finance unit, which encompasses the activity of (i) M&A (Mergers & Acquisitions), (ii) ECM (Equity Capital Markets) and (iii) Alternative Financing.

- The activity of Mergers & Acquisitions consists of offering advice on company acquisitions and disposals, corporate mergers and the incorporation of new shareholders. Noteworthy operations in 2023 include the advisory services provided to shareholders of Virospack, a specialist company within the cosmetics industry, for the sale of a controlling interest to Investindustrial.
- The priority activity of Equity Capital Markets is companies' stock market flotation. Activities in 2023 notably include the participation as bookrunner in Greening's flotation in the first half of the year, through a placement of shares on the Spanish stock market operator (Bolsas y Mercados Españoles, or BME) amounting to 24 million euros.
- Alternative Financing coordinates the channelling of liquidity of institutional investors wishing to take on risk in situations where banking institutions typically do not. Investment Banking continues to focus on offering tailor-made financing solutions, in bond or loan format, in various sectors, from real estate to infrastructure, focusing particularly on renewable energy projects and corporate finance in the domestic segment of mid-corporates. In this branch of activity we highlight the brokerage service provided to obtain 22.5 million euros for COPASA; the financing obtained for IDEO to build an extension in an educational establishment, amounting to 15 million euros; in the field of renewable energies, the bridge loan obtained for Forestalia amounting to 65 million euros; the negotiation of a project finance framework for industrial photovoltaic self-consumption projects on behalf of Greening; and the alternative finance obtained for Greenalia amounting to 90 million euros.

All the above activities were merged into a single division to offer Banco Sabadell customers all of the value-added solutions available according to their corporate needs, in terms of both capital and debt.

The second, Debt Capital Markets (DCM), encompasses activities involving the origination and structuring of public instruments in trading markets. In terms of transactions involving corporates, the Bank considers public sector and financial issuers, both long-term and short-term transactions to be noteworthy. One of the markets in which the Bank is most active is that of commercial paper programmes, participating in programmes of 50 different issuers. Another of the core pillars of this activity is the closing of niche transactions, such as securitisations, with a view to becoming a leader in the ESG segment. Worthy of note in 2023 is the participation in public issues executed by the Community of Madrid and the inaugural issue of sustainability bonds executed by Castilla y León. Both had an ESG rating. As for debt issues for corporates, it is worth noting the inaugural issuance linked to sustainability executed by Ferrovial and a hybrid green bond for Telefónica.

Lastly, the third unit, Syndicate and Sales (S&S), encompasses the distribution of private debt originated by Structured Finance teams among banking and institutional investors, both domestic and international, following the originate-to-distribute philosophy. In this branch of activity, it is worth noting the syndication of a 132.89 million euro loan granted to Solaria for the development, construction and operation of a 290MW fully-

merchant structure consisting of four photovoltaic plants. What makes this hybrid syndication noteworthy is that it marked the first contribution by an international renewables insurance firm in Spain, as well as the first debt underwriting transaction aimed at institutional investors (Term Loan B) for the acquisition of Palex by Apax and Fremman Capital.

Lastly, Investment Banking's strategy in 2024 consists of consolidating the various subdivisions, seeking to offer end-to-end solutions with the highest standards of quality and efficiency to customers in different customer segments, particularly to small and medium-sized enterprises in Spain.

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, acting merely as a broker.

It has a research department whose aim is to offer customers guidance and recommendations regarding investments in equity and credit markets. To this end, it produces podcasts, webinars, videos, daily reports, sector reports, company reports, etc.

Online platforms continued to be upgraded and enhanced throughout 2023, in line with the new strategic objectives of Banco Sabadell Group, based on the pillars of sustainability, digitalisation and customer centricity. These enhancements will considerably increase the level of service offered to customers, providing them with more information both during and after transactions, as well as greater decision-making support.

2023 saw a sharp decline in the volume traded on the Spanish stock market (BME). In spite of the negative impact of that decline, Banco Sabadell's share in that market actually increased from 5.71% in 2022 to 8.22% in 2023.

It was confirmed that a very high percentage of equity execution transactions were carried out through self-service channels, with 92% 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 (61%).

A new commercial action was launched in 2023 with private banking customers frequently trading in securities in order to boost the exclusive direct access service through our equity trading desk, for both execution services and recommendations. There was also an increase in the number of business customers applying for services linked to their capacity as issuers, such as liquidity agreements and treasury buyback transactions, not only in Spanish stock markets but also in other international markets.

In the second half of 2023, the new structure of equity trading fees applied by BME was implemented.

The main objective for 2024 is to increase brokerage volumes in equity markets, both Spanish and international, through the following action levers: optimise the online customer experience by redesigning the Sabadell Broker platform, integrating more information from Research with improved and more sophisticated brokerage capabilities and services; bring new services/products to market; 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.

4.2 Banking Business United Kingdom

Business overview

TSB (TSB Banking Group plc) offers a range of retail banking services and products to individuals and small business banking customers in the UK. TSB has a multi-channel model, including fully digital (internet and mobile), telephone and national branch banking services.

The 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 that end, the Institution combines 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 2023

TSB's focus on its customers and delivering its Money Confidence purpose has been instrumental in its continued response to the cost-of-living crisis. The momentum gained in recent years has been maintained through 2023 and has enabled TSB to continue on its trajectory to being an even stronger and better bank.

Despite the uncertain economic environment, the business has continued to perform strongly. In 2023, TSB continued to meet more of its customer's needs and improve the service offered to customers across all channels which, in turn, has supported further growth in the Bank's profitability. A sustained focus on cost control has also helped to ensure that TSB's financial performance has continued to improve. TSB is putting in place strong foundations for the future and is well placed to continue to adapt and grow as it meets the evolving needs and demands of its customers.

Executing the strategy

TSB's customer service continues to improve 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. The growth of video banking has provided customers with even greater convenience and choice in how they engage with the Bank. This is reflected in how customers rate the service they receive, with the bank's overall Net Promoter Score ending the year at its highest rate in two years.

In 2023 TSB:

- Remained the only bank with a Fraud Refund Guarantee, refunding 97% of customers who are innocent victims of fraud, compared to an industry average of 64%. TSB's campaigning on this issue has also

helped bring about a step-change in fraud protection for consumers, with new regulations coming into force in 2024 requiring all banks to reimburse fraud victims.

- Opened more than 1.27 million new products for customers across core product lines – up 20% compared to 2022. Over 260,000 new personal current accounts were opened and customers opened more than 289,000 new Savings Pots. More than 84% of new product openings were through the TSB Mobile Banking app.
- Gave more than 2.5 million pounds in cashback payments to customers.
- Helped more than 7,800 first-time buyers get onto the property ladder, through its award-winning mortgage intermediary and operations team.
- Further strengthened its digital banking offer. More than 400,000 customers have visited the new card controls hub every month, over 13,000 customers use the mortgage hub every month, and 93,000 cheques have been paid in through the app since the mobile cheque deposit function was introduced in April.
- Expanded video banking support and opening hours over the weekend. TSB has held more than 21,000 mortgage video appointments in 2023, with all TSB mortgage advisers trained to use video. The Bank also held over 23,000 general banking appointments over video, with almost one-third out of hours.
- TSB retains the seventh largest network in the country, with 211 high-street branches, complemented by over 40 pop-up branches, and three Pods serving communities across Great Britain.

TSB's ambitious three-year plan, of which 2023 was the first full year, is centred around service excellence, customer focus, simplification and efficiency and doing what matters for people and the planet.

The strategy is set against an economic backdrop that remains uncertain. Inflation has been significantly higher than the Bank of England's 2% target throughout 2023, and interest rates remain markedly higher than they have been in recent years. This continues to have an impact on TSB's customers and on wider economic performance, with the potential for downside risks for the bank as a result. The regulatory landscape for financial services is also undergoing important changes with the introduction of the FCA's new Consumer Duty in July 2023 and the continued process of embedding that across the Bank's operations.

Against this challenging environment, TSB remains well placed to support its customers and continue on a path of sustainable growth. The business has a robust capital and liquidity position, and a strong focus on serving its customers and delivering its ever more relevant Money Confidence purpose. TSB's customer focus, high standards of governance and commitment to responsible business practice mean that it is well-placed to deliver on this to continue to improve outcomes for customers.

Key figures

Net profit amounted to 195 million euros as at 2023 year-end, representing strong year-on-year growth, mainly on the strength of improved net interest income and reduced provisions. In addition, 16 million euros were recognised in 2023 for the collection of insurance compensation in connection with the IT migration, while 2022 included the recognition of -57 million euros, net, derived from the migration-related incidents.

Net interest income came to a total of 1,174 million euros, 2.0% more than in the previous year, mainly on the strength of a higher-yielding loan book due to higher interest rates and also due to the fixed-income

portfolio, which offset the increased cost of funds and capital markets. At constant exchange rates, net interest income increased by 4.1%.

Net fees and commissions amounted to 124 million euros as at the end of 2023, representing a year-on-year reduction of 7.4%, due to a reduction in demand deposit fees. Total costs came to -941 million euros, 3.5% higher year-on-year, impacted by the depreciation of the pound sterling. At constant exchange rates, costs increased by 5.6%, due to the booking of -33 million euros of non-recurrent restructuring costs, the increase of recurrent costs being 1.9%, due both to higher staff expenses and to higher general expenses, mainly technology and marketing costs, which offset the reduction of amortisations/depreciations.

Provisions and impairments amounted to -75 million euros, falling by 278% year-on-year, mainly due to the reduced provisions for financial assets (conduct) in 2023.

Million euro

	2023	2022	Year-on-year change (%)
Net interest income	1,174	1,151	2.0
Fees and commissions, net	124	134	(7.4)
Core revenue	1,298	1,284	1.1
Gains or (-) losses on financial assets and liabilities and exchange differences	16	6	166.4
Equity-accounted income and dividends	—	—	—
Other operating income and expenses	(23)	(95)	(75.9)
Gross income	1,291	1,195	8.0
Operating expenses, depreciation and amortisation	(941)	(909)	3.6
Pre-provisions income	350	285	22.7
Provisions and impairments	(75)	(104)	(27.8)
Capital gains on asset sales and other revenue	—	1	(113.2)
Profit/(loss) before tax	274	182	50.8
Corporation tax	(80)	(95)	(16.2)
Profit or loss attributed to minority interests	—	—	—
Profit attributable to the Group	195	87	123.9
ROTE (net return on tangible equity)	10.0 %	4.2 %	
Cost-to-income (general administrative expenses / gross income)	62.1 %	63.0 %	
NPL ratio	1.5 %	1.3 %	
Stage 3 coverage ratio, with total provisions	41.8 %	42.3 %	

(*) The exchange rates applied to the income statement are GBP 0.8706 (average) in 2023 and 0.8532 (average) in 2022.

Gross performing loans dropped by 4.0% year-on-year, benefitting from the appreciation of the pound sterling, as considering a constant exchange rate they fell by 5.9% due to a smaller mortgage book.

On-balance sheet customer funds fell by 2.6% year-on-year, underpinned by the appreciation of the pound. At a constant exchange rate, they fell by 4.6%, due to a reduction of demand deposit accounts, which was partially offset by the increase in term deposits.

Million euro

	2023	2022	Year-on-year change (%)
Assets	54,855	55,810	(1.7)
Gross performing loans to customers	41,381	43,110	(4.0)
Liabilities	52,487	53,316	(1.6)
On-balance sheet customer funds	39,864	40,931	(2.6)
Wholesale funding in capital markets	4,545	2,537	79.2
Allocated equity	2,368	2,494	(5.1)
Off-balance sheet customer funds	—	—	—
Other indicators			
Employees	5,426	5,482	(1.0)
Branches and offices	211	220	(4.1)

(*) The EUR/GBP exchange rate used for the balance sheet was 0.8691 as at 31 December 2023 and 0.8869 as at 31 December 2022.

4.3 Banking Business Mexico

Business overview

In the internationalisation process envisaged within its previous strategic framework, the Bank decided to focus on Mexico, a geography that presents a clear opportunity, as it is an attractive market for the banking business and 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 began operating in Mexico in early 2016.

Both vehicles operate under a customer-centric model, with agile processes, digital channels and without branches. The rollout of business capabilities considers the vehicles mentioned above, present in 10 banks across Mexico, and the following business lines:

- Corporate Banking, aimed at corporations and large enterprises, with specialisation in different sectors.
- Business Banking, which mimics the Group's original business banking relationship model and which has been consolidated since its launch in 2016.

Management priorities in 2023

The Mexican subsidiaries (Banco de Sabadell S.A., I.B.M. and Sabcapital S.A. de C.V., SOFOM, E.R.) performed well, in spite of one-off events, including the recognition of the IT platform's impairment due to underused assets and the increase in administrative and promotional expenses associated with a new source of funds acquired from individuals.

During 2023, the Mexican subsidiaries continued to focus on growth, financial self-sufficiency and profitability. It is worth noting the following initiatives implemented during the year:

- In Corporate Banking, Banco Sabadell's Fiduciary Division was bolstered, as was activity involving derivative financial instruments and the rollout of currency forward transactions in 2024, leading to a more comprehensive service for structured finance transactions, strengthening the link with customers.
- In Business Banking, the improvement in transactional capabilities was consolidated, offering an excellent service, a quality that has set it apart since the segment was first launched.
- During 2023, work was undertaken to create a Retail Banking business unit that will be rolled out in 2024, with a digital product aimed at gathering customer funds, offering attractive interest rates and the convenience of being able to withdraw funds at any time. The acquisition levels estimated for the end of 2024 are considerable, and commensurate human and marketing resources will be allocated to that end, which is expected to have a positive impact on the corporate and business banking segments, contributing to the diversification of funds while in turn reducing their concentration.

In 2023, a financial planning exercise in line with that of the Group was carried out to determine the main strategic courses of action for Banco Sabadell in Mexico, which will allow more value to be generated for the Group's Mexican franchise. These are summarised below:

- Roll out and enhance Retail Banking, in order to help further improve the cost of funding.
- Generate more income without capital consumption (by generating more fee income and enhancing new products, such as derivatives, currency trading, fiduciary business, etc.).

On 17 July 2023, HR Ratings upgraded the ratings for Banco de Sabadell S.A., I.B.M. and Sabcapital S.A. de C.V., SOFOM, E.R. Since that date, Banco de Sabadell S.A., I.B.M. has had a long-term rating of HR AAA and a short-term rating of HR+1, as a result of the assessment of five key pillars for this institution: (i) adequate capital position, (ii) continuous generation of earnings, (iii) improved profitability in the face of higher operating income, (iv) financial and operational backing from its parent company in Spain, and (v) sustainability and good corporate practices, demonstrated by its Superior label assigned in terms of the management of its ESG (Environmental, Social and Governance) strategy.

In addition, on 20 December 2023, S&P ratified its credit ratings for Banco de Sabadell S.A., I.B.M. and Sabcapital S.A. de C.V., SOFOM, E.R. in Mexican national scale at mxAAA (BBB-) for the long-term rating and MxA-1+ for the short-term rating, given the expectation that operating income would continue to increase and that profitability would remain stable and due to the consolidation of its market position within Mexico's banking system.

Key figures

Net profit as at 2023 year-end amounted to 44 million euros, representing year-on-year growth of 40.6%, supported by the appreciation of the Mexican peso. At constant exchange rates, this growth was 29.0%, mainly due to the good performance of net interest income.

Net interest income came to 196 million euros, growing by 31.2% year-on-year, or 19.0% at constant exchange rates, underpinned by higher yields on the loan book and higher revenue from fixed-income items.

Net fees and commissions amounted to 15 million euros as at the end of 2023, increasing by 3 million euros compared to the previous year due to increased commercial activity. Total costs stood at -108 million euros, representing growth of 25.8% compared to the previous year, affected by the appreciation of the Mexican peso. At constant exchange rates, costs increased by 14.1%, mainly due to higher general expenses, particularly marketing costs.

Provisions and impairments stood above the 2022 year-end figure, which included releases of several borrowers' provisions.

Capital gains on asset sales and other revenue were more negative due to an increase in IT asset write-offs.

Million euro

	2023	2022	Year-on-year change (%)
Net interest income	196	149	31.5
Fees and commissions, net	15	12	23.2
Core revenue	211	162	30.1
Gains or (-) losses on financial assets and liabilities and exchange differences	8	3	152.6
Equity-accounted income and dividends	—	—	—
Other operating income and expenses	(20)	(17)	—
Gross income	198	148	34.1
Operating expenses, depreciation and amortisation	(108)	(86)	26.1
Pre-provisions income	90	62	45.1
Provisions and impairments	(19)	(9)	108.1
Capital gains on asset sales and other revenue	(19)	(14)	—
Profit/(loss) before tax	53	39	35.2
Corporation tax	(9)	(8)	9.4
Profit or loss attributed to minority interests	—	—	—
Profit attributable to the Group	44	31	41.8
ROTE (net return on tangible equity)	8.9 %	6.6 %	
Cost-to-income (general administrative expenses / gross income)	45.7 %	48.7 %	
NPL ratio	2.4 %	2.3 %	
Stage 3 coverage ratio, with total provisions	74.3 %	70.1 %	

(*) The exchange rates applied to the income statement are MXN 19.1120 (average) in 2023 and 21.0739 (average) in 2022.

Performing loans grew by 11.0% year-on-year, impacted by the appreciation of the Mexican peso. At constant exchange rates, this increase was 7.1%.

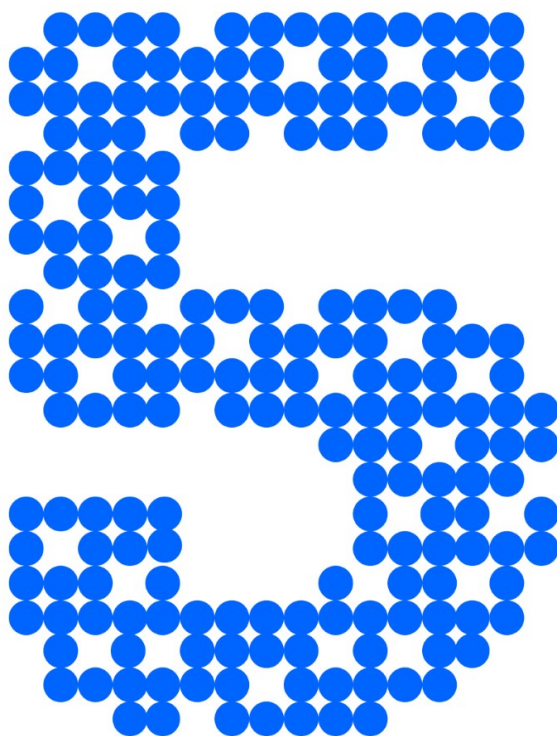
On-balance sheet customer funds increased by 3.7% year-on-year, supported by the appreciation of the Mexican peso, given that at constant exchange rates they declined by -4.8%.

Million euro

	2023	2022	Year-on-year change (%)
Assets	6,670	6,025	10.7
Gross performing loans to customers	4,587	4,131	11.0
Real estate exposure, net	—	—	—
Liabilities	6,039	5,437	11.1
On-balance sheet customer funds	3,205	3,090	3.7
Allocated equity	631	587	7.5
Off-balance sheet customer funds	—	—	—
Other indicators			
Employees	435	422	3.1
Branches and offices	15	15	—

(*) The EUR/MXN exchange rate used for the balance sheet was 18.7231 as at 31 December 2023 and 20.856 as at 31 December 2022.

Risks



129	Strategic risk management and control processes
130	Main milestones achieved in 2023 in relation to risk management and control

Risks

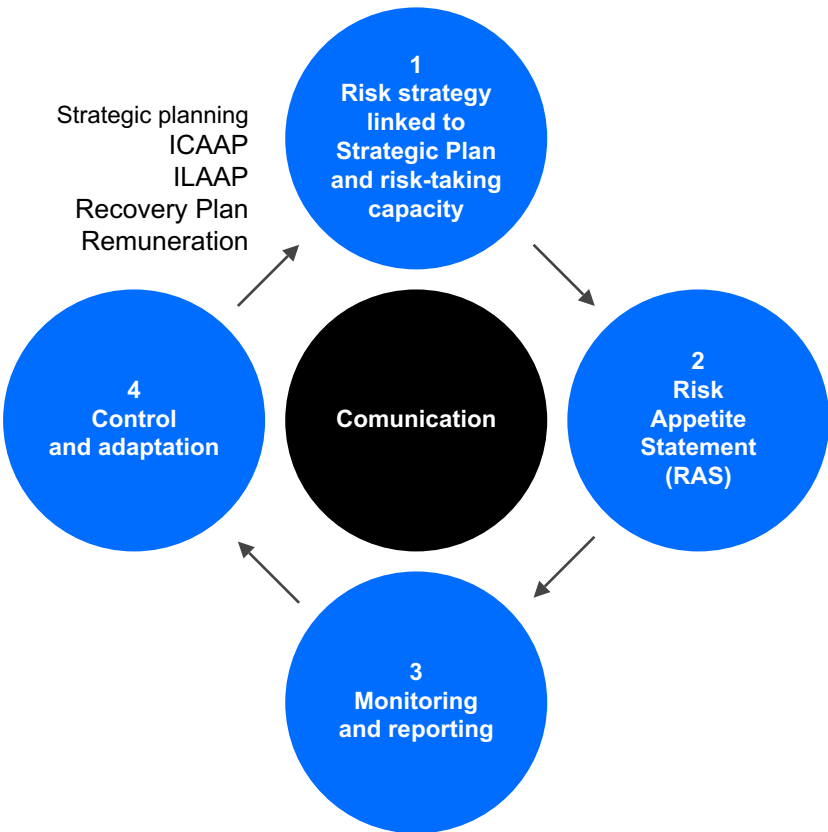
In 2023, Banco Sabadell Group continued to strengthen its Global Risk Framework by making improvements in line with best practices in the financial sector.

During 2023, Banco Sabadell Group has continued to strengthen its Global Risk Framework by making improvements to bring it in line with best practice 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 remediation systems are in place to ensure compliance therewith.

5.1 Strategic risk management and control processes



5.2 Main milestones achieved in 2023 in relation to risk management and control

The most salient aspects concerning the management of the first-tier risks identified in Banco Sabadell Group's risk taxonomy and concerning the actions taken in this regard in 2023 are set out below:

Strategic risk

Definition: the risk of losses (or negative impacts in general) materialising as a result of making strategic decisions or of 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 milestones in 2023:

(1) Strategy and reputation

- The support of customers in the transition to a more digital model and the adoption of good practices and initiatives to provide greater consumer protection.
- Although certain macroeconomic factors have been at play during 2023 that could have had a negative impact on the Bank's profitability depending on how they developed, that risk ultimately did not materialise as (i) inflation rates in Spain have been falling in recent months and (ii) borrowers have exhibited a good payment capacity, meaning that delinquency has remained contained. Similarly, the good delivery on the Strategic Plan, the stronger credit profile and the delivery of record-breaking results are all reflected in several reputational indicators, for example, (i) the improved outlooks of investors and rating agencies with regard to the Institution and (ii) a solid share price performance, recording a share revaluation of 33% over the year.

(2) Improved capital position

- The CET1 ratio improved to 13.2% in fully-loaded terms as at 2023 year-end, particularly driven by organic capital generation. Regulatory requirements in relation to capital are generally being met.
- The total capital ratio has also improved, ending 2023 at 17.76% in fully-loaded terms.
- During 2023, the leverage ratio rose by 56 basis points compared to the corresponding ratio as at 31 December 2022, ending the year at 5.18%. This development is mainly due to a decrease in the exposure with central banks linked in large part to TLTRO repayments and, to a lesser extent, the decline in lending volumes.

(3) Profitability

- Profit attributable to owners of the parent amounted to 1,332 million euros as at the end of 2023. It is worth calling attention to the good performance of core results (net interest income plus fees and commissions less costs), which improved due to both the increase in net interest income and the efforts made to contain costs. Specifically, net interest income grew by 24.3% year-on-year, mainly due to the credit yield and improved revenue from the fixed-income portfolio, underpinned by higher interest rates, all of which served to offset higher funding and capital market costs and the negative effect of the depreciation of sterling and the Mexican peso.
- It is also worth highlighting the improvement in the Group's credit quality, which has made it possible to reduce provisions and place the total cost of risk substantially below the levels recorded in 2022.
- All these aspects are clearly reflected in the Group's improved profitability, shown by an improvement of its ROTE, which increased from 8.19% as at 31 December 2022 to 11.49% as at 31 December 2023.

Credit risk

Definition: risk of incurring losses as a result of borrowers failing to fulfil their payment obligations, or of losses in value materialising due simply to the deterioration of borrowers' credit quality.

Key milestones in 2023:

(1) Non-performing assets

- During 2023, non-performing assets were reduced by 223 million euros. The NPL ratio for the year stands at 3.52%.

(2) 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.
- Similarly, in terms of individual concentration, the metrics relating to concentration of large exposures show a slight downward trend and remain within the appetite level. The credit rating of the largest exposures has also improved over the year.
- Geographically speaking, the portfolio is positioned in the most dynamic regions, both in Spain and worldwide. International exposures account for 37% of the loan book.

(3) Lending performance:

- Not including the foreign currency effect, performing loans fell by 4.6% in Spain and by 5.9% in TSB but increased by 7.1% year-on-year in Mexico.
- In Spain, the year-on-year decline is mainly due to the reduced volume of the portfolio of business loans and mortgages.

(4) TSB lending performance

- In TSB, at constant exchange rates, gross performing loans fell by 5.9% year-on-year, due to the reduced volume of the mortgage portfolio.

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 milestones in 2023:

(1) Sound liquidity position

- Sound liquidity position, with the LCR (Liquidity Coverage Ratio) standing at 228% at the Group level (203% in the TSB LMU and 274% in Banco Sabadell Spain) and the NSFR (Net Stable Funding Ratio) standing at 140% at the Group level (152% in the TSB LMU and 134% in Banco Sabadell Spain), both figures as at 2023 year-end, after having optimised the funding sources with access to long-term finance, having borrowed 5 billion euros from the ECB and 4,608 million euros from the Bank of England, as well as generating a funding gap in 2023.
- The loan-to-deposit ratio as at the end of 2023 was 94.0%, with a balanced retail funding structure.
- Moreover, Banco Sabadell has fulfilled the capital markets issuance plan that it had set itself for 2023, with strong investor appetite, allowing it to optimise the associated funding costs.

(2) 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. The variable-rate loan book reflected the ongoing revaluation of interest rate benchmarks (mainly the 12-month Euribor). As for liabilities, there was an increase in the balance of interest-bearing demand deposits and term deposits, mostly of wholesale customers, contrasting with the reduction of the balance of non-interest-bearing demand deposits, keeping costs at low levels relative to the upward trend followed by interest rates throughout the year.

Operational risk

Definition: risk of incurring losses due to inadequacies or failures of processes, staff or internal systems or due to external events. This definition includes but is not limited to compliance risk, model risk and information and communications technology (ICT) risk and excludes strategic risk and reputational risk.

Key milestones in 2023:

- Operational risk remains a material risk for the Group, recording impacts that, though acceptable, have gradually increased in recent years due to the problems associated with conduct risk.
- The current situation of high awareness and increased regulatory pressure, aimed especially at providing greater protection for consumers and vulnerable customers, requires conduct risks to be the main focus of attention. The current materiality and the expectation that this situation will likely continue requires the focus to remain fixed on these risks, tracking their evolution and adequately monitoring the planned mitigation measures.
- The focus remains on complaints related to floor clauses, mortgage application and arrangement fees, high rates of interest charged in connection with revolving credit cards and appropriate assistance for

vulnerable customers, especially in the UK, given the demanding regulatory environment.

- The possible creation of the new financial customer protection authority could have an impact on the complaints received, as it facilitates this process. The materialisation of conduct risks involves a potential reputational risk for the Institution, although it remains in line with the sector.

Compliance risk

Definition: risk of incurring legal or regulatory sanctions, material financial loss or loss to reputation as a result of failing to comply with laws, regulations, self-regulating rules and codes of conduct applicable to the Group's activity.

In accordance with Banco Sabadell's Compliance Policy and observing the EBA's Guidelines on Internal Governance, an Annual Programme is drawn up, applying the principle of proportionality according to the nature, volume and complexity of activities, containing a detailed schedule of activities, including the review of policies and procedures, the risk assessment, control plans and staff training in relation to compliance. This programme covers all services provided and activities carried out by Compliance and defines its priorities based on the risk assessment, in coordination with the Risk Control function. Monitoring exercises are conducted and regular reports on them are made to the Group's governing bodies in order to identify any deviations and resolve them quickly and effectively.

In 2023, efforts continued to be made to promote a culture of ethics and compliance among employees, interacting on an ongoing basis with the main supervisory authorities in connection with the Bank's compliance activity.

Main priorities in 2023:

(1) Evolution of supervisory model

- Evolution of the model for supervising subsidiaries and foreign branches.
- Adaptation of the current model to the increasingly demanding levels of supervision carried out by the parent company over the compliance activity of its various subsidiaries and foreign branches, allowing more in-depth knowledge to be obtained about the management of local risks and enabling more uniform compliance risk assessments to be made at the Group level.

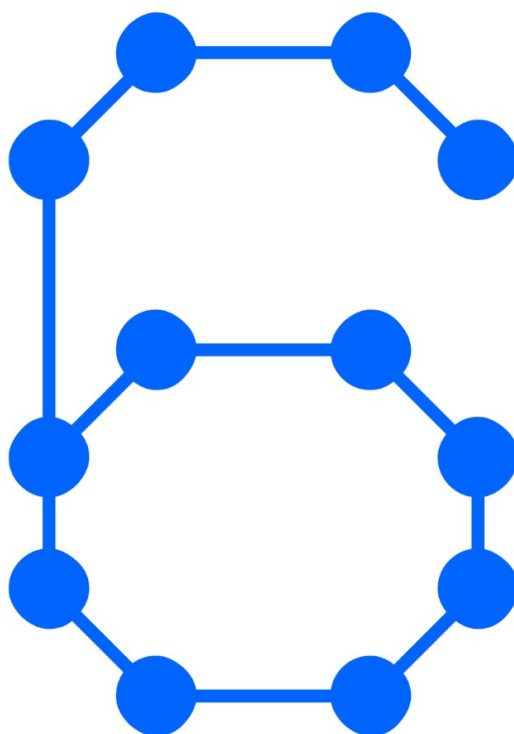
(2) Accelerated pace of digitalisation

- Accelerated pace of digitalisation in the Anti-Money Laundering and Counter-Terrorist Financing function.
- A digital transformation agenda was launched with the aim of increasing the effectiveness of preventive assessments, systematising and improving the experience of relationship managers and customers, and reinforcing the culture of sustainability in relation to compliance.

(3) Management of competition risk

- Incorporation of competition risk management into the annual Compliance Programme.
- Development of the main pillars from which to implement a competition risk management model to reinforce the prevention of possible misconduct in this regard.

Other material disclosures



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Other material disclosures

6.1 R&D and innovation

Activities within the Group in relation to technology have met the particular needs of each of the geographies in which it operates. For Spain, it is worth mentioning the acceleration that took place in the digital transformation, as well as the rollout of its catalogue of digital products, in addition to the creation of a new mobile app based on the latest market standards. It is also worth mentioning the improved resilience of the IT platform, with a new data centre for disaster recovery with cloud-native capabilities. In TSB, efforts continued to focus on improving business capabilities. In Mexico, a new workplace model was put in place, based on the latest technology, improving productivity and efficiency.

In the domestic context

In 2023, the introduction of new products and processes that are digital from start to finish was key, as were the new capabilities made available for managers in the branch network. In addition, the IT platform was further developed, adapting it to the latest market trends and improving its resilience in the event of a disaster.

Within Retail Banking, the expansion of the catalogue of digital products was a priority, notably new products and features associated with unsecured loans, mortgages and cards. As for Business Banking, it is particularly worth noting the general boost given to digitalisation efforts in order to bring it closer to the Retail Banking segment.

Also noteworthy is the ongoing development of a new mobile app that uses the latest market standards in order to improve user experience and which will enable a faster rollout of new functionality and reduce the time to market, scheduled for 2024.

In addition, several processes have continued to be enhanced, such as digital onboarding, which in 2023 was the main channel through which the Institution acquired new customers.

In relation to branches, new capabilities were introduced for network managers, allowing them to offer more personalised, flexible and efficient management, thanks to a new suite of applications and tools. It is also worth noting the launch of various functionalities based on Artificial Intelligence, which allow for easier and improved decision-making processes.

In addition, the IT platform was further developed in 2023, introducing various programmes that make it possible to continue developing the platform in line with the latest market standards whilst at the same time improving its resilience. These initiatives include Journey to Cloud, which provides holistic coverage (infrastructure, data and systems architecture) to the transition to the cloud, as well as the migration from the current disaster recovery data centre to a new cloud-native data centre, so as to strengthen and improve the platform's resilience capabilities and to simplify its management.

The amount of these technology investments at a domestic level during 2023 (entered in the accounts under "Other intangible assets") came to 191,522 thousand euros, invested in the company Sabadell Digital S.A. (of which 9,112 thousand euros were invested in projects involving the IT platform that serves TSB).

In the international context

In TSB, a large proportion of its activities focused on expanding the digital catalogue and introducing new features for the mobile app. Initiatives were also implemented to improve the quality and resilience of the IT platform.

Similarly, Sabadell Mexico focused on developing programmes to improve the workplace whilst continuing to develop the personal banking segment.

Technology investments on an international scale during 2023 (booked in the accounts under “Other intangible assets”) amounted to 2,009 thousand euros in the company Sabadell Information Systems, S.A. UK, 27,942 thousand pounds sterling in TSB bank plc, and 405,998 Mexican pesos were invested by the company Institución Banca Múltiple (IBM) to support its various local IT platforms.

6.2 Acquisition and sale of treasury shares

See Note 23 to the consolidated annual financial statements.

6.3 Days payable outstanding

The average time taken to pay suppliers (days payable outstanding) by consolidated entities located in Spain was 25.49 days (10.15 days in the case of the Bank).

6.4 Material post-closing events

No significant events meriting disclosure have occurred since 31 December 2023.

6.5 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 the Non-Financial Disclosures Report for 2023, which forms part, as established in Article 44 of Spain's Commercial Code, of this report and is included as a separate accompanying document.

Annual Corporate Governance Report

The Annual Corporate Governance Report (ACGR) corresponding to the 2023 financial year forms 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 Director Remuneration

The Annual Report on Director Remuneration (ARDR) corresponding to the 2023 financial year forms 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).

www.grupbancsabadell.com

Non-Financial Disclosures Report

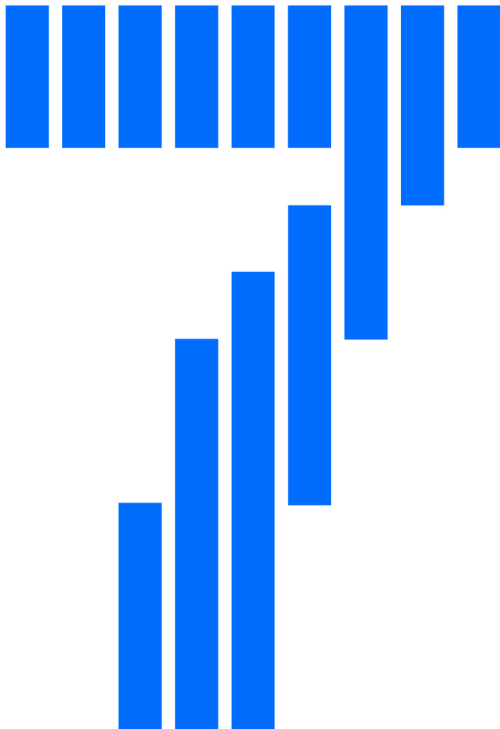


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1. Introduction

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 standalone 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 dedicated to 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 set out 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 specifically indicated.

This report has been prepared according to the general provisions published in Law 11/2018 of 28 December, using the Global Reporting Initiative (GRI)² Standards as reference. In addition, this report includes information relating to Taxonomy-eligible exposures and/or exposures aligned with the Taxonomy Regulation (Regulation (EU) 2021/2178), which entered into force in January 2022.

For information purposes, with the entry into force of the Corporate Sustainability Reporting Directive (CSRD) in January 2023, the Bank will need to draft its Sustainability Report in accordance with the European Sustainability Reporting Standards (ESRS) from the 2024 financial year onwards. In this regard, the Bank is working to align its reports to this new regulatory framework for the next financial year. A new materiality analysis and an assessment of the extent of alignment with these standards is underway.

¹ Part of the Consolidated Directors’ Report 2023.

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

With regard to this report, the main new aspects include, among others:

- The section on decarbonisation pathways has been expanded, in line with the Institution's commitment to the Net-Zero Banking Alliance for 4 to 8 intensive sectors.
- More information on emissions of the financed portfolio and other transition risk metrics has been included.
- Alignment with Articles 7 and 8 and Annexes V, VI, XI and XII of the Delegated Regulation on Taxonomy-related disclosures (Regulation (EU) 2021/2178) is included for the first time.
- In line with the above, the Bank discloses an estimation of eligibility under the four new non-climate objectives and the new activities listed for climate objectives (mitigation and adaptation) in the last update to Regulation (EU) 2020/852.

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).
- Non-binding guidelines published by the European Commission in its Guidelines on Non-Financial Reporting (2017/C 215/01) and its supplementary document on climate change-related information (2019/C 209/01).

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

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 reserved to the Annual General Meeting, the Board of Directors of Banco Sabadell is the most senior decision-making body of the company as it is responsible, by law and pursuant to 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, delegating the management of ordinary business matters to the Chief Executive Officer. 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 2023. When defining the general strategy, the business objectives and the risk management framework of the Institution, the Board of Directors considers environmental aspects, including climate-related, environmental, social and governance risks, and it also effectively oversees them.

In April 2023, the Board of Directors updated its Sustainability Policy, which aims to provide a framework for all of the Institution's activity and organisation within the ESG⁴ parameters. The Policy incorporates environmental, social and governance factors into decision-making processes and ensures that the needs and concerns of all its stakeholders are addressed taking these factors into account. The Sustainability Policy sets out the core principles on which Banco Sabadell Group bases its approach to tackling the challenges of sustainability, and defines the corresponding management parameters, as well as the organisation and governance structure required for their optimal implementation.

⁴ Environmental, Social and Governance.

Board Committees

The Board Strategy and Sustainability Committee was set up in 2021 and is chaired by the Chairman of the Board of Directors, in the capacity of Other External Director. It is formed of five Directors: three Independent, one Other External and its Chair. This Board Committee met 12 times in 2023.

On matters of strategy, the Chief Executive Officer takes part in the meetings, with full voting and speaking privileges, meaning that on such matters this Board Committee is deemed to have six members.

With regard to sustainability, the Board Committee has the following duties:

- Analyse and inform the Board of Directors about the Institution's sustainability and environmental policies.
- Inform the Board of Directors of any modifications or regular updates of the sustainability strategy.
- Analyse the definition and, where applicable, amendment of policies on diversity and integration, human rights, equal opportunities and work-life balance and evaluate the level of compliance therewith on a regular basis.
- Review the Bank's social action strategy and its sponsorship and patronage plans.
- Review and update the Institution's Non-Financial Disclosures Report prior to its review and update by the Board Audit and Control Committee and its subsequent sign-off by the Board of Directors.
- Receive information in connection with reports, documents or communications from external supervisory bodies within the scope of responsibility of this Board Committee.

Other Board Committees are involved to various degrees in the sustainability governance arrangements.

In 2021 the Board Appointments and Corporate Governance Committee also took on duties in relation to the disclosure of internal corporate policies and rules, the oversight of rules on corporate governance, and relations with shareholders and investors, proxy advisers and other stakeholders..

The Board Audit and Control Committee oversees the process for preparing and submitting regulated financial and non-financial information and gives recommendations or proposals to the Board of Directors, aimed at safeguarding its integrity, and reports to the Board of Directors, prior to its publication, on the financial information and the directors' report, which include mandatory non-financial information that the Institution must regularly disclose. When necessary and in coordination with the Board Risk Committee, it oversees and assesses the effectiveness of policies and internal risk management and control systems as a whole, covering the Institution's financial and non-financial risks, including operational, IT, legal, social, environmental, political and reputational risks or those related to corruption, and supervises that the main direct or indirect risks are reasonably identified, measured and controlled.

The Board Risk Committee monitors the implementation of the Global Risk Framework Policy of the Institution and is responsible for advising and supporting the Board of Directors in overseeing the Bank's risk appetite and overall strategy, taking into account all kinds of risks to ensure that they are in line with the Institution's business strategy, objectives, corporate culture and values.

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, created in 2020 and chaired since 2021 by the General Manager and Director of the Sustainability and Efficiency Division, is the body responsible for establishing the Bank's Sustainable Finance Plan and for monitoring its execution, for defining and disclosing the general action principles in the area of sustainability and for promoting the development of projects and initiatives, as well as 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 12 members (ensuring the representation of several areas, including Sustainability, Risk, Finance, Business, Communication, Research Service and Regulation) 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 11 times in 2023.

Organisation

The Sustainability and Efficiency Division was created in 2021 and is the unit responsible for defining and managing Banco Sabadell Group's responsible banking strategy, 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 Director is also a General Manager, a member of the Institution's Management Committee, and reports directly to the Chief Executive Officer.

Since 2022, the organisation has been 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 new sustainability functions are added and expanded, the Institution's structure is being adapted to include the necessary knowledge and skills in all the divisions that are responsible for ESG matters.

The Sustainability Division is a cross-cutting top-level structure that has an overall view of all the new initiatives to be implemented in the Bank and collaborates in their definition, execution and monitoring.

The Bank is organised according to the system of the three lines of defence, and there are teams dedicated to sustainability matters in the three lines.

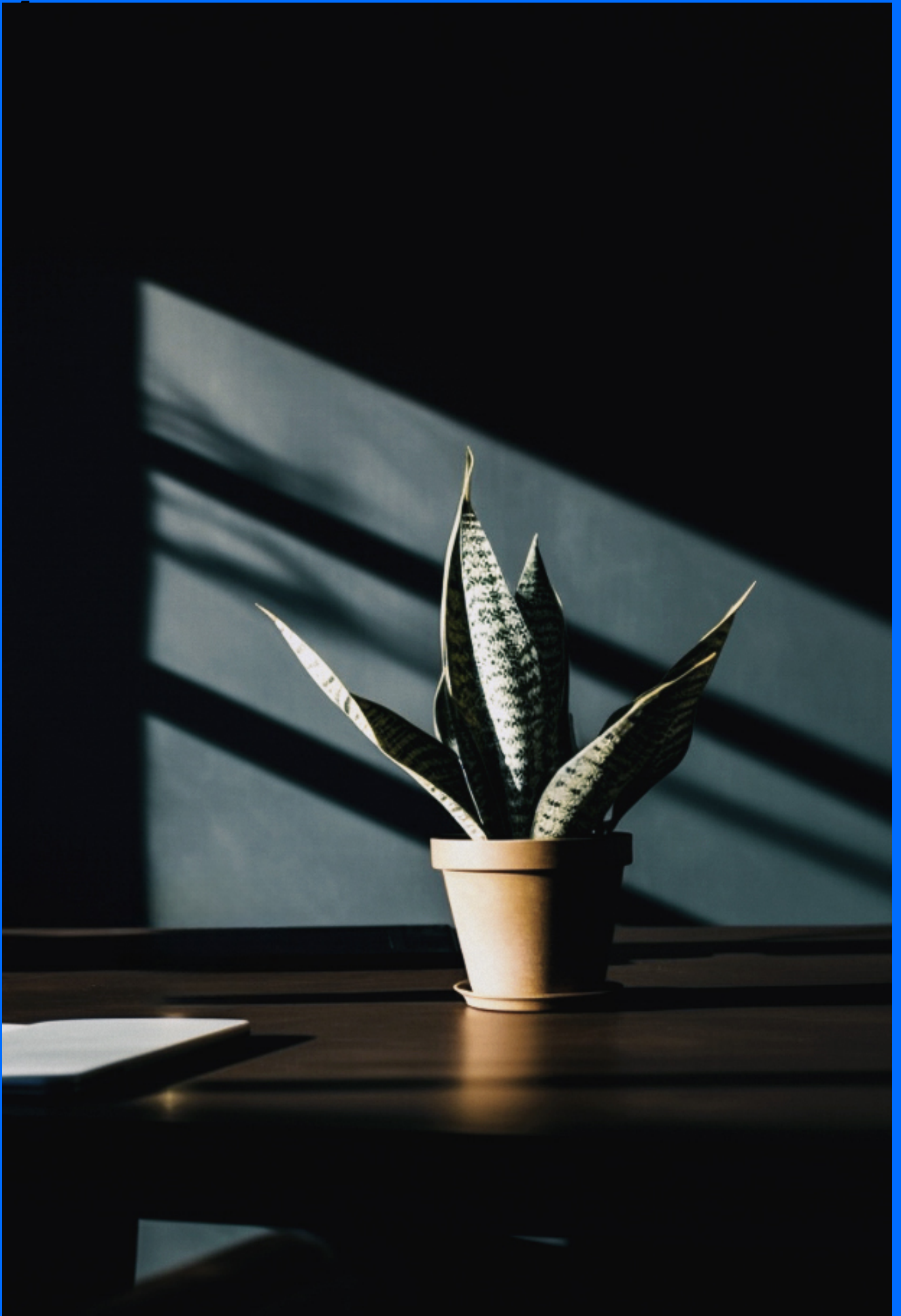
- With regard to the first line of defence, the business areas have been reinforced by setting up specific units that coordinate with the commercial teams sustainable financing solutions for customers, identifying trends and new social and environmental products and services. The risk teams have also been expanded to perform their own ESG functions in portfolio risk management.

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).

- Similarly, new members were onboarded to the Compliance, Credit Risk Control, Internal Control and Models Validation teams to reinforce the second line of defence and guarantee the quality of the first line of defence's systems in relation to risk management and governance of sustainability processes.
- Teams of the third line of defence were also enlarged to incorporate audit functions in relation to governance processes, risk management activities and internal control in the area of sustainability.

This year, the Group has continued to promote its commitment to sustainability by aligning its business targets with the Sustainable Development Goals (SDGs) and by establishing levers for transformation and promotion actions.

To that end, all of the Institution's bodies and each of the general divisions are involved with specific targets that promote sustainability both internally and in society.



3. Sabadell's Commitment to Sustainability

Banco Sabadell, with its Sustainability Policy and its Environmental and Social Risk Framework, strives to frame the Group's activity and organisation within ESG parameters.

Environmental, social and governance factors are present both in decision-making and when responding to the needs and concerns of all its stakeholders.

As a result of that same goal, Banco Sabadell, TSB and Banco Sabadell Mexico have incorporated the aforesaid parameters into their own commitments.

3.1 ESG framework

As a financial institution, Banco Sabadell plays a fundamental role in building an inclusive and decarbonised economy. On one hand, mobilising resources, identifying technologies and creating opportunities and, on the other, incorporating new capabilities and an in-house transformation to embed sustainability into all agendas, managing the risk of its customer portfolio, minimising the impact of ESG risks and funding a large part of the investments needed to accomplish the Paris Agreement, the European Green Pact and the 2030 Agenda.

In this context, and to continue making progress with its goal of accelerating economic and social transformations that contribute to sustainable development, the Bank already reinforced the ESG dimensions applicable to its strategy, governance and business model with the launch in 2022 of its ESG framework, Sabadell's Commitment to Sustainability, setting specific targets for 2025-2050 across four strategic pillars. This set of commitments includes the alignment of business targets with the Sustainable Development Goals (SDGs) and establishes levers for transformation and promotion actions.

The main courses of action 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 to a sustainable economy: to do so, the Bank is making progress by setting 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 opportunities for savings and investment that contribute to sustainability, rolling out a wide range of social, ethical, green and sustainability 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.

Strategic pillars



Progress as a Sustainable Institution



Support customers in the transition to a sustainable economy



Offer investment opportunities that contribute to sustainability



Work together for a sustainable and cohesive society

Commitments

Objectives

Progress Indicators

Action levers

Transformation actions
to align the organisation with ESG criteria

Promotion actions
to promote sustainable finance and generate opportunities

Furthermore, the Bank continues to make progress in the area of sustainable finance with its ESG Activities Plan, as an operational tool that ensures achievement of the milestones stemming from the new developments and needs generated by changes in the regulatory and supervisory environment, which have implications for the strategy and the business model, as well as for governance, risk management and reporting arrangements. Among its main courses of action, which are monitored on an ongoing basis by the Sustainability Committee, it is worth noting the mobilisation of resources and capabilities in the area of sustainable finance, the progress made with the Sustainable Finance Plan, the assurance of market disclosures and the identification of

sustainable progress mechanisms in fields such as communication and training.

All of these actions and goals set out in Sabadell's Commitment to Sustainability shape the Bank's ESG roadmap.

Remuneration linked to Sustainability

The commitment to sustainability and the involvement of the Bank's staff in the Institution's ESG performance are reflected in the attainment of the Group's targets.

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.

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, making them part of the Group targets with a weight of 10%. In addition, in 2023, the commitment of the Group's Senior Management and its Identified Staff has been further reinforced by adding this synthetic sustainability indicator to the multi-year targets, weighted at 20% and linked directly to their long-term remuneration.

Further details provided in section "6.5 Remuneration policy".

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

The Do What Matters 2025⁵ plan is an integral part of TSB's business strategy. It brings together their social and environmental commitments to deliver long-lasting and meaningful impact for customers, colleagues, suppliers and communities.

The plan is simple and focused on three key areas: essentials, people, and planet, and is aligned to TSB's purpose – Money Confidence. For everyone. Every day.

⁵ <https://www.tsb.co.uk/do-what-matters/>

The plan has eight long-term goals centred around the themes of social and financial inclusion, fair business practices, and supporting a just transition to a greener planet.

Lets do what's right for **people**

Customers

Nurture financial resilience and support for tough times

Colleagues

Continue building a representative workforce where colleagues can thrive

Communities

Work to improve money confidence in local communities

Suppliers

Promote fair business and shared values

Lets do what's right for the **planet**

Customers

Help customers play their part in tackling climate change

Colleagues

Empower workforce to improve sustainability

Communities

Support local activity to drive sustainability

Suppliers

Partner to drive sustainability through the supply chain

The Do What Matters Plan 2025, outlines TSB's ESG governance, the transparency of its reporting, its compliance with both regulatory and voluntary codes of practice, and how it aims to be a trusted employer. TSB also works in partnership with a variety of credible third parties to ensure that its actions comply with recognized, independent standards and commitments, such as the Good Business Charter, the United Nations Global Compact and The Prince's Responsible Business Network. Similarly, to support the attainment of the planet's goals, TSB has also been a signatory of the Net-Zero Banking Alliance (NZBA) since 2021.

This all enables TSB to focus on key initiatives that reflect its role in society and are linked to its business purpose. More information on the Do What Matters Plan can be found in TSB's annual report⁶.

Banco Sabadell Mexico

As part of Banco Sabadell Group, Banco Sabadell Mexico has developed its business ethically and responsibly, gearing its commitment towards the environment and society so that its activities have a positive impact on people and prevent the degradation of the natural environment. This is why it has had an Environmental and Social Policy, a Sustainability Committee and a Sustainability Division in place since 2021.

In 2023, Banco Sabadell Mexico continued to make progress with its commitment to sustainability through the implementation of its Environmental and Social Policy, which has been adapted to align it with the Banco Sabadell Group Sustainability Policy. It has also made progress in terms of sustainable financing and climate risk management.

In terms of ESG milestones, Banco Sabadell Mexico has been applying the Group's Eligibility Guide as its own since 2022, as a tool to determine which activities facilitate the transition of its portfolio towards a more environmentally and/or socially sustainable economy. In 2023, actions were also taken to reduce the volume of finance granted to sectors that could potentially have a negative impact on the environment. In this sense, it continues to build on the implementation of the Environmental and Social Risk Management System (known as SARAS, by its Spanish acronym), which seeks to identify and manage the aforesaid risks associated with its customers' activities. Further details provided in section "5.5 Green loans and lines of credit with multilateral development banks in Mexico".

⁶ <https://www.tsb.co.uk/investors/results-reports>

3.2 Initiatives and alliances

In a cross-cutting way and in line with its commitment to sustainability, Banco Sabadell continues to forge alliances with other sectors and is part of major international initiatives designed to fight climate change and improve social development:

- Signatory of 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, since 2005.
- Signatory of the Carbon Disclosure Project (CDP) for action against climate change since 2009.
- 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.
- Since 2019, it has adhered 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.
- In 2019, it ratified the Collective Commitment to Climate Action, whose goals serve to further reduce the carbon footprint of balance sheets.
- Since 2020, it became a member of the Task Force on Climate-related Financial Disclosures (TCFD) for the disclosure of risks and opportunities related to climate change.
- Since 2021, it became a member of the Net-Zero Banking Alliance (NZBA), an international alliance convened by the United Nations Environment Programme Finance Initiative (UNEPFI), through which the Bank is committed to aligning its lending portfolios with net-zero emissions by 2050 at the latest, in line with the targets of the Paris Agreement.
- Adherence in 2022 to the Partnership for Carbon Accounting Financials (PCAF⁷), in order to measure and disclose emissions financed through loans and investments in a standardised way.

In addition to the above alliances, all of which are implicit in the ESG framework Sabadell's Commitment to Sustainability, other transformation and promotion actions are included, 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 SDGs⁸ and focuses on those where it has the greatest capacity to influence due to systemic interrelationships, type of activity and capacity to make an impact.

In this respect, although the Institution's goal also involves contributing to all SDGs, the following ones have been given priority:



⁷ 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. Further details provided in <https://carbonaccountingfinancials.com/Industries>.

⁸ Further details on the contribution to all SDGs, provided in Annex 5 - SDG alignment.

3.3 Materiality

In 2022, a review was carried out of the materiality analysis performed in 2021, which established a list of material topics for the Group.

This review was carried out in order to update 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 material topics based on their importance was 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.

In addition, during the second half of 2023, work got underway to update Banco Sabadell Group's materiality analysis according to the guidelines of the European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG).

The objective of this analysis is to identify and prioritise the material topics⁹ of relevance to the Group and its stakeholders, with three aims:

- Ascertain the ESG priorities on which Banco Sabadell Group should focus its attention, taking into consideration risks, opportunities, impacts and trends.
- Strengthen the relationship with the various stakeholders when identifying and outlining the impacts and expectations with regard to ESG.
- Address the disclosure needs arising from legal requirements and from analysts and indices, as well as the demands of shareholders, investors, rating agencies and other stakeholders, with a language that is easy to understand.

Methodology

The materiality analysis was carried out based on the GRI disclosure standards and regulators' recommendations, incorporating the double materiality perspective in that analysis:

- Non-Financial Reporting Directive (NFRD) and its transposition to Spanish law (Law 11/2018 on Non-Financial Information and Diversity).
- Report on CNMV oversight of the annual financial statements for 2020 and main areas for review in the financial statements for the following year, published by the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or CNMV).
- Considerations of materiality in financial reporting, published by the European Securities and Markets Authority (ESMA) in October 2022.

⁹ 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).

- The requirements of European Union Directive 2022/2464, known as the Corporate Sustainability Reporting Directive (CSRD), were also taken into account.

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 the various stakeholders, the materiality of all topics related to ESG was analysed, from the perspective of both internal and external stakeholders. The material topics and their definitions are set out in section 3.3.1. of this document.

In a second phase of the materiality analysis process, carried out in 2021 and updated in 2022, Banco Sabadell combined 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 the environmental and social environment on the Group, and of the Group on its stakeholders, assessing these to obtain a holistic view of the extent to which sustainability issues are impacted by each material topic.

To that end, the Bank identified the actual and potential impacts to which it contributes through its activities. Details about the identification of impacts for each material topic are provided in section 3.3.2. of this document.

Based on these identified impacts, and with the aim of prioritising them, the Group carried out a quantitative assessment in which it sent questionnaires to different areas of the Bank to consult them on these impacts, determining their extent using pre-defined scales.

Potentially positive and actually positive impacts were evaluated based on the following attributes:

- Probability: understood as the probability of the impact materialising.
- Scale and extent: the scale of an impact refers to how beneficial it is or could be, while the extent refers to how far-reaching it is or could be.

On the other hand, potentially negative and actually negative impacts were evaluated based on the following attributes:

- Probability: understood as the probability of the impact materialising.
- 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 results of the analysis made it possible to complete the double materiality approach, which is explained in section “3.3.2 Double materiality”, and to update the materiality matrix, which is set out in section “3.3.3. Materiality matrix”. Concerning the results, three levels of priority were established, level 1 representing the greatest impact for the Group and in which the following material topics were included: (i) Corporate governance, (ii) Value creation and solvency, (iii) Ethics and integrity, (iv) Climate-related and environmental risks, and (v) Sustainable finance and investment.

3.3.1 Definition of Material Topics

The topics that the Bank 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. This includes, among other aspects: structure and diversity of governing bodies, their evaluation and remuneration, functions in terms of ESG (setting non-financial targets, performing oversight activities, establishing commitments, etc.).
2 Transparency and data management	Mechanisms to ensure effective and transparent communication with stakeholders in order to manage expectations 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 digitalisation	Actions taken by the Institution in order to excel in the provision of services of the highest quality (meeting customer expectations) and to improve the customer experience (digitalisation, special and adapted advisory measures, etc.), based on responsible and transparent marketing.
5 Corporate culture	Corporate principles and actions aimed at improving Banco Sabadell's image and business trajectory, which is reflected in its employees' pride of belonging and in the corporate reputation as perceived by stakeholders.
6 Ethics and integrity	Compliance with national and international legislation in force in all countries in which the Group operates, as well as the specific commitments undertaken on a voluntary basis 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 commitments to uphold workers' rights, freedom of association and environmental rights.
8 Value creation and solvency	Maintain good economic performance to ensure profitability and the creation of value for shareholders and investors.
Environmental	
9 Sustainable finance and investment ¹⁰	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, as well initiatives for eco-efficiency and own emissions management that the company has implemented to reduce it.
12 Commitments and partnerships in environmental matters	Initiatives, certifications and commitments adopted by Banco Sabadell with the aim of improving its environmental management. Includes activities carried out by the Institution to raise awareness and impart training in relation to environmental matters.
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 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 in the workplace, among other things.
14 Quality employment and talent management	Promotion of quality employment, fostering of professional development and attraction and retention of talent. This topic includes: training plans, promotion of wellbeing, employee health and safety and all initiatives designed in pursuit of these aims (performance appraisal, promotion and pay, internal mobility, etc.).
15 Social commitment and human rights	Commitment to the development of local communities through corporate volunteering activities, collaboration with charity projects and/or direct donations. This aspect includes Banco Sabadell Group's commitments and actions related to protecting human rights.

¹⁰ Topic with environmental and social impacts.



3.3.2 Double Materiality

With the aim of ensuring that the materiality analysis is comprehensive, the proposed identification of the main impacts of the environment on the Group and that of the Group on its stakeholders was updated in 2022, according to the double materiality perspective.

With the aim of ensuring that the materiality analysis is comprehensive, the proposed identification of the main impacts of the environment on the Group and that of the Group on its stakeholders was updated in 2022, according to the double materiality perspective, in line with the guidelines of the main regulatory bodies governing this topic (i.e. EU, CNMV and ESMA). The 2022 update included a list of impacts for all material topics.

Double materiality approach

Material topics		Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
Governance			
1	Corporate governance	<p>Appropriate management of this topic enables the promotion of diversity and heterogeneity of skills in the governing bodies. It also enables alignment with the requirements of supervisors and regulators in terms of corporate governance.</p> <p>Managing this topic requires greater internal control and a higher level of reporting</p>	<p>This topic makes it possible to generate value and more reliability in business management for shareholders and investors, in addition to generating a perception of greater strength and resilience before the regulators.</p>
2	Transparency and data management	<p>Management of this topic reduces future exposure to risks and possible economic sanctions related to transparency and data management.</p> <p>More stringent demands have been placed on the management of this topic, requiring the continuous improvement of systems, communication channels and internal data control and verification, as well as continuous investment in security and good data management.</p>	<p>The management of this topic reduces the risk of failing to comply with 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 topic allows the Institution to meet its business objectives, maintain its position in terms of solvency, liquidity, profitability and asset quality, and to generate trust among regulators, investors, customers and society.</p> <p>The management of this topic requires continuous investment by the Group in employee training, and directly affects financial performance.</p>	<p>The correct management of this topic allows capital to be protected, generating trust and security among stakeholders.</p> <p>Inadequate management of this topic 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 topic allows the Institution to build the loyalty of existing customers and attract new ones, which encourages long-lasting relationships built on trust, which in turn increases Group profits. The digitalisation process also enables the Group to be more efficient and to reduce the environmental impact of its activities.</p> <p>Managing this topic requires continuous investment in innovation, the development of new solutions based on employee training, new technology and the digitalisation of services that meet customer expectations.</p>	<p>The management of this topic 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, groups that are not familiar with the digital environment might struggle to access these, or there may be an increase in the level of customer demand or in the required level of specialisation of employees and suppliers.</p>
5	Corporate culture	<p>This topic allows the Institution to protect itself from possible conduct risks or conflicts of interest, and in turn reduces loss of human and intellectual capital.</p> <p>This topic requires policies and internal codes of conduct to be continuously updated 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>
6	Ethics and integrity	<p>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.</p>	<p>Correct management of this aspect generates a feeling of pride and belonging among employees and customers.</p> <p>This improves the reputation of Banco Sabadell Group and builds trust among regulators, investors and society.</p>

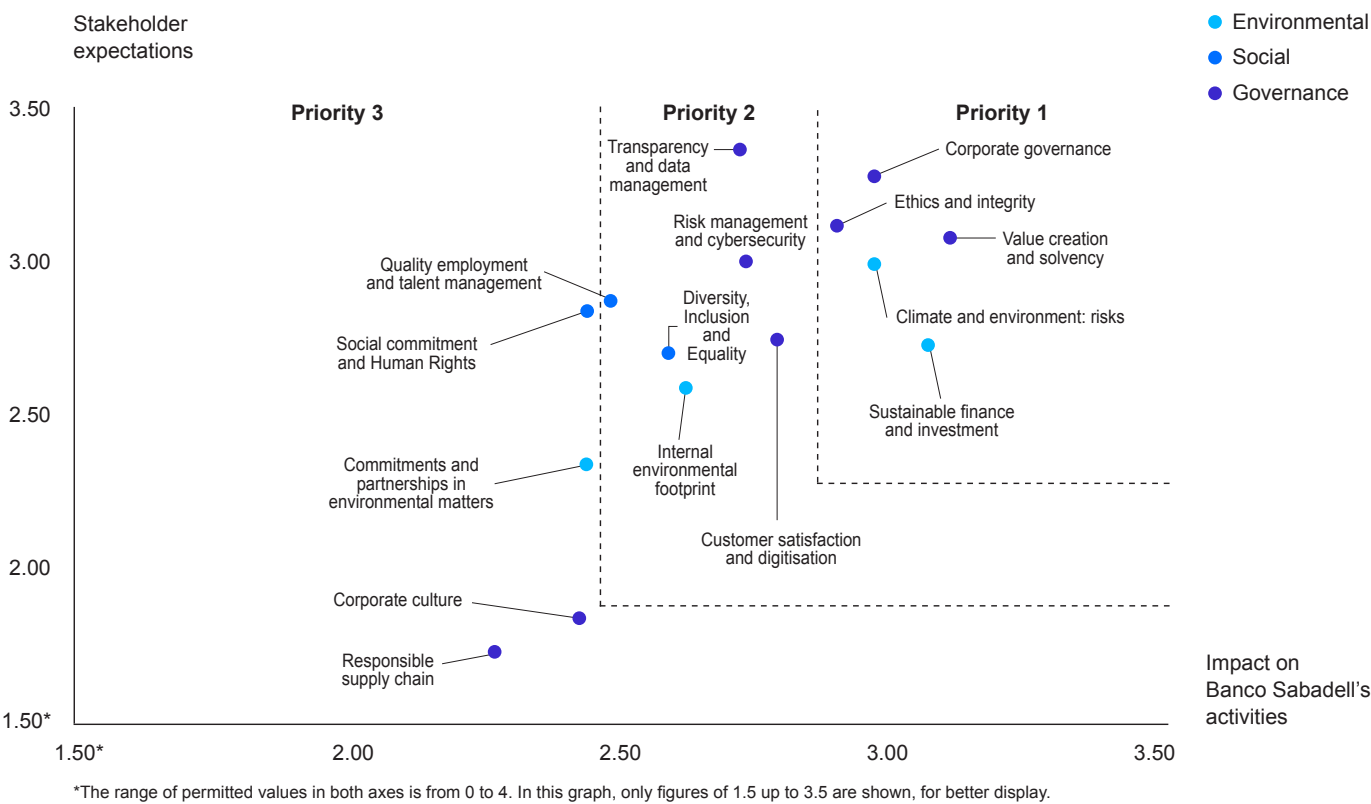
Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
7 Responsible supply chain	<p>The management of this topic improves supply chain management and control.</p> <p>It requires, in turn, a more demanding approach to supplier monitoring and accreditation processes, which could potentially result in a price increase, as supply would be confined to sustainable suppliers.</p>	<p>A responsible supply chain generates greater confidence among society and among customers.</p> <p>On the other hand, tougher terms of engagement could lead to a loss of suppliers.</p>
8 Value creation and solvency	<p>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.</p>	<p>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.</p>
Environmental		
9 Sustainable finance and investment	<p>This topic makes it possible 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.</p> <p>This topic 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</p>	<p>This topic 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 financial inclusion, among other things, thereby offering support to 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, setting the Institution apart in the marketplace as a more sustainable business that is more firmly committed to the environment and to society.</p> <p>On the other hand, it could make it more difficult for customers in carbon-intensive sectors to transition, and could increase customer information needs.</p>
10 Climate and environment: risks	<p>Correct management of this topic allows the Group to reduce its future exposure to climate-related and environmental risks, improving the Group's reputation and its relationship with stakeholders, and allowing it to remain aligned with regulatory requirements in this regard.</p> <p>Management of this topic requires continuous investment by the Group to attain a high level of market monitoring, with improvements to information systems, designs for ongoing specialised training plans for employees and the hiring of qualified personnel.</p>	<p>This topic incentivises investment in sectors and products aligned with the green transition, generating greater confidence among investors and society.</p> <p>The management of risks related to climate change and the environment could require more control and result in tougher financing conditions for those activities that pose a greater 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 caps, and improves energy efficiency by reducing the associated resources.</p>	<p>This topic allows the Institution to earn the confidence of an increasingly climate-aware society, and generate a positive environmental impact by reducing the Group's emissions.</p>

Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
12 Commitments and partnerships in environmental matters	<p>The Group's adhesion to and implementation of environmental commitments and partnerships enables it to gain greater knowledge about best practices in the market, improving its management of environmental matters and generating a competitive advantage to set it apart in the marketplace.</p> <p>This topic requires more resources, both to monitor and meet environmental goals and to fulfil reporting requirements.</p>	<p>This topic 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>
Social		
13 Diversity, Inclusion and Equality	<p>The achievement of diversity targets has a positive impact when it comes to attracting and retaining human and intellectual capital, generating value within the Institution and improving productivity.</p> <p>Managing this topic requires more resources to update internal standards and policies, draft regulations, develop control and training models, and to carry out more meticulous monitoring so as to ensure that the targets related to diversity, inclusion and equality are met.</p>	<p>Appropriate management of this topic reduces inequality, generating a feeling of pride and belonging among employees.</p>
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' capabilities with its objectives and strategies.</p> <p>Management of this topic requires training to be imparted, standards and internal policies to be updated and made more flexible, and it also requires more human resources in order to position the Institution as a benchmark among its competitors.</p>	<p>This topic allows employees to further their professional career with adapted plans, giving them more stability and adding to their professional wellbeing. It also enables the Institution to improve its image and reputation and to earn society's trust.</p>
15 Social commitment and Human Rights	<p>Proper management of this topic makes it possible to identify new investment opportunities to meet the needs of vulnerable groups. It is also a way of differentiating retail banking through financial inclusion. It makes it possible to ensure alignment with international conventions on the protection of human rights.</p> <p>On the other hand, this topic requires more in-depth monitoring of specific products and services to meet the needs of vulnerable groups. It also requires further development of corporate volunteering programmes and the promotion of social action activities.</p>	<p>This topic allows new products and services to be developed that contribute to generating a positive impact through financial education and inclusion for vulnerable groups. In addition, it allows for the implementation of social programmes that support the development of certain communities.</p> <p>This topic may limit access to suppliers due to more stringent requirements placed upon suppliers in this regard.</p>

3.3.3 Materiality Matrix



3.3.4 Engagement with Principles for Responsible Banking

In 2022, Banco Sabadell 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 the Retail Banking, Business Banking and Corporate Banking loan books.

The results of this analysis prompted Banco Sabadell to prioritise two areas of impact on account of their materiality rating assigned in both analyses: Climate and Environment, and Financial Inclusion and Education.

Both areas of impact that were prioritised are aligned with the results obtained in this materiality analysis. In this respect, the areas prioritised in the impact analysis in relation to Climate and Environment, and Financial Inclusion and Education relate directly to at least three of the material topics for which positive and negative impacts were identified according to the double materiality perspective (impacts of the environment on the Institution and of the Institution on stakeholders). The area of impact in relation to Climate and Environment is closely related to the material topics of Climate and Environment, Sustainable Finance and Investment, and to commitments and partnerships in environmental matters. On the other hand, the area of impact relating to Financial Inclusion and Education is directly related to the material topics of Social Commitment and Human Rights, Sustainable Finance and Investment, and Customer Satisfaction and Digitalisation.



4. Commitment to climate and the environment



The transition to a sustainable economy is a global calling that encompasses environmental, social and governance challenges and requires a transformation of the economic model that will affect all economic players. Its main goals include social development and the achievement of climate commitments, such as the Paris Agreement, the European Green Pact and the 2030 Agenda. Under this same precept, Banco Sabadell is steering its activity by channelling resources, supporting companies and individuals with specialist advice, and activating different action levers according to the transition needs of each sector.

Banco Sabadell is steering its activity by channelling resources, supporting companies and individuals with specialist advice, and activating different action levers according to the transition needs of each sector.

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 framework of environmental risks (understood to be those stemming from climate change and environmental degradation) is defined by the Sustainability Policy and the Environmental Risk Policy. On one hand, the Sustainability Policy aims to provide a framework for all of the Institution's organisation and activities within ESG parameters, which incorporate environmental, social and governance factors in decision-making. Based on those parameters, it aims to respond to the needs and concerns of all of its stakeholders. On the other hand, the aim of the Environmental Risk Policy is to define guidelines for managing and controlling the risks associated with climate change and environmental degradation, specifying the principles and critical parameters applicable to significant aspects.

As a result of this framework, a governance scheme has been defined, formed of the Board of Directors and the Bank's Board

Committees and Internal Committees indicated here below, which are responsible for approving and 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 management and control of environmental risk management, the Board is ultimately responsible for embedding it 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. Lastly, it is worth noting that the Board of Directors has 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 Risk Committee: responsible for supervising and ensuring that all of the Group's risks are properly taken, controlled and managed, in accordance with the Group's Risk Appetite Statement, and for reporting to the Board of Directors on the performance of its duties.
- 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 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 with the Board Risk Committee as necessary. 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 geographies, 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 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 salient 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, a Credit Risk Dashboard is submitted, which includes, among other things, the evolution of the Institution's existing stock of loans and new loans granted for activities classified as carbon-related, carbon-intensive, green and social, as well as the carbon footprint in terms of financed emissions, the evolution of the established decarbonisation pathways and the quantification of physical and transition risks in the credit book.

4.2 Climate-related and environmental strategy

In 2023, the Institution has taken one step further towards its goal of fighting climate change and it has disclosed its second set of decarbonisation targets for 2030 (subsection on Portfolio Alignment in this very same chapter) 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, as they are the ones that need to make substantial sustainable investments.

In consistency to with its ESG action framework and its role as a financial institution, the Group addresses climate-related and environmental matters 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. In this sense, 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 conducts a quantitative analysis of the impacts stemming from climate risks on its credit portfolio (physical, transition and environmental degradation risks). In addition, every year the assessment of the materiality of environmental risks' impact on the main risks included in the Global Risk Framework is reviewed.
 - With regard to measurement and quantification (section 4.3.2. Assessment and measurement), the Bank evaluates the impact of its credit book with two different analyses. The first consists of measuring the credit book's climate-related and environmental risk, while the second focuses on measuring the portfolio's carbon footprint. In terms of the first analysis, the Bank measures climate-related and environmental risk of borrowers under two approaches: (i) a bottom-up approach for large enterprises, using the Climate-related and Environmental Risk Indicator (IRCA, in its Spanish acronyms) and (ii) a top-down approach for smaller-sized companies and retailers. With the second analysis, the Bank measures the emissions of its financed credit portfolio, using the methodology of the Partnership for Carbon Account Financials (PCAF) to that end.
 - In relation to the management of climate-related and environmental risk (section 4.3.3 Integration into management arrangement), the Bank has various policies, procedures and tools to ensure climate risks are effectively embedded into transaction approval and portfolio monitoring processes.
 - 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 one of the key factors 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 (GSLs), Sustainability-Linked Loans (SLLs).
 - Offering specialised advice and responding to the transition challenges of all customers (large enterprises and corporations, SMEs and individuals) by:
 1. Offering strategic advice, 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 activities with larger knowledge and specialisation, leveraging the internal training of teams specialised in sustainability through the certification in sustainable finance attended by the Carlos III University in Madrid, along with other internal training schemes.
- 2) The way in which the Group's facilities and its use of resources directly impact the environment in which it operates (section 4.4. Environmental management and impact). Its strategy in this regard consists of:
 - a. Reducing greenhouse gas (GHG) emissions and other sources of pollution, through:
 - Environmental management of its facilities
 - Reduction of own consumption
 - Actions related to the circular economy and waste management
 - b. Offsetting its own emissions.

In 2023, Banco Sabadell renewed its commitment to offsetting, including all Scope 1, 2 and 3¹¹ emissions in Spain, Mexico and the USA, through the purchase of credits.

TSB, for its part, has offset its Scope 1 and 2 emissions in 2023 through reforestation projects in Bolivia and it has invested in forests, peatlands and woodlands in the United Kingdom to offset its future emissions.

Portfolio Alignment

Banco Sabadell Group considers that aligning the portfolio and decarbonisation targets offers a valuable input for risk management, on an ex-ante basis, as a portfolio that is aligned with a particular transition pathway and decarbonisation targets will tend to produce a smaller impact than one that is not aligned and with no targets (assuming the selected reference scenarios remain close to the actual trajectory).

In 2021, Banco Sabadell Group joined the Net-Zero Banking Alliance (NZBA), thus reinforcing the strategy to fight against climate change, undertaking to align its lending and investment portfolios with net-zero emissions of greenhouse gases (GHGs) by 2050, in line with the targets of the Paris Agreement.

At the same time, these commitments involve setting targets for 2030, as well as interim targets from that date onwards 5-year intervals for the most GHG-intensive sectors based on the analysis of customers' carbon footprints and on sectoral decarbonisation pathways, which are in turn based on scientific criteria defined by recognised international bodies.

To reach these climate targets, the Group is committed to supporting and financing the transition of companies that invest in adapting to a low-carbon economy and whose ESG performance is in line with the Bank's expectations for each sector.

In this respect, the Bank has a decarbonisation strategy that is present in all of its activity, through its strategic action framework, the support it provides to customers to transition, and its risk management arrangements, using cross-cutting and sector-specific levers to that end.

¹¹ The Scope 3 emissions that will be offset include supplies (water, paper and plastic), waste, business travel and employee commuting. This offsetting does not include emissions associated with the financed portfolio (category 15).

The Bank has a decarbonisation strategy that is present in all of its activity, through its strategic action framework, the support it provides to customers to transition, and its risk management arrangements, using cross-cutting and sector-specific levers to that end.

- Strategic action framework: the Bank believes it is important to ensure that its portfolio is aligned with its decarbonisation targets and, to that end, it has introduced elements linked to decarbonisation in its risk appetite framework and in its policies and sectoral planning processes, and it has set decarbonisation pathways to achieve those targets.
- Business activity and support for customers in the transition: further action is being taken to raise awareness and offer advice across all sectors of the business fabric, offering solutions to finance the investments required for this transition. To that end, the Bank offers all of its capabilities available to them through specialised teams and a Sustainable Financing Framework. To complement this, the Bank supports large corporations in their decarbonisation plans and it offers specialist advisory services and finance, with brokered solutions, to SMEs and individuals.
- Risk management: the Bank has added decarbonisation levers to its risk management guidelines, specifically for its credit approval and portfolio monitoring processes, which are included in its customer performance analysis and in its commitments and transition plans. It also estimates how its operations might potentially impact the achievement of the decarbonisation targets for 2030 and it monitors decarbonisation pathways on an ongoing basis.

Decarbonisation targets

In line with the commitments established by the NZBA, in December 2023, Banco Sabadell continued to move forward with its strategy to fight against climate change, setting decarbonisation targets for the following three new sectors: iron & steel, automotive and aviation.

The new targets are additional to the first four decarbonisation targets published in December 2022 for the following sectors: electricity, oil & gas, cement and coal mining.

The activities covered by the aforesaid targets centre on the stage of each sector's production chain where transition is most likely to reduce the overall volume of greenhouse gas emissions.

With this goal in mind, commitments have been determined taking into account the Net Zero Emissions by 2050 (NZE2050) 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°C above pre-industrial levels.

Targets published as at December 2023:

Sector	Value chain stage	Emissions scope	Reference scenario	Metric	Base year	Base year metric	2030 target	% reduction
Electricity	Electricity generation	1 and 2	IEA Net Zero 2050	Physical intensity Kg CO ₂ e / MWh	2020	61	85-45	-
Oil & Gas	Upstream & Downstream ¹	1, 2 and 3	IEA Net Zero 2050	Absolute emissions Kt CO ₂ e	2020	6,300	4,851	-23% vs 2020
Cement	Production	1 and 2	IEA Net Zero 2050	Physical intensity Kg CO ₂ e / tonne cement	2020	660	510	-23% vs 2020
Coal	Mining activity	Not applicable	IEA Net Zero 2050	Exposure in Million euros	2020	3	~0	-100% vs 2020
Iron & Steel	Manufacturing	1 and 2	IEA Net Zero 2050	Physical intensity KgCO ₂ e / tonne steel	2022	1,593	1,172	-26% vs 2022
Automotive	Manufacture / OEMs ²	3	IEA Net Zero 2050	Physical intensity gCO ₂ e / vkm ³	2022	211	124	-41% vs 2022
Aviation	Airlines	1 and 2	IEA Net Zero 2050 ⁴	Physical intensity gCO ₂ e / rpkm ⁵	2022	94	65	-31% vs 2022

Notes about methodology applied: Base year (2020) data and 2030 targets 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 attributed output 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.

Note 1: Includes refining.

Note 2: OEM: Original Equipment Manufacturer. Scope 3 emissions are those linked to the use of sold vehicles (category 11 - Use of sold products).

Note 3: vkm: vehicle kilometre.

Note 4: A correction factor has been added to the scenario to remove the distortion caused by Covid-19 in the forecast data for the 2019-2030 period, due to the reduced aircraft occupancy rate during the pandemic.

Note 5: rpkm: revenue-passenger-kilometers

In August 2023, the UK subsidiary, TSB, published specific targets for its residential mortgage book.

TSB identified that it has an opportunity to achieve a reduction from its current carbon dioxide emission levels from 20.14 kgCO₂/m² to 16.11 – 14.97 kgCO₂/m². This brings TSB significantly closer to its target reduction of 42%, established in accordance with the NZBA. However, to reach the required emissions level of 11.75 kgCO₂/m², significant engagement from government and other entities will be needed to create the environment for consumers to improve the energy efficiency of their properties.

Sector	Value chain stage	Scope of emissions	Reference scenario	Metric	Base year	Base year metric	2030 target	% reduction vs base year
Residential mortgages (TSB)	Owners	1 and 2	IEA ETP B2DS 1	Emission intensity kgCO ₂ e / m ²	2022	20,14	11,75	-42 % vs 2022

Note 1: International Energy Agency's Below 2 Degrees Scenario.

Monitoring of decarbonisation targets

Sector	Value chain stage	Emissions scope	Metric	Base year 2020 metric	2021	2022	Evolution 2020 - 2022	2030 target	% reduction 2020 - 2030
Electricity	Electricity generation	1 and 2	Physical intensity Kg CO ₂ e / MW	61	77	68	Remains in range	85-45	-
Oil & Gas	Upstream & Downstream ¹	1, 2 and 3	Absolute emissions Kt CO ₂ e	6,300	5,466	4,923	-21.9%	4,851	-23%
Cement	Production	1 and 2	Physical intensity Kg CO ₂ e / tonne cement	660	651	645	-3.6%	510	-23%
Coal	Mining activity	N/A	Exposure Million euro	2.9	2.2	3.3	Remains at values close to target	~0	-100%

Notes about methodology applied: Pathway evolution calculated based on customer exposure as at year-end and on counterparties' most recent data available in the first quarter of 2023.

Note 1: Includes refining.

In relation to the achievement of the targets set in 2022, the Bank applies its decarbonisation strategy ensuring various levers depending on the circumstances of the sector and of the customers themselves.

Specifically it focuses on:

- Electricity: maintaining a leading position in renewable project finance and promoting the development of new technologies as an alternative to the use of fossil fuels.
- Oil & Gas: taking actions to help customers reduce their emissions, offering finance for investment plans linked, for example, to the development of synthetic fuels or to the transformation of the production model.
- Cement: the main decarbonisation focus area is helping customers reduce their emission intensity, driving the transformation of their production models.
- Coal: although the Bank's portfolio is residual, it remains firmly committed to phasing out its exposure to companies in this sector, applying restrictions to the approval of new transactions.

For further details about the sector-specific decarbonisation levers and the methodology used to set targets, see the Decarbonisation Targets Report included on the corporate website, in the section on sustainability, available at <https://www.grupbancsabadell.com/corp/en/sustainability/commitment-to-sustainability.html>

4.3 Environmental risk management

The Group understands the environmental risk as the risk to incur in losses as a result of the impacts, both those existing at present and those that may exist in the future, of environmental risk factors on counterparties or invested assets, as well as aspects affecting financial institutions as legal entities. These risks have the potential to generate significant impacts for the real economy (institutions and households) through various socioeconomic variables, including mortality, migration, job availability and productivity (by extension affecting GDP). Therefore, it is thought that environmental risk could ultimately result in borrowers failing to fulfil their payment obligations as a result of not using assets or of companies experiencing disruptions in their manufacture and supply activities that generate the income used to fulfil payment obligations.

Environmental risks can generate impacts through two 'risk drivers': 'physical factors' and 'transition factors'. There is 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. In particular, where actions to transition are delayed or weak, it is assumed that physical risks will increase. In the same way, where the transition actions and policies are ambitious and premature, transition risk will increase but physical risk can be expected to fall.

Environmental risks are an additional factor included in the Group's global risk management framework.

Environmental risks are an additional factor included in the Group's global risk management framework, using the identification and measurement of these risks as a basis for their subsequent integration into management arrangements. The type of environmental risk in which the most progress has been made in terms of analysis and recognition is climate change risk. However, the risk associated with climate change is intricately connected to the risk associated with environmental degradation and both feed into each other.

In this respect, the Group identifies environmental risks according to whether they are transition risks or physical risks.

In this respect, the Group 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 and 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 driver in question (transition or physical).

4.3.1 Risk identification

Physical climate risks

Physical climate risks are those that emerge as a result of climate events. They can be categorised as either acute risks or chronic risks. Physical risks can lead to a number of consequences, among them the destruction or disuse of physical assets and business disruption, which in turn can lead to a risk of collateral losing value due to the impeachment for waste of the commercial or residential properties securing the loans. The following physical factors or 'physical risks' have been identified (this list is non-exhaustive):

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. standstills 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 ecosystem services (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, Banco Sabadell Group conducted a top-down 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. For each of these events, the probability of occurrence is estimated for each postcode, based on historical data collected from public sources (AEMET, MITECO, etc). This makes it possible to assess the probability of occurrence of those events that could have a more significant impact on the portfolio, based on the location and activity of customers. Using this data, the Group identified a total of 16 events (8 acute and 8 chronic) that could affect the loan portfolio. The probability of occurrence was calculated for 11 of them in 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 severity of those risks should they occur, understood as the impact that would arise if physical risk were to materialise, estimated according to expert criteria at a sectoral level for the business lending portfolio and in terms of the location of the collateral for the mortgage portfolio. The final conclusion is based on the aggregate impact of the four events (coastal and riverine flooding, wildfires and droughts) to which the Institution has, for now, applied a severity calculation given their more severe potential consequences. In physical business risk, the severity of events represents the loss of income, calculated as a percentage, that a company could suffer if that event was to occur, due to its business coming to a standstill. Therefore, depending on the type of activity in which the company engages, different events can have different effects on borrowers, which is why the severity is defined based on the event and the activity according to the European classification of economic

activities (NACE). In the case of physical collateral risk, the severity is the percentage of the collateral value that could be lost if the event took place. In this case, the severity does not depend on the activity of the borrower, so all mortgage contracts secured with property have been treated the same way, regardless of the type of property securing the loan.

The probability of occurrence of each event is multiplied by its severity and these figures are added together to give the expected impacts, which are the basis for creating physical risk indicators:

$$\text{Expected impact} = \sum \left(\text{Event probability of occurrence} \times \text{Event severity} \right)$$

This way, for each loan granted to businesses with a Spanish postcode and for each mortgage contract secured with a property, the physical risk can be classified as either 'No risk', 'Low', 'Moderate', 'High' or 'Very High'.

The Group has also internally developed a methodology that distinguishes between acute and chronic events in line with the three scenarios (Orderly Transition, Disorderly Transition and Hot House World) of the NGFS (Network for Greening the Financial System)¹² and adapted to a time horizon of 30 years. These risks are being monitored regularly and meticulously under the Orderly Transition scenario, as this is considered the most likely scenario, although these monitoring exercises do also include the overall impact under the worst-case scenario (Hot House World). This analysis measures the risk inherent in the portfolio and not the residual risk, as it does not consider 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.

In addition, significant progress has been made in the measurement of physical risk and its integration in management arrangements, as a bottom-up analytical methodology has been defined for the main counterparties at the level of large enterprises, as these are thought to be more complex and deserving of a complementary specific analysis. This way, the Bank conducts a more in-depth expert analysis in cases where this is considered necessary, and can provide more information to the Bank's top-down model. This analysis is carried out using public information about the customer, the internal physical risks model and the expertise of the Bank's ESG analysts, taking into consideration, among other things, the counterparty's reliance on physical assets, the geographical diversification of their production centres and their activities, and the controls currently in place to mitigate and/or reduce these risks.

Lastly, to effectively integrate these results into management arrangements, this methodology has been defined in line with the top-down model, so that the results can be integrated in a coherent way and feed into each other.

Physical risk has also been evaluated in the other geographies in which the Bank operates, through task forces with teams at the various foreign branches. First, based on companies' activities, those likely to be more severely affected should any of the events occur were selected before proceeding to evaluate the probability of occurrence of the events, thanks to the expert knowledge about the location and the climate reality of each country. In Mexico and Miami (United States), information about hurricanes and tornadoes was added.

Taking all of the above into consideration, the most prominent physical risks in Spain's portfolio are forest fires, droughts, floods resulting from severe storms, as well as coastal floods and/or rising sea levels, to which were added hurricanes in the case of Mexico and Miami (United States). As for the subsidiary TSB, located in the United

¹² For more information about the scenarios used, see section "Climate scenarios and stress test" of chapter 4.3.1.

Kingdom, taking into account that the credit book mainly comprises mortgage assets, and also considering the specific characteristics of that geography, the main physical risks are thought to be flooding, subsidence and coastal erosion.

The Bank has also continued to work on:

- The measurement and systematisation of the regular collection of data about physical risk and its associated events in the various geographies in which the Bank is present, through task forces.
- The review of the physical risks model. Specifically, the forest fire event was reviewed in order to bring the sources of information used to calculate this event's probabilities of occurrence in alignment with those recommended by the European Central Bank and with the Bank's stress tests. For this reason, these probabilities of occurrence have been updated using information provided by EFFIS (European Forest Fire Information System), which uses the European satellite Copernicus.
- Improvement of information about the locations of financed companies' assets, where specific ESG analyses of large borrowers conducted by ESG analysts were used to collect information about their locations and to assess the physical risk to which they were exposed.

Using the aforesaid methodology, of the Bank's exposure¹³ to physical risk in the corporates portfolio, 2% is rated 'Very High' and 9% as 'High'. Although the 'Very High' risk exposure has not changed from the previous year, the 'High' risk exposure increased by 2.6% due to the methodological change associated with forest fires, explained earlier. In the case of the collateral portfolio, 13% of the portfolio's exposure is rated as having 'High' physical risk, with no exposure to 'Very High' risk being identified. This case was also impacted, with an increase of 5.5%, due to the methodological change associated with forest fires. Therefore, the 'Very High' physical risk category was the same as last year, in both business risk and collateral risk, while the 'High' risk category increased, mainly due to the change in methodology applied for forest fires, as explained previously.

In addition, physical risk also changes depending on the sector, as mentioned in the description of the severity in the event a risk materialises. The Bank has found that the sectors most sensitive to this risk are production sectors such as the manufacturing industry and the energy sector, followed by the agriculture, livestock farming, forestry and fishing sector and the real estate sector.

To ensure physical risks are supervised, they are monitored on a quarterly basis and reported to the Bank's Sustainability Committee and to its Technical Risk Committee.

Example of integration of physical risk:

Drought in Spain

The sectoral analysis is further complemented with a deep-dive analysis into certain events with a high associated impact. In 2023, following the droughts that occurred in Spain, an analysis of how that event was dealt with and of its potential impact on the loan book was carried out. The sectors found to be the worst affected were agriculture and livestock farming, as they use 82% of water to irrigate 22.9% of the arable area, which is used to grow 50% of all crops.

The evaluation of the impact of water shortages is a complex matter, as it depends on how the drought has impacted each geographical area and also on how each area has been able to adapt its irrigation techniques and crops to water shortages. During the analysis, it was found that the regions that had historically been hit the hardest by water shortages

2%

Physical risk in the corporates portfolio 'Very High'

9%

Physical risk in the corporates portfolio 'High'

¹³ Exposure means the amount drawn down and contingent risks in the credit book.

currently have more efficient irrigation systems (drip and sprinkler) and have been adapting their crops.

In this context, the loan book was analysed to determine the quality of the Bank's exposure in this sector and to take a closer look at additional mitigating techniques (e.g. agricultural insurance taken out by companies) and, using all this information, an action and monitoring plan was devised for these companies by the Bank.

Specifically, two main focus areas were defined:

- a. Monitoring of companies identified as being more likely to be affected and with lower credit quality (higher levels of debt or margin), to anticipate any potential credit risk situation.
- b. Identification of business opportunities to help customers secure finance for their water efficiency plans.

The results of this analysis were sent to the Bank's Sustainability Committee, the Technical Risk Committee and the Board Risk Committee.

Climate transition risks

Transition risks are those that occur due to the uncertainty related with the timing and speed of the process for adjusting to an environmentally sustainable economy. This process can be affected by four 'drivers':

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 in companies' activity.
	Change in regulations of existing products and services.	Potential increase in regulatory capital requirements for risks associated with climate change.
Technology	Substitution of existing products and services with other more efficient or less polluting ones.	Forecast increase in environmental demands going forward and lack of preparation in some sectors.
	Failure to invest in new technologies. Costs of transitioning to low-emissions technologies.	Risk of 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.
Market	Changes in consumer preferences and/or tastes in relation to the transition towards a more sustainable economy.	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.
	Increased cost of commodities.	Risk of losing market share as a result of failing to offer sustainable products or due to poor ESG performance.
Reputational	Stigmatisation of a sector, company or product.	Reduction of income due to increased costs of commodities in certain carbon-intensive industries.
	Exclusions from investing in certain sectors due to market pressures.	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.
		Loss of confidence among the general public.

Analysis of climate transition risk in the business portfolio

Banco Sabadell Group has internally developed heat maps at a subsector level, aligned with the three scenarios (Orderly Transition, Disorderly Transition and Hot House World) of the Network for Greening the Financial System (NGFS) and the recommendations of UNEP-FI and adapted to a time horizon spanning 30 years.

Following this definition, Banco Sabadell Group has internally developed heat maps at a subsector level, aligned with the three scenarios (Orderly Transition, Disorderly Transition and Hot House World) of the Network for Greening the Financial System (NGFS)¹⁴ and the recommendations of UNEP-FI and adapted to a time horizon spanning 30 years. These risks are being monitored regularly and meticulously under the Orderly Transition scenario, which is considered the most likely scenario. However, these monitoring exercises do also include the overall impact under the worst-case scenario (Hot House World).

Based on this, all the activities of the loan portfolio have been classified according to their sensitivity to climate transition risk under a top-down analytical approach and taking into account the impacts envisaged in each scenario in terms of income, expenses and low-carbon capex.

It is worth noting that the heat maps are continuously updated 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 total impact factors in the impact broken down by income, costs and low-carbon capex. Impacts are classified as 'Positive' for activities in which the transition may indeed have a positive effect on one or more parameters, or as 'No risk', 'Low', 'Moderately low', 'Moderate', 'Moderately high', or 'High', which includes, for instance, the activities most affected by transition risk such as coking plants. This impact analysis measures the inherent risk of the portfolio and not the residual risk, as the controls that each counterparty currently has in place to mitigate it are not considered.

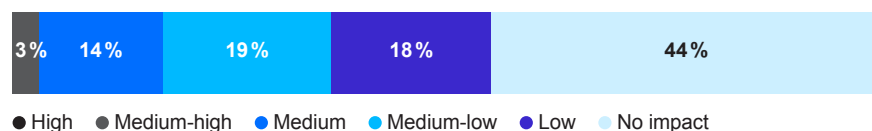
¹⁴ For more information about the scenarios used, see section "Climate scenarios and stress test" of chapter 4.3.1.

Example of integration of transition risk into management arrangements:

Bottom-up analysis of large borrowers

- Significant progress has been made with the measurement of transition risk and its integration into management arrangements, updating the model used for the batch measurement of these risks to include the bottom-up analyses conducted when evaluating the Climate-related and Environmental Risk Indicator (IRCA) (see section on “Climate-related and environmental performance of the loan book”).
- The IRCA is an internal standardised approach used to measure climate-related and environmental risk for counterparties that are large enterprises, as it is thought that their increased complexity merits a complementary specific analysis. This analysis can be broken down into each of its constituent parts, one of which is the measurement of transition risk. This way, the Bank conducts a more in-depth expert analysis in cases where this is considered necessary, and can provide more information to the Bank’s top-down model.
- This transition risk assessment is conducted using publicly available information about the customer, the internal transition risk model, and the expertise of the Bank’s ESG analysts taking into consideration the IRCA methodology.
- To effectively integrate these results into management arrangements, this methodology has been defined in line with the top-down model, so that its outputs can be integrated in a coherent way and feed into each other.

Distribution of the transition risk on the companies portfolio (%)



The Group’s most affected portfolio is its portfolio of companies, although as shown in the graph, it is currently thought that the Bank has minimal exposure to the segment with the highest transition risk (‘High’).

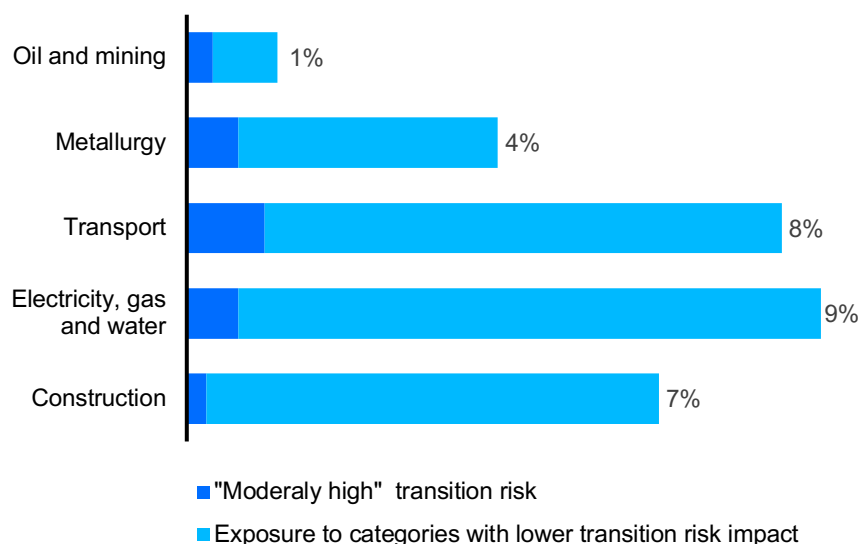
Based on everything mentioned thus far, the Group’s most affected portfolio is its portfolio of companies, although as shown in the graph¹⁵, it is currently thought that the Bank has minimal exposure (around 0.01%) to the segment with the highest transition risk (‘High’).

As can be seen, transition risk in 2023 remained largely stable, with minor fluctuations, and it is particularly worth calling attention to the 3% reduction of ‘Moderately High’ risk, the 2% increase in ‘Moderate’ risk and the 3% growth of ‘Moderately Low’ risk. Although it is thought that changes in the exposure to transition risk are largely immaterial and partly inherent in banking business, it should be noted that the integration of the data obtained through the IRCA within the top-down model helps to position customers in intermediate exposure levels when their ESG performance management is evaluated (see text box included in this section for more information).

¹⁵ Exposure means the amount drawn down and contingent risks in the credit book.

This exercise has also cast light on the limited weight of sectors with higher transition risk (aviation, shipbuilding, mining, automotive and oil & extractive industries), which play a secondary role in terms of exposure within the Institution's portfolio.

Specifically, the five industries that account for the majority of the transition risk in the business portfolio are shown below, along with the proportion of the transition risk exposure rated 'Moderately High' relative to the total for each sector ('exposure to categories with lower transition risk'). At the same time, the percentage indicates the weight of the sector¹⁶ in the Bank's credit book:



As can be seen in the figure, the Bank's level of exposure to sectors with 'Moderately High' transition risk is limited. It is also worth noting the high percentage of the exposure classified as green within the electricity generation sector, due to the Institution's ability to spearhead the financing of renewables, which allows it to have a portfolio with a lower transition risk than one would expect for a carbon-intensive industry.

Analysis of climate transition risks in the collateral portfolio:

The transition risk associated with real estate properties financed by the Bank (mortgage loans) is measured differently from business risk. Specifically, it is evaluated based on the properties' energy efficiency, which is measured using energy performance certificates (EPCs).

For this reason, the Bank is continuously working to collect the largest amount of data possible about the EPC ratings of real estate properties, both commercial real estate for residential use and residential real estate, included in its mortgage book as collateral and also about

¹⁶ The percentage is calculated taking into account the amount drawn down, including contingent risks, in the sector in relation to the total amount drawn down in the portfolio.

foreclosed assets. It should be mentioned that, depending on the type of property, the issuance of an EPC may not be mandatory, as is the case with garages, storage rooms and sheds, building plots and warehouses, for which no energy-related data is available.

The Bank has an EPC rating for almost all the properties in its portfolio, as a result of the efforts made to obtain the actual certificates, where they exist, and to estimate the ratings through a reputable third party where no EPC rating exists due to the characteristics of the practical application of the regulation.

In this respect, the Bank prioritises the collection of actual EPCs for financed properties, based on data provided by the customer or taken from public databases (such as those of Autonomous Communities in Spain). To identify or, where necessary, estimate the energy rating of properties located in Spain, four mechanisms have been established to obtain this data (the first being the one with the highest quality):

- a. First mechanism: obtain data based on the Energy Performance Certificate (EPC).
- b. Second mechanism: obtain data by directly looking up the property in question on public databases of Energy Performance Certificates (EPCs) of Autonomous Communities.
- c. Third mechanism: this is applicable to residential properties, where it has not been possible to obtain data using the first mechanism, and it consists of obtaining data for the property based on its similarity to other properties that do have an EPC rating located in the same building.
- d. Fourth mechanism: also applies to residential properties where none of the previous mechanisms have yielded the requisite data. It consists of estimating the data using the supplier's own model. The estimation model was built based on information of the more than four million EPC ratings included in the records of Autonomous Communities. It is a model that assigns a rating to properties, considering the information included in land registers (type, age, building regulations, construction quality, surface area and relative height), as well as the climate zone in which they are located. It is not a statistical or regressive model, but instead an expert replica of accredited programmes used to calculate EPC ratings, which pools data for each item included in EPC certificates and estimates the rating using the limited information available about properties.

The supplier's model was supervised by an external auditor with the primary aim of verifying that the model allows requirements to be met. The report concluded, generally speaking and based on the tests carried out, that the information used and the procedure developed to obtain and estimate EPC ratings is adequate.

Since 2022, the Institution has continued to work on improving the collection of EPC data (real, estimated and inferred), as a result of the various initiatives considered to strengthen and improve operational and control processes in relation to data completeness and quality.

Outside of Spain:

- In the United Kingdom, EPC ratings are estimated based on average estimated ratings of postcodes, where available. Where such data is not available, they are estimated using the outputs of a regression model.
- In Mexico, a model for estimating EPC ratings and energy consumption (KWh/m²) provided by an external supplier has been used.

In the case of TSB, its portfolio is almost entirely made up of mortgages, with an average energy performance. Given that practically all of TSB's credit book is made up of mortgages, almost all of TSB's transition risks come from the energy performance of the properties used to secure mortgage loans and from the cost of improving their energy efficiency rating (in the short, medium and long term).

It is worth noting that EPC ratings are regulated by European Directives and are not mandatory outside of Europe. In addition, the Directives are general frameworks used to define EPCs, but each country is responsible for specifying and defining its own associated technical requirements according to the particularities of each region in their domestic regulations. This is why, although the same classification system is used, the same EPC rating in two separate European countries does not reflect the same impact in terms of energy consumption and emissions and this data is therefore not thought to be comparable.

To ensure transition risks are monitored, they are tracked on a quarterly basis and reports are sent to the Bank's Sustainability Committee and to its Technical Risk Committee.

Environmental degradation risk

The Bank has conducted an assessment of its exposure¹⁷ to the risk associated with environmental degradation of the business risk portfolio, based on the UNEP-FI methodology.

This methodology assigns an environmental impact to each NACE code, obtained by consolidating these 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 gases other than greenhouse gases (GHG), 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.

This methodology has been gradually improved, creating an additional category for this risk. Instead of having just three risk categories ('Low', 'Medium' and 'High'), there are now four, having created a fourth 'Very High' risk category. The business portfolio is therefore now classified into four levels.

It is worth noting that an exhaustive review of the environmental degradation risk associated with each NACE code has been carried out, to obtain more granular data for each activity and to standardise the risk of certain similar activities (e.g. manufacturing activities, transport activities, etc.).

The overall 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).

¹⁷ Exposure means the amount drawn down and contingent risks in the business loan book.

1.2% of the business exposure is classified as having 'Very High' environmental degradation risk and 10% as 'High' risk¹⁸. The increase with respect to 2022 in the 'High' risk category is partly due to the revision, under conservative criteria, of the environmental degradation risk heatmap associated with each NACE code. At a sectoral level, environmental degradation risk is concentrated in certain sectors, such as Electricity and gas, Transport, Chemical, Oil and Extractive industries.

Lastly, to ensure that the measurement of the evolution of these risks is supervised, the portfolio's exposure to climate-related and environmental risk is monitored on a quarterly basis and reported to the Bank's Sustainability Committee and to the Technical Risk Committee.

Biodiversity risk

Biodiversity risk affects the financial sector in a similar way as climate risk does, as both have associated ecosystem services that can be translated as an economic value for society. The potential deterioration of these services could affect the economy's productive capabilities.

The World Economic Forum estimates that over half of the world's GDP, 44 trillion dollars, is potentially at risk as a result of companies' reliance on nature and its services. At the same time, the Living Planet Report 2022, a comprehensive study of trends in global biodiversity and the health of the planet, published by the World Wide Forum (WWF), revealed an average decline of 69% in species populations since 1970. While conservation efforts are helping, urgent action is required if we are to reverse nature loss.

Banco Sabadell's regulatory framework includes different guidelines for the protection of biodiversity. At the top level of this framework is the Group's Sustainability Policy, which includes the main guidelines for social, environmental and governance (ESG) actions. This document sets out the principle of 'environmental protection', which includes the management of biodiversity.

The Bank defined the Environmental and Social Risk Framework, which also lays down measures to protect biodiversity, either through restrictions of certain activities or through general restrictions.

Based on this policy principle, the Bank defined the Environmental and Social Risk Framework, which also lays down measures to protect biodiversity, either through restrictions of certain activities or through general restrictions.

1.2%

**Business exposure
classified as 'Very High'
environmental
degradation risk**

10%

**Business exposure
classified as 'High'
environmental
degradation risk**

¹⁸ 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.

As the management of climate change and the management of biodiversity are intricately linked, most of these restrictions help to mitigate both risks. However, there are certain exclusions where the Bank has established that it will not take credit risk if it finds sufficient evidence that one or more of the following circumstances associated with biodiversity exist:

General exclusions:

- Companies that pose a threat to UNESCO World Heritage Sites, to any of the wetlands included in the Ramsar list, locations appearing on the map of the Alliance for Zero Extinction, and Category I-IV areas of the International Union for Conservation of Nature.
- Companies for which Banco Sabadell has sufficient reasons to believe that they are in material breach of applicable laws and regulations in relation to human rights and the environment, even if the circumstances in question do not constitute a breach of the local legislation of each country.

Sector-specific exclusions:

- Farms involved in scandals related to the production or trade of products regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Farming projects that involve the burning of natural ecosystems in order to clear land for agricultural activities.
- Farming projects that involve the destruction of High Conservation Value Forests.
- Vessels operating with drift nets of more than 2.5 km in USA or EU waters, or those which use drift nets to capture any of the species listed in Annex VIII of EU Regulation (EC) 1239/98 or those listed in the Mexican National Fishing Charter and Official Standard NOM059-SEMARNAT-2010.
- Bottom trawling in USA or EU waters more than 800 metres below sea level.
- Mountain Top Removal (MTR)¹⁹ mining methods.
- Mines that fail to produce evidence of a closure and site recovery plan.
- Mines with tailing dams that are not managed according to the best practices of the industry.
- Mining projects that involve the discharge of tailings into river systems or shallow waters.
- Desalination plants that lack adequate measures to mitigate the impact of the disposal of brine and/or the extraction of seawater.

In addition to establishing restrictions on activities with a high impact on biodiversity, the Bank monitors the impact generated by companies' activities within its loan book. Although these are companies that fulfil the Environmental and Social Risk Framework, due to their activity, they could inherently have an impact on biodiversity. This aspect is considered from two points of view:

1. The quarterly monitoring of environmental degradation risk: this risk includes biodiversity risk, where it is clear that the sectors to which the Bank has exposure and which have the greatest impact are Electricity, Road transportation, Maritime transportation, Agriculture and fishing, and Oil and gas.
2. The classification of borrowers according to the Climate-related and Environmental Risk Indicator (IRCA). This indicator (see heading Climate-related and environmental performance of the loan book) rates all large companies in the loan book. Companies with a 'High' or 'Very High' environmental degradation risk, which includes biodiversity risk, are given a worse score.

¹⁹ On an exceptional basis, the Institution may grant them finance where they are located in countries with high energy dependence (more than 65% of imported energy) on coal or where they have no other viable alternative energy sources.

Qualitative materiality analysis

Every year, the Institution reviews the materiality assessment of the impact of environmental risks.

Every year, the Institution reviews the materiality assessment of the impact of environmental risks (physical and transition risks stemming from climate change and environmental degradation), 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 and expectations established by the supervisory body). This exercise takes place for all of the main risks included in the Global Risk Framework considered to be directly impacted by environmental risk. Specifically, credit, market, liquidity and operational risks are considered, as it is thought that in other risks (such as those related to the Institution's reputation or business model), the effect is indirect as it stems from the impact and management of the four risks mentioned.

The exercise creates a 'climate overview' that includes recent trends and developments that emerged during 2023 and which could evolve or consolidate further, with a potential impact for the Institution looking ahead. Consistent with this overview, 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 (short-term: 1-3 years; medium-term: 4-5 years; long-term: >5 years).

The results of the qualitative materiality assessment, by type of risk, conducted in Q4 2023, showed that, throughout the time horizon considered, the risk with the most impact was credit risk, followed by operational risk. In relation to credit risk, the impact has been revised upwards (from 'medium-low' to 'medium') and to the medium term (4-5 years), in the case of both acute physical risks and transition risks due to technological factors.

Physical risk	Short-term	Medium-term	Long-term
Credit	Medium-low	Medium	Medium-high
Market	Low	Low	Medium-low
Liquidity	Low	Low	Low
Operational	Low	Low	Low

Transition risk	Short-term	Medium-term	Long-term
Credit	Medium-low	Medium	Medium-high
Market	Low	Low	Medium-low
Liquidity	Low	Low	Low
Operational	Low	Low	Medium-low

- No impact
- Low
- Medium-low
- Medium
- Medium-high
- High

These are the results of a preliminary risk assessment, without considering the controls implemented or the application of the mitigating factors that the Institution has in place or are being developed and implemented under the Sustainable Finance Plan (SFP). Examples of these mitigating factors are the measurement, improvement and monitoring of physical and transition risks in credit portfolios, the sufficiency of existing liquidity buffers, the Institution's operational continuity plans. More generally, the Institution has at its disposal a full range of internal policies aimed at ensuring the correct identification, prevention and remediation of each risk in the event of its materialisation through multiple management and control procedures assigned to those designated as being responsible for each of the policies.

4.3.2. Assessment and measurement

The Bank evaluates the impact of its credit book with two different assessments. The first consists of measuring the credit book's climate-related and environmental risk, while the second focuses on measuring the portfolio's carbon footprint.

The first type of assessment focuses on measuring the climate-related and environmental risk of the borrowers receiving finance. There are two approaches to this measurement:

- a. The measurement of climate-related and environmental risk in the credit portfolio is a bottom-up approach, used for large enterprises, using the Climate-related and Environmental Indicator (IRCA). The IRCA is a numerical indicator that allows the Bank to rank borrowers according to their impact associated with climate-related and environmental risk, taking into account the management efforts made by each borrower. This score is supplemented with the analysis of disputes or scandals associated with the borrower.
- b. The second approach, applied to smaller companies and retailers and which is outside the scope of the IRCA, is based on large-scale measurements made by the Bank using climate risk and environmental degradation risk models with a top-down methodology. In addition, to ascertain the impact of the portfolio under stress in different scenarios, various stress tests are conducted.

The second type of assessment carried out by the Bank consists of measuring the emissions of the financed credit portfolio. This measurement is vital when it comes to managing ESG risk, as it is a quantitative metric for which a standardised methodology exists, which makes it comparable. Furthermore, this measurement is carried out for the entire credit book, in other words, not only for companies, but instead also measuring emissions of other portfolios such as that of mortgages, sovereign bonds, auto loans and project finance.

Climate-related and environmental performance of the loan book

All transactions, companies and corporate groups submitted to or revised by the Delegated Credit Committee have an advanced ESG analysis.

Efforts have been made to translate this advanced analysis of large firms into a quantitative Climate-related and Environmental Risk Indicator (IRCA).

The IRCA gives an integrated evaluation of borrowers' exposure to climate-related physical and transition risks, taking into account the level of maturity of their management of these ESG aspects.

Efforts have been made to translate this advanced analysis of large firms into a quantitative Climate-related and Environmental Risk Indicator (IRCA). The IRCA gives an integrated evaluation of borrowers' exposure to climate-related physical and transition risks, taking into account the level of maturity of their management of these ESG aspects, the environmental degradation risk and any disputes that it is thought could affect compliance with sectoral rules or the Bank's reputation.

This indicator makes it possible to improve the discrimination of borrowers according to climate-related and environmental risks, as although the risks inherent in each borrower's activity are taken into account, these are adjusted based on the ESG management maturity analysis, which evaluates different factors such as the decarbonisation strategy, changes in the volume of emissions, ESG risk management and commitments to reduce emissions.

Measurement of borrowers' climate-related and environmental risk

The IRCA indicator objectively ranks large enterprises with sustainability information, based on their exposure to climate risk and environmental degradation risk, as well as their management maturity in relation to those risks. In line with this description, three main modules can be identified:

- 1) Climate risk: each borrower is assigned a transition risk score and a physical risk score inherent in their activity. To separate different borrowers within a given sector according to their management maturity level, ESG analysts evaluate the efforts made to transition and to mitigate physical risks, applying an internal methodology that has been standardised in order to make the results comparable. This way, the climate risk associated with a given activity by default can be adjusted based on each analysed borrower's level of maturity in managing those aspects. Looking at the evaluation in further detail:
 - a. Transition efforts are measured using a methodology that measures the management maturity of these aspects, in line with the recommendations of the Task Force on Climate Financial Disclosures (TCFD), meaning that this part of the assessment evaluates topics aligned with the four thematic areas defined in the recommendations: Governance, Risk management, Strategy, and Metrics and targets.
 - b. The efforts made to mitigate physical risks are also measured following the TCFD recommendations, requesting details of any physical events experienced by the borrower and of the measures taken to mitigate risks and adapt to physical events (e.g. insurance). A big step forward has been taken in relation to this measurement (as mentioned in the heading "Physical climate risks"), defining a bottom-up analytical methodology for large enterprises, to be conducted by the pool of ESG analysts.
- 2) Environmental degradation risk: a module has been introduced to adjust borrowers' climate risk according to the impact inherent in the other environmental factors, other than climate factors, of the activities they perform. The adjustment stemming from this risk can be broken down to ascertain the impact associated with each vector (air quality, water quality, land quality, waste and biodiversity).
- 3) Controversies: lastly, the counterparty's score based on environmental modules (climate and environmental degradation) is subject to a second adjustment to determine the presence of any significant disputes or scandals in connection with counterparties relating to the environment but also relating to social or governance aspects.

This methodology results in a numerical indicator that can be used to rank companies according to their ESG score in a uniform, objective and comparable way.

The lowest scores correspond to higher climate-related and environmental risk, while higher scores are assigned to companies engaging in activities with a low (or even positive) impact on climate and the environment, as well as those with high ESG performance and/or management maturity levels.

It is also worth noting that the IRCA's modular structure also allows scores to be obtained separately for each module (climate, environmental degradation and disputes), so as to compare specific aspects of borrowers.

It is further worth mentioning that the IRCA is integrated in an internal portal. This tool allows ESG analysts to work in a centralised way and in a robust environment that improves the traceability and usability of the aforesaid information.

At present, the IRCA has been calculated for large enterprises in the case of almost half of the portfolio of loans granted to large enterprises, and it is worth calling attention to the strong presence of borrowers with the top ESG performance in their sector.

Lastly, to ensure that the IRCA measurement is supervised, IRCA scores are monitored, with reports submitted on a quarterly basis to the Bank's Sustainability Committee.

Collection of information through a pool of ESG analysts

The pool in question is a centralised team of analysts specialising in ESG. The information collected mainly comes from public sources and is preferably checked and verified by a third party. In addition, where the ESG pool considers it necessary to do so, it instructs the basic management team to contact companies to obtain additional information.

This process takes place annually for existing customers and during the origination process in the case of new customers.

The Bank complements the quantification of climate-related and environmental risks for borrowers outside the scope of the IRCA (mainly due to them being smaller-sized companies or retailers) with the top-down analyses that it conducts on a massive scale for physical climate risk, climate transition risk and environmental degradation risk.

Lastly, as mentioned briefly in the introduction to this section, the Bank complements the quantification of climate-related and environmental risks for borrowers outside the scope of the IRCA (mainly due to them being smaller-sized companies or retailers) with the top-down analyses that it conducts on a massive scale for physical climate risk, climate transition risk and environmental degradation risk. These analyses have been explained previously in section “4.3.1 Risk identification”.

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 long-term scenarios used to forecast them:

- **Orderly transition:** In the Orderly Transition scenario (compatible with RCP²⁰ scenario 2.6), early and decisive action is taken to attain CO₂ emissions neutrality by 2050, so that the average temperature of the planet is no more than 1.5°C higher than in the pre-industrial era. To that end, the Net Zero 2050 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 (also compatible with RCP scenario 2.6), action to combat climate change is delayed until 2030. This means that sharper action needs to be taken between 2030 and 2050 in order to achieve CO₂ emissions neutrality by around 2050. To that end, the Delayed Transition

²⁰ Representative Concentration Pathways.

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 (compatible with 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 $\leq 2^{\circ}\text{C}$ before 2100 is not met. The impact stemming from transition risk is non-existent (NGFS Current Policies scenario).

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 stress scenarios used internally by the Bank are the same as those presented by the European Central Bank in its climate stress test of 2022²¹, 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 November 2023 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.



²¹ 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.

Banco Sabadell has its own stress testing framework for climate risk, which lays down the key characteristics of the tests, including their integration in the internal capital adequacy assessment process.

Banco Sabadell has its own stress testing framework for climate risk, which lays down the key characteristics of the 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 degradation risk has a limited impact on internal capital requirements due mainly to the time horizon over which it materialises.

Emissions of the financed portfolio

Emissions of the financed portfolio account for the largest proportion of the Group's emissions. Therefore, since 2021, Banco Sabadell Group has calculated the carbon footprint of its financed portfolio using the Partnership for 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.

Since 2021, Banco Sabadell Group has calculated the carbon footprint of its financed portfolio using the Partnership for Carbon Accounting Financials (PCAF) methodology.

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:

- Business loans and unlisted stocks.
- Project finance.
- Commercial real estate (CRE) mortgages.

- Residential mortgages.
- Consumer loans for vehicle purchase.
- Sovereign bonds (new category in 2023).

It is worth mentioning that the PCAF has two methodological approaches for listed stocks and corporate bonds. In this case, the Bank uses the same methodology that it does for business loans and unlisted stocks, in which values are attributed considering counterparties' balance sheet data. The other approach, based on companies' stock market valuations, is not applied in this case given the volatility generated by the attribution factor.

Based on this methodology, the Group has calculated its carbon footprint (Scope 1 and 2) for approximately 96% of its financed portfolio²².

The Group has calculated its carbon footprint (Scope 1 and 2) for approximately 96% of its financed portfolio.

The portfolios not calculated are those for which no calculation or estimation standards or methodologies exist, such as portfolios of consumer loans for purposes other than vehicle purchase, and private banking, among others.

It is worth noting that, in 2023, the Group has continued to improve its calculation model to obtain more reliable and complete results, which have been submitted to the Sustainability Committee. The main improvements are the following:

- Calculation of the new Sovereign Bonds segment of the portfolio within the model used to calculate the carbon footprint, following the new methodology published in the guidance to banks for calculating financed emissions issued by the PCAF. In line with the PCAF recommendations, the calculation of Scope 1 financed emissions is available, both including the emissions factors of countries' Land Use, Land-Use Change and Forestry (LULUCF²³) and without them.
- Inclusion of the PCAF's new emission factors in the calculation of emissions deriving from the financed business portfolio, amending the Bank's reports, both public and internal, from 2024 onwards. In 2023, the PCAF updated the emission factors that it recommends for use when calculating the carbon footprint of the financed portfolio. The new factors provided are at a regional and sectoral level (understood as two-digit NACE codes), the latter of the two being the recommended option. This change will produce less granular emission factors than the previous version, as before emissions factors were available at the activity level (four-digit NACE codes).
- Inclusion of fixed-income contracts for corporate bonds in the business segment.
- Incorporation of actual emissions data with regard to business risk, floor area and energy certificates, both real and estimated by appraisal firms, and of the value and type of vehicles, leading to an improved data quality (DQ²⁴) estimate.

²² The calculation includes the mainstream, buy to let and Whistletree business of the subsidiary TSB, which represents 99.6% of its portfolio. TSB data estimated by applying emission intensity and the estimated percentage of its Mainstream Balance Portfolio using data as at the end of 2022 to the exposure at the end of 2023.

²³ These are emissions factors that include GHG emissions/absorptions resulting from land use (which do not entail any change) and changes in land use (which do entail changes in the use of land).

²⁴ 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).

The absolute emissions of the Group's financed portfolio in terms of Scope 1 and 2 as at the end of 2023 are 14.96 million tCO₂eq, entailing an emission intensity of 82.63 tCO₂eq with an average DQ of 3.31. The segment that contributes the most to the footprint is the business portfolio (approximately 60%), which represents 36% of the credit exposure in the portfolio, followed by sovereign bonds. Emissions were higher than at the end of 2022, while the intensity remained constant and the average DQ improved, thanks to a 30% increase in actual emissions (DQ1) in the business lending segment. Absolute emissions increased mainly due to the methodological change in the calculation of emissions associated with sovereign bonds, according to the PCAF, as now a conservative criterion is followed that considers all emissions released within issuing countries, generating a double-count effect with the financed emissions of other segments in the portfolio located in countries where sovereign debt is financed. In addition to this reason, the substitution of the former PCAF emission factors with those published in 2023 is also considered to be key.

The sectors that contribute the most are Agriculture, livestock farming and fishing, Construction materials, the Steel industry and Maritime transportation. It is worth mentioning that the second most contributing segment in 2023 is that of Sovereign bonds, included for the first time in the carbon footprint report with the LULUCF factor.

Details of the emissions of each PCAF segment are provided below:

Segment	Intensity (tCO ₂ /€m)	DQ
Corporate loans and unlisted stocks	134	3.72
Project finance	101	3.94
Commercial real estate (CRE) mortgages	44	3.97
Residential mortgages (includes TSB)	18	3.45
Consumer loans for vehicle purchase	185	3.57
Sovereign bonds (new category in 2023)	150	1

The Bank is focusing its efforts on establishing decarbonisation targets for the most emissions-intensive sectors of its business portfolio (see section "Portfolio Alignment"). Each sector's emissions for 2023 are included in the Bank's latest Pillar III Disclosures report²⁵.

On the other hand, the Bank is focusing its efforts on project finance for renewable energies, in order to promote the transition to a sustainable economy. These efforts are also reflected in the 1.67 million tCO₂eq of emissions prevented as a result of financing these types of projects.

To ensure that the carbon footprint of the financed portfolio is supervised, it is monitored on a quarterly basis and reported to the Bank's Sustainability Committee and to the Technical Risk Committee. In addition, the calculation of the financed portfolio's carbon footprint was audited in 2022, with the participation of an independent third party, obtaining favourable results.

4.3.3 Integration in management arrangements

Effective integration of environmental risks into management arrangements requires a strategy and set of regulations that establish the action guidelines, targets and limits required at different points of the credit approval workflow.

²⁵ For more details about the emissions of the financed portfolio, refer to the latest Pillar III Disclosures report, which contains the emissions breakdown of each carbon-intensive industry, publicly available on Banco Sabadell's corporate website.

14.96

Absolute emissions of the Group's financed portfolio in terms of Scope 1 and 2

The Bank has created the ESG Guidelines, which are the framework that consolidates the ESG commitments and standards currently applied when authorising the Bank's credit transactions.

Specifically, the ESG Guidelines comprise the Environmental and Social Risk Framework, the IRCA and decarbonisation pathways. The verification of ESG Guidelines has been embedded into the IRCA evaluation process, meaning that, when ESG analysts receive a loan application from a customer who is subject to the IRCA, they conduct an additional evaluation of their fulfilment of the Environmental and Social Risk Framework, which includes the sectorial rules, and of their decarbonisation pathways.

The Group has an Environmental and Social Risk Framework that establishes the Group's position, designed to restrict activities with 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), aligned with Banco Sabadell's Eligibility Guide, whose main references are the EU Taxonomy and the best practices in the market such as the Green Loan Principles and the Social Bond Principles.

In parallel, as part of the financial sector, the Group measures ESG performance using the IRCA to promote the transition of companies and businesses, steering the financing according to the nature of the activities and helping agents in polluting industries who work to improve their ESG performance to transition to a more sustainable model, or limiting its exposure in the case of those not transitioning.

At the same time, the Bank has a decarbonisation strategy for the four first sectors (Electricity, Oil & Gas, Cement and Coal) and it has published its commitment in a second phase for three new sectors (Iron & Steel, Car manufacture and Air transport). The assessments of the level of fulfilment of pathways is currently embedded into day-to-day management arrangements, meaning that all significant transactions affected by them are assessed in order to ensure attainment of targets.

The Bank has also been continuously working on an eligibility guide, which includes the description of activities considered to be green according to the Eligibility Guide. This is a key aspect when it comes to integrating ESG aspects into the Group's ordinary activity, as well as being a strategic aspect.

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, specific projects to gather customer information, among others).

ESG risk management guidelines

As planned, work has been undertaken to create a single framework to manage ESG credit risk that incorporates all standards on this topic that are currently applied when authorising the Bank's credit transactions. For this reason, the ESG risk management guidelines were created, which include:

- Environmental and Social Risk Framework at the customer level, to identify from the outset whether a new transaction could be associated with any of the restricted activities.

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 40 million euros²⁶, which represents a very considerable portion of the Bank's portfolio.

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.

This framework lays down general criteria and specific criteria applicable at either the customer or project level:

- General applicable criteria, which have a cross-cutting impact on all sectors, follow international standards such as the Global Compact and the principles of the International Labour Organisation (ILO), among others.
- Specific applicable criteria affect businesses or projects in particular sectors due to their potentially negative impact on the environment and/or society, in which the Group provides services and/or offers financial products.

The standards that incorporate the current framework are all approved and implemented in the Bank's systems, with those effectively applied being the integration of these standards' analysis into the usual processes for customer onboarding, transaction origination, and approval of new products. To ensure this correct implementation, the Bank has included in its onboarding process (the risk management record process) the automatic identification of transactions subject to the framework and which require a compliance analysis. The ESG analysts in charge of conducting those analyses have a specialised tool for analysing ('screening') any disputes associated with the counterparties, which is backed by the services provided by a reputable third-party supplier²⁷.

The Environmental and Social Risk Framework is developed in phases in order to adapt the applicable criteria to the trends of the various sectors, the regulatory and economic environment and the Bank's performance. This framework has been rolled out in two phases:

- During the first phase of sectoral rules, the Group started to focus on project finance²⁸ transactions for the Energy, Infrastructure and Mining sectors, which were validated by the Sustainability Committee in 2020. These rules were approved by the Group's Risk Operations Committee and implemented in the Institution's systems in 2021.
- The second phase of sectoral rules saw the introduction, for the first time, of rules applicable at the customer level, both in general terms without being linked to a particular sector, and in specific terms where they were associated with one or more given sectors. New rules were also included at the project level for new sectors (specifically

²⁶ At the customer level, restrictions will be considered whenever customers apply for finance of over €25m. In the case of projects, restrictions will be considered for transaction amounts of over €5m.

²⁷ An external tool has been acquired for research, rating and data collection concerning performance in environmental, social and governance (ESG) factors for companies.

²⁸ In addition to the activities impacting the environmental transition, the Group refrains from establishing trade relations with links to 'controversial weapons' and/or with 'countries subject to arms embargoes', with the aim of avoiding 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".

Agroindustry and Defence). With this phase, a total of 40 new rules were introduced. The rules in the second phase were approved by the Group's Operational Risk Committee in December 2021.

The full content of the framework, as well as its phased implementation, was approved by the Management Committee in January 2023 after having been submitted to the Sustainability Committee for information in January of that same year.

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.

- IRCA: indicator that allows the Institution to screen the ESG risk of the companies to which it provides finance whilst at the same time considering their performance in relation to the management of climate-related and environmental risks. It is used to define credit risk management policies and to identify potential opportunities for investment to support emissions-intensive companies in their transition towards more sustainable activities.
- Decarbonisation pathways: for borrowers operating in sectors affected by the decarbonisation pathways defined by the Group (see section on "Portfolio Alignment"), the Bank evaluates everything about significant transactions to which pathways are applied, from their origination to their suitability. At present, a specific workflow has been established in order to identify, evaluate and monitor transactions subject to pathways.

The Bank has a centralised team of specialised ESG analysts, who are responsible for conducting the IRCA evaluation of borrowers and for determining their level of compliance with the ESG Guidelines.

So that the application of the ESG risk management guidelines may be effective, the Bank has a centralised team of specialised ESG analysts, who are responsible for conducting the IRCA evaluation of borrowers and for determining their level of compliance with the ESG Guidelines.

This way, the complete ESG analyses include a IRCA evaluation, an assessment of the compliance with the Environmental and Social Risk Framework, as well as a specific analysis of decarbonisation pathways in the case of transactions subject to sectoral pathways.

This analysis is carried out centrally through the Bank's internal portal, where the full analysis of borrowers is added, along with any relevant supporting documents, so as to ensure the correct traceability of opinions related to ESG criteria for credit risk decisions

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 Institution. For this reason, it is regularly monitored by the Technical Risk Committee and the Sustainability Committee.

This is why, since 2020, Banco Sabadell Group has been working on its own Eligibility Guide, whose main references are the EU Taxonomy and the best practices in the market such as the Green Loan Principles and the Social Bond Principles.

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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 through different phases:

- Phase one: this phase, started in 2020, consisted of implementing the internal eligibility guide to identify eligible activities based on the Taxonomy, as well as those that contribute substantially to the Taxonomy, according to the targets set at that time: Mitigation of and Adaptation to Climate Change. Efforts were also made to correctly tag these products in the systems.
- Phase two: this phase consisted of updating the Eligibility Guide according to the latest Delegated Act in relation to the taxonomy, of July 2021 and according to the first draft of the social taxonomy. In parallel, 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. 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.
- Phase three: this phase took place in January 2022 and involved updating the guide to include energy activities related to natural gas and nuclear energy, set out in the Complementary Climate Delegated Act of the European Commission.
- Phase four: in the second half of 2023 the activities of the current Eligibility Guide were updated in an effort to include the amendments contained in the Delegated Act of June 2023 for climate targets, as well as the new activities defined in the new Delegated Act for the four non-climate-related targets. However, these developments still need to be submitted to and approved by the Institution's corresponding governing bodies and introduced in the Bank's systems for transaction tagging upon origination.

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 their alignment with the requirements of the Bank's Eligibility Guide. As indicated, this tagging process is currently being updated to include the new aspects introduced in phase four.

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, disclosures for 2023 are set out below.

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, broken down by the six targets, as well as the proportion of financed assets that are aligned with the climate targets of the EU Taxonomy (Green Asset Ratio, or GAR).

In this respect, based on the current EU Taxonomy, Banco Sabadell Group has a portfolio with a green asset ratio (GAR) of 4.41% in terms of turnover. It is worth pointing out that the GAR has certain limitations when it comes to its interpretation, given its definition and the need for information from counterparties. One example is the non-inclusion of SMEs and micro-enterprises and the non-inclusion of counterparties based outside of the EU in this ratio's numerator. Methodological details of this ratio are included in Annex 4 - Taxonomy indicators.

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". 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 Climate Delegated Act, in Annexes 1 and 2 of the Complementary Climate Delegated Act and in Annexes 1, 2, 3 and 4 of the Environment Delegated Act.
- 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, storage rooms/sheds, 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.

4.41%

Green asset ratio (GAR)

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 working on various actions to increase the quantity and quality of ESG data about customers.

For this reason, Banco Sabadell Group has been working on various actions to increase the quantity and quality of ESG data about customers. There are two particular areas that are worth mentioning:

Real estate collateral: with the support of a third-party supplier, batch uploads of the energy ratings of residential real estate and commercial real estate (CRE) of the portfolio are carried out. The Group captures this data for its newly originated mortgage loans. On the other hand, to calculate the carbon footprint of the Bank's residential and commercial real estate portfolio, the Bank has been working to gather information about actual useful surface areas of the assets it has financed (necessary to estimate the emissions attributable to each property).

Business risk: a task force was put together to gather environmental data from customers, 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, the percentage of renewables consumption, emissions prevented (where applicable), external ESG ratings, environmental targets and sectoral emission intensity KRIs (Key Risk Indicators). Subsequently, efforts to improve information have continued. On one hand, the calculation of the carbon footprint of the financed business portfolio involved gathering actual data of borrowers' emissions, as well as the information needed to calculate the attribution factor. On the other hand, for the 2024 climate stress test, data was gathered in relation to emissions (Scope 1, 2 and 3) and decarbonisation targets of the Group's priority emissions-intensive customers.

In addition, using the IRCA created by ESG analysts, the task of collecting customers' ESG data got underway. However, at the start of the project and in order to start collecting information, a third-party supplier was hired to do the batch upload of ESG data about the main borrowers.

Similarly, due to the definition of the Bank's decarbonisation strategy, work was carried out to capture data regarding the emissions, production and transition plans of the main borrowers affected by the pathways. First, attempts were made to obtain this information from public sources and, where that was not possible, customers were contacted to request that information.

Lastly, in the second half of the year, the Bank took part in a sectoral project between AEB (Spanish Banking Association), CECA (Spanish Confederation of Savings Banks) and UNACC (Spanish National Union of Credit Cooperatives) to collect information related to the taxonomy from borrowers. Specifically, it worked with an external consultant to put together the eligibility and alignment indicators of borrowers that have this information publicly available. Furthermore, a methodology was defined on a sector-wide basis to process that data in order to ensure uniform reporting.

To complement 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 takes various actions 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.

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 tagged, both those compliant with the Institution's Eligibility Guide 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.

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, thus making 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 including, among other things, information regarding the evolution of the exposures classified as carbon-related, emissions-intensive, green and social, in addition to indicators for monitoring new lending items. This information is also submitted to the Sustainability Committee, along with other additional information such as compliance with pathways, IRCA analyses and carbon footprint data, among others.

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.

²⁹ Risk Appetite Statement

³⁰ Enterprises whose standalone balance sheet shows sales of more than 200 million euros and consolidating groups with sales of more than 200 million euros and which have been granted loans by Banco Sabadell of more than 25 million euros.

4.3.4 Equator Principles

Since 2011, the Group has adhered to the Equator Principles, an international voluntary framework of policies, standards and guidelines 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 standards of the Equator Principles, a social and environmental assessment of the potential impacts of each project is carried out by an independent expert.

During 2023, a total of 23 new structured finance projects incorporating the Equator Principles were signed, 83% of which are renewable energy projects.

83%

Renewable energy
projects

During 2023, a total of 23 new structured finance projects incorporating the Equator Principles were signed.

Sector	Number of projects	Category ³¹	Country	Region	Designated country	Independent review
Renewable energies	19	B	Spain	Europe	Yes	Yes
Gas	1	A	USA	Americas	Yes	Yes
Infrastructures	2	B	USA	Americas	Yes	Yes
	1	B	UK	Europe	Yes	Yes



³¹ The social and environmental categorisation system of the Equator Principles reflects the magnitude of the impacts of projects. The categories are C, B or A, with category C being for projects with minimal or no social or environmental impact, category B for projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and easily addressed through mitigation measures, and category A for projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.

4.4. Environmental management and impact

Banco Sabadell Group has embedded its environmental, social and governance commitments into 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. Once again, Banco Sabadell's Annual General Meeting, held on 23 March 2023, was certified as sustainable by the company Econep Consultores S.L. (Eventsost), 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 gas emissions 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 five corporate buildings in Spain, where 24.61% of the workforce worked as at the end of 2023, which fundamentally includes corporate buildings and excludes commercial branches.

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 Carlos III University of Madrid, a certification in sustainable finance is issued, which includes materials about the environment and the fight against climate change, among other materials on financial and social matters. In 2023, the certification in sustainable finance was obtained by 430 employees. In addition, during 2023, specific on-site training sessions took 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.

It is worth highlighting the fact that, since 2023, employees at the subsidiaries in Mexico and the USA (Miami) have also had the opportunity to obtain the certification in sustainable finance issued by the Carlos III University in Madrid.

5

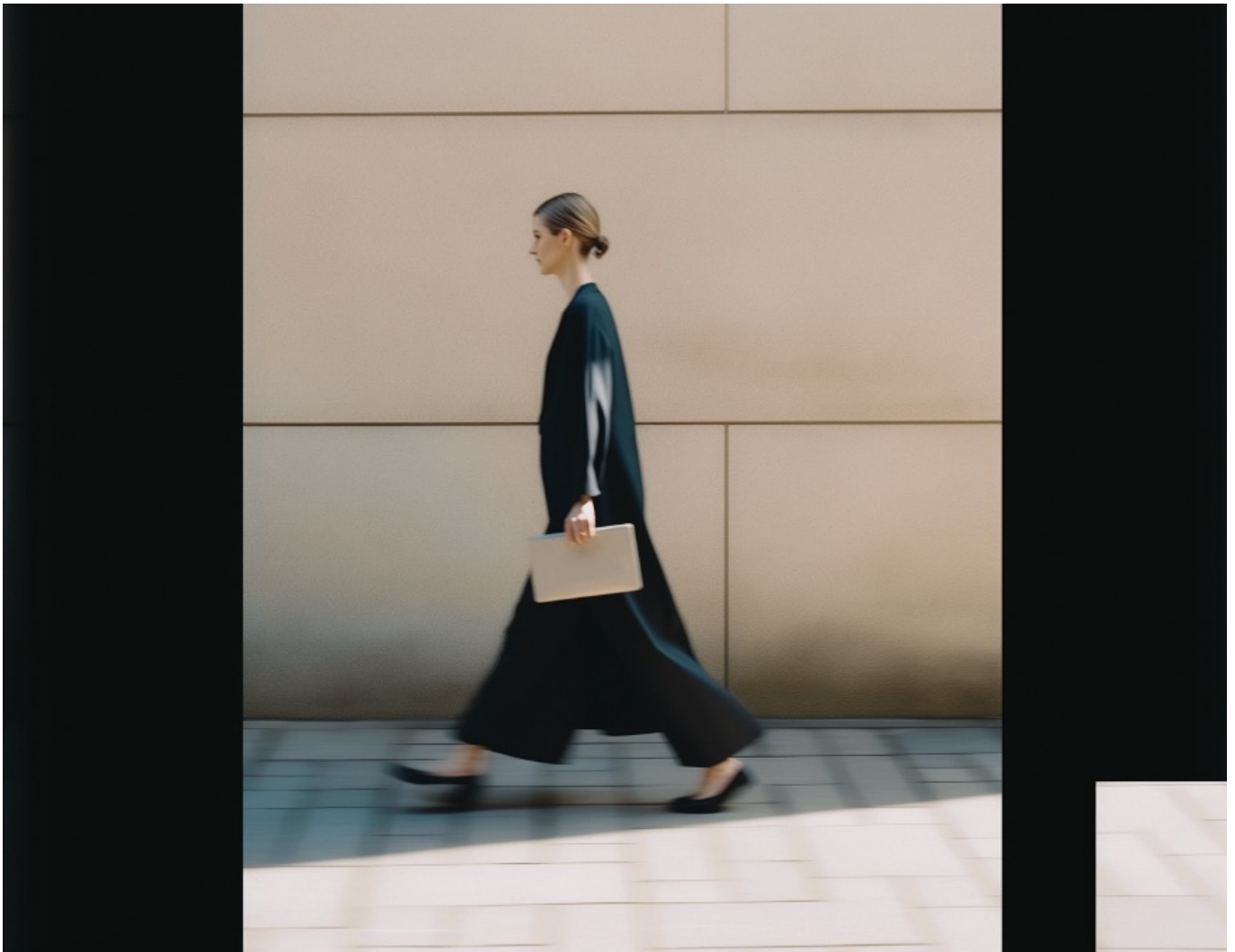
Corporate buildings ISO 14001 certification

24.61%

Workforce worked ISO 14001 certification

In Campus, the online training space for Group employees, in addition to the certification in sustainable finance programme, there is a specific space for Sustainability, with a wide range of training modules available in relation to environmental matters, which also connects with web tools for use by relationship managers (the internal Sustainability site), which includes content related to business activity, the ESG vision and the trade narrative. In addition, the available training modules are supplemented with webinars held by Sabadell's Companies Hub. Training-related aspects are detailed in section 6.3 Training.

In the United Kingdom, TSB sets out its environmental management targets in its Do What Matters Plan 2025. The Plan outlines TSB's social and environmental commitments to generate a long-lasting and significant impact for customers, employees, suppliers and communities, focusing on three key areas: business essentials, people and the planet, with long-term objectives focusing on areas of social and financial inclusion, fair business practices and support for a fair transition to a greener planet.



4.4.1 Carbon footprint

The Group's CO₂ emissions in its geographies (Spain, UK, Mexico and USA) amounted to 10,408 tonnes (market-based data). If one considers like-for-like perimeters³², the Group's emissions (ex-Mexico and ex-USA, of which no past emissions data is available), there was an increase of 6.80% compared to 2022 and a reduction of 55.11% compared to 2019.

In 2023, the CO₂e emissions associated with employee travel between their home and the workplace (commuting) were included in Scope 3, calculated for the corporate buildings with the largest number of employees in Spain. The total emissions calculated in this category came to 2,163 tonnes of CO₂e.

6.8%

The Group's CO₂ emissions increase compared to 2022

55.11%

The Group's CO₂ emissions reduction compared to 2019

	Group (all geographies) ³³		Group (ex-Mexico and ex-USA)		
CO ₂ emissions in tonnes (t.CO ₂) ^{34 35}	2,023	2,022	2,023	2,022	2,019
Scope 1: Direct activities	3,243	3,912	3,178	3,854	4,912
Scope 2: Indirect activities					
Market-based ³⁶	—	526	—	7	3,350
Location-based ³⁷	16,798	14,689	16,351	14,170	19,990
Scope 3: Other indirect activities ³⁸	7,165	3,702	6,481	3,158	8,438
Total emissions generated					
Total <i>Market-based</i>	10,408	8,139	9,659	7,019	16,700
Total <i>Location-based</i>	27,207	22,302	26,011	21,182	33,340
Total emissions generated per employee (market-based)	0.54	0.43	0.52	0.39	0.86

³² Including commuting journeys in 2023, which makes the perimeters not comparable in like-for-like terms with previous years, the increase was 37.6% compared to 2022 and a reduction of 42.2% compared to 2019.

³³ Comparisons with previous years do not include data for Mexico and USA, as the Bank does not have historical data for their carbon footprints.

³⁴ In some cases, consumption has been estimated as that information was not available as at year-end.

³⁵ In accordance with TSB's internal policy on recalculating previous years' emissions, aligned with the UK's SECR regulation, TSB has recalculated emissions between 2019 and 2022 to consider the effect of branch closures and staff restructuring during 2023. The firm Ernst & Young LLP (EY) provides independent limited assurance of TSB's emissions data.

³⁶ Emissions associated with energy supplies calculated based on the emissions certificates of energy resellers.

³⁷ Emissions associated with electrical power supplies calculated by applying the country's energy mix as the emissions rate. In the case of Spain, for 2023, this data corresponds to the emission factor of the mix assigned the electricity label of the CNMC (Spanish National Commission on Markets and Competition) in effect as at the date of producing this document (273 g/kWh).

³⁸ In 2023 the calculation of the CO₂e footprint generated by customer travel between their homes and the workplace (commuting) has been included for the corporate buildings with the largest workforces in Spain, amounting to a total of 2,163 tCO₂.

4.4.2 Offsetting

In 2023, Banco Sabadell renewed its commitment to offsetting the carbon footprint, including all Scope 1, 2 and 3 emissions in Spain, Mexico and the USA.

In 2023, Banco Sabadell renewed its commitment to offsetting the carbon footprint, including all Scope 1, 2 and 3 emissions³⁹ in Spain, Mexico and the USA, through the purchase of credits in various reforestation projects. Two of these involved native conifers, one located in Comunidad de Montes Vecinales en Mano Común de Carballedo⁴⁰ and the other in Borela⁴¹, both part of Concello de Cerdedo-Cotobade located in the city of Pontevedra (Galicia). The third project, located in Mexico⁴², specifically in the states of Tabasco, Chiapas and Campeche, is a reforestation project for teak trees (*Tectona grandis*). Total CO₂ emissions to be offset amount to 7,669 tCO₂ equivalent.

TSB, for its part, has offset its Scope 1 and 2 emissions carried out in 2023, which amounted to 1,410 tCO₂ equivalent, through Forest Carbon's ArBolivia⁴³ reforestation/afforestation project (Plan Vivo), through which TSB has planted more than 52,000 trees and invested in forests, peatlands and woodlands in the United Kingdom to offset its future emissions.

7,669 tCO₂

Total CO₂ emissions to be offset

52,000

Planted trees

The Group maintains its commitment to fighting against climate change, embodied in its aim of achieving carbon emissions neutrality in its operations, which it undertook upon becoming a member of the Net-Zero Banking Alliance in 2021.

³⁹ 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).

⁴⁰ Project certified by MITECO code: 2022-b108 (https://www.miteco.gob.es/content/dam/miteco/images/es/2022-b108_tcm30-551212.pdf).

⁴¹ Project certified by MITECO code: 2021-b158 (<https://www.miteco.gob.es/content/dam/miteco/es/cambio-climatico/temas/registro-huella/informes/2021-b158.pdf>).

⁴² Project "Reforestation with Teak CO2 TEAKMEX" verified and registered by VERRA identifier: 1740 (<https://registry.terra.org/app/projectDetail/VCS/1740>).

⁴³ ArBolivia Project (https://mer.markit.com/br-reg/public/index.jsp?name=tsb%20bank&entity=retirement&entity_domain=Markit&srd=false&additionalCertificationId=&acronym=PV&standardId=100000000000004&categoryId=100000000000001&unitClass=) with identifier: 1000000000000695.

4.4.3 Details of emissions and sustainable use of resources

Details of the CO₂ emissions of each geography in which the Group operates are given below, along with details about the resource management actions carried out:

Report on Banco Sabadell Spain's greenhouse gases (t.CO ₂) ⁴⁴	2023	2022	2019
Scope 1 emissions:	1,768	2,312	3,113
Consumption of gases	441	754	872
Leaks of refrigerated gases	1,265	1,514	2,091
Fleet of company vehicles	62	43	150
Scope 2 emissions:			
Electricity - market-based	—	7	18
Electricity - location-based	13,650	11,661	15,436
Scope 1 and 2, market-based	1,768	2,319	3,131
Scope 1 and 2, location-based	15,418	13,973	18,549
Scope 3 emissions:	5,152	2,103	5,607
Water	93	105	157
Paper	463	451	818
Plastic	9	11	221
Waste	75	63	81
Business travel	2,348	1,473	4,330
Travel by aeroplane	1,299	655	2,150
Travel by train	75	35	249
Travel by car	974	782	1,931
Whilst commuting ⁴⁵	2,163	—	—
Total emissions (Scope 1, 2 & 3) - market-based	6,920	4,422	8,738
Total emissions (Scope 1, 2 & 3) - location-based	20,570	16,076	24,156

In Spain, as at the end of 2023, the reduction of CO₂ emissions compared to 2019 was 43.5% for Scope 1 and 2 and 46.7% for Scope 3 (including travel whilst commuting, whose emissions were not calculated in 2019 meaning that the perimeter would not be comparable, the reduction is 8.1%). With regard to Scope 1, the most significant impact on the reduction of carbon emissions came from fluorinated gas leaks, with a -39.5% change in emissions, mainly due to the process involving the restructuring the branches in the branch network and improvements in the HVAC systems. Although Scope 3 includes the carbon footprint of travel whilst commuting in 2023, the reduction is due to the reduced use of paper and reduced travel by employees, with a change of -43.4% and -45.8%, respectively. 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.

▼ **43.5%**

Reduction of CO₂ emissions for Scope 1 and 2 compared to 2019

▼ **46.7%**

Reduction of CO₂ emissions for Scope 3 compared to 2019

⁴⁴ In some cases, consumption has been estimated as that information was not available as at year-end.

⁴⁵ In 2023 the calculation of the CO₂e footprint generated by customer travel between their homes and the workplace (commuting) has been included for the corporate buildings with the largest workforces in Spain.

With a firm resolve to support and accelerate economic and environmental transformations, in 2021 Banco Sabadell undertook the commitment to reduce its carbon footprint for 2025, taking 2019⁴⁶ 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).

The following table shows the targets and changes recorded between the base year and 2023:

CO ₂ emissions reduction targets	Scope 1+2	Scope 3	Total emissions
Spain (targets 2019-2025)	-14.2%	-48.3%	-36.1%
Spain (recorded change 2019-2023)	-43.5%	-46.7% ⁴⁷	-45.6%

Total CO₂ emissions in Spain in 2023 were 56.4% higher than in 2022, 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.

Report on TSB's greenhouse gases (t.CO ₂) ⁴⁸	2023	2022	2019
Scope 1 emissions:	1,410	1,542	1,799
Consumption of gases	1,236	1,367	1,559
Leaks of refrigerated gases	162	156	76
Fleet of company vehicles	12	19	164
Scope 2 emissions:			
Electricity - market-based	0	0	3,332
Electricity - location-based	2,701	2,509	4,554
Scope 1 and 2, market-based	1,410	1,542	5,131
Scope 1 and 2, location-based	4,111	4,051	6,353
Scope 3 emissions:	1,329	1,055	2,831
Water	14	15	60
Paper	447	417	1,318
Plastic	0	0	0
Waste	13	19	29
Business travel	855	604	1,424
Travel by aeroplane	554	309	654.4
Travel by train	85	53	162
Travel by car	216	242	607
Total emissions (Scope 1, 2 & 3) - market-based	2,739	2,597	7,962
Total emissions (Scope 1, 2 & 3) - location-based	5,441	5,106	9,184

⁴⁶ 2019 is considered the base year because it is the last year without Covid-19 restrictions.

⁴⁷ For comparability reasons, the calculation does not include emissions generated by employee travel to the workplace (travel whilst commuting), as these were not calculated in 2019.

⁴⁸ In some cases, consumption has been estimated as that information was not available as at year-end.

Since 2021, TSB has been keeping detailed information about its Scope 3 water consumption, paper consumption and waste. Scope 2 emissions (for SECR⁴⁹) include only direct commercial electricity supplies⁵⁰.

In accordance with the internal policy on recalculating previous years' emissions, aligned with the UK's SECR regulation, TSB has recalculated emissions between 2019 and 2022 to consider the effect of branch closures and staff restructuring during 2023. The firm Ernst & Young LLP (EY) provides independent limited assurance of TSB's emissions data for 2023.

TSB's reduction of its emissions in 2023 compared to its emissions in 2019 was 65.6% after recalculating previous year's emissions applying the SECR methodology. This reduction is due to various factors, notably including the launch of the energy efficiency programme, 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 72.5% in 2023 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 2023, CO₂ emissions decreased both in the USA (Miami) and in Banco Sabadell Mexico, with changes of -31.1% and -34.7%, respectively, mainly because, since 2023, renewable origin certificates of the indirect Scope 2 emissions have been available for both geographies. However, in the USA, the upward shift of Scope 3 emissions is due mainly to the increase in business travel as business activities were gradually resumed. 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.

⁴⁹ Streamlined Energy and Carbon Reporting (SECR) is a regulation in the United Kingdom for large unlisted organisations related to the reporting of greenhouse gas emissions.

⁵⁰ Calculated based on direct electrical power supplies for business activity, including consumption by the owner, where that information is available.

Report on the USA's greenhouse gases (t.CO₂)⁵¹
2023
2022

Scope 1 emissions:	2	3
Gases	0	3
Fluorinated gases	2	0
Scope 2 emissions:		
Electricity - market-based	0	282
Electricity - location-based	265	282
Scope 1 and 2, market-based	2	285
Scope 1 and 2, location-based	267	285
Scope 3 emissions:	345	219
Water	0	0
Paper	0	1
Business travel	345	217
<i>Travel by aeroplane</i>	345	217
Total emissions (Scope 1, 2 & 3) - market-based	347	504
Total emissions (Scope 1, 2 & 3) - location-based	612	504

Report on Mexico's greenhouse gases (t.CO₂)⁵²
2023
2022

Scope 1 emissions:	63	55
Fleet of company vehicles	63	55
Scope 2 emissions:		
Electricity - market-based	0	237
Electricity - location-based	182	237
Scope 1 and 2 - market-based	63	291
Scope 1 and 2 - location-based	245	291
Scope 3 emissions:	339	325
Water	2	5
Paper	0	1
Business travel	337	319
<i>Travel by aeroplane</i>	313	291
<i>Travel by car</i>	24	27
Total emissions (Scope 1, 2 & 3) - market-based	402	616
Total emissions (Scope 1, 2 & 3) - location-based	584	616

⁵¹ In some cases, consumption has been estimated as that information was not available as at year-end. The conversion factors have been calculated based on DEFRA (Department of Environment, Food and Rural Affairs), except for Scope 2, where the country's official data has been used. Version according to year.

⁵² In some cases, consumption has been estimated as that information was not available as at year-end. The conversion factors have been calculated based on DEFRA, except for Scope 2, where they have been calculated using the country's official data. Version according to year.

Similarly, to date, it has not been possible to measure waste generated in facilities in Mexico and the USA. The Group is working to find a robust solution to conduct that measurement with full data quality guarantees.

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 employee travel between home and the work centre).

Acting on its commitment to sustainability, Banco Sabadell Group is making progress with its sustained reduction of proprietary emissions. As at the end of 2023, Banco Sabadell had managed to reduce its overall Scope 1⁵³ emissions by -35% (cumulative) compared to 2019.

Banco Sabadell had managed to reduce its overall Scope 1 emissions by -35% (cumulative) compared to 2019.

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 2023, propane gas consumption in Spain amounted to 970 m³, compared to 844 m³ in 2022 and 486 m³ in 2019, an increase of 15% compared to 2022 and of 99% compared to 2019. Propane gas is only used to 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 2023, consumption in Spain amounted to 175,569 m³, compared to 229,312 m³ in 2022 and 257,920 m³ in 2019, a reduction of -23% compared to 2022 and of -32% compared to 2019.

In the United Kingdom, consumption amounted to 599,959 m³, compared to 662,554 m³ in 2022 and 753,942 m³ in 2019, a reduction of -9% compared to 2022 and of -20% compared to 2019.

TSB also completed the second phase of its Energy Optimisation Scheme, which helped to reduce the energy consumption of natural gas, diesel and electricity by 3.1 million kWh compared to 2022.

No natural gas is consumed in Mexico or the USA, as their HVAC systems run entirely on electricity.

▼ **23%**

Reduction of natural gas in Spain compared to 2022

▼ **32%**

Reduction of natural gas in Spain compared to 2019

▼ **9%**

Reduction of natural gas in United Kingdom compared to 2022

▼ **20%**

Reduction of natural gas in United Kingdom compared to 2019

⁵³ Reduction calculated for Spain and the United Kingdom. Mexico and USA are not included, as no historical data is available.

Finally, consumption of diesel in Spain amounted to 5,534 litres, compared to 5,418 litres in 2022 and 14,246 litres in 2019, an increase of 2% compared to 2022 and a reduction of -61% 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 2024, it is expected that consumption will be reduced, as the Bank's data servers will be physically moved from its own facilities to the facilities of the IT infrastructure supplier.

In the UK, diesel consumption amounted to 5,670 litres in 2023 compared to 8,004 litres in 2022 and 6,350 litres in 2019, a reduction of -29% and -11%, 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 Scheme, with training provided by an Energy Management team from the company managing the facilities. This scheme involved a review of all possible ways in which energy can be reduced, in order to implement improvements in all facilities over the coming years.

During 2023, no diesel consumption was recorded in either Mexico or the USA, although in the USA consumption in 2022 was 1,140 litres due to the use of a genset in one of its corporate buildings (Miami Lakes Operating Center).

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 the USA, one fluorinated gas leak was recorded in 2023, amounting to 1kg, in the HVAC machinery of its facilities.

In 2023, fluorinated gas leaks in Spain amounted to 748 kg, compared to 860 kg in 2022 and 1,144 kg in 2019, a reduction of -13% and -35%, respectively. In the UK, on the other hand, fluorinated gas leaks amounted to 84 kg in 2023 compared to 82 kg in 2022 and 53 kg in 2019, an increase of 3% and 59%, 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). Similarly, the machines with the most breakdowns will continue to be identified and included in the replacement project. This analysis will also make it possible to detect the most efficient models in order to adjust the policy for the purchase of new equipment accordingly.

2%

Reduction of diesel in Spain compared to 2022

▼ 61%

Reduction of diesel in Spain compared to 2019

▼ 29%

Reduction of diesel in United Kingdom compared to 2022

▼ 11%

Reduction of diesel in United Kingdom compared to 2019

▼ 13%

Reduction of fluorinated gases in Spain compared to 2022

▼ 35%

Reduction of fluorinated gases in Spain compared to 2019

Company vehicles

In Spain, business journeys in 2023 amounted to a total of 375 thousand kilometres compared to 249 thousand kilometres in 2022 and 832 thousand kilometres in 2019, an increase of 51% and a reduction of -55%, respectively.

In the UK, business journeys in 2023 amounted to a total of 641 thousand kilometres compared to 702 thousand kilometres in 2022 and 1,587 thousand kilometres in 2019, a reduction of -9% and -60%, respectively. For 2024, TSB aims to continue promoting sustainable business travel options, offering only electric vehicles in its company car plan.

In Mexico, records of CO₂ emissions from company vehicles are not kept in kilometres but rather in terms of petrol consumption. In 2023, total petrol consumption in vehicles controlled by the Bank amounted to 28,460 litres, compared to 17,196 litres in 2022, an increase of 66%.

In the USA, there is no fleet of company vehicles under the criteria applicable to Scope 1 GHG emissions.

▼ **55%**

Reduction of kilometres in business journeys in Spain compared to 2019

▼ **60%**

Reduction of kilometres in business journeys in United Kingdom compared to 2019

Scope 2 - Indirect activities:

This scope includes emissions generated by the consumption of electricity.

Electricity consumption

Consumption of electricity in Spain in 2023 amounted to 50,615 MWh, compared to 59,398 MWh in 2022 and 77,842 MWh in 2019, a reduction of -15% and -35%, respectively

▼ **15%**

Reduction of consumption of electricity in Spain compared to 2022

▼ **35%**

Reduction of consumption of electricity in Spain compared to 2019

As at the end of 2023, 100% of the energy consumed came from 100% renewable sources.

As at the end of 2023, 100% of the energy consumed came from 100% renewable sources. In the UK, on the other hand, electricity consumption amounted to 13,045 MWh in 2023 compared to 12,975 MWh in 2022 and 5,473 MWh in 2019, an increase of 1% and 138%, respectively.

In Spain, throughout 2023, 98.79% (50,000 MWh) of the electricity consumed was acquired from a single reseller (CEPSA GAS Y ELECTRICIDAD, S.A.U.). The energy consumed has a certificate of renewable origin.

1.21% 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.

	2023	2022	2019
Consumption of electricity provided by Cepsa and Nexus Renovables, 100% REGO (% supplied out of total electricity in Spain)	98.79%	98.96%	99.95%
Consumption of electricity provided by other resellers without REGO (% supplied out of total electricity in Spain)	0.00%	0.05%	0.05%
Self-consumption (% of total electricity) in Spain	1.21%	1.00%	0.00%

Thanks to these photovoltaic panels, 614,618 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 10% 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 (all 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.

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.

In Mexico, electricity consumption in 2023 was 417 MWh, compared to 595 MWh in 2022, a reduction of -30%, whilst in the USA, consumption reached 698 MWh, compared to 737 MWh in 2022, a reduction of -5%.

These two geographies have had a renewable origin certification for their electricity production since 2023.

	Group (all geographies)		Group (ex-Mexico and ex-USA)		
	2023	2022	2023	2022	2019
Total electricity consumption					
Total electricity consumption (MWh)	64,775	76,028	63,660	74,695	83,315

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) and from employee commuting between the home and the workplace.

Water

Water consumption includes water for sanitary use, irrigation and catering in corporate buildings. In 2023, water consumption in Spain amounted to 240,016 m³, compared to 265,892 m³ in 2022 and 396,260 m³ in 2019, a reduction of -10% and -39%, respectively.

As for the UK, water consumption amounted to 37,759 m³, compared to 39,164 m³ in 2022 and 57,094 m³ in 2019, a reduction of -4% and -34%, respectively.

In Mexico⁵⁴, water consumption in 2023 was 10,562 m³, compared to 11,688 m³ in 2022, a reduction of -10%, whilst in the USA, consumption reached 2,540 m³, compared to 3,826 m³ in 2022, a reduction of -34%.

The process to reduce the number of branches in the branch network has had a significant impact on the reduction of consumption in Spain.

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.

▼ **10%**

Reduction of consumption of water in Spain compared to 2022

▼ **39%**

Reduction of consumption of water in Spain compared to 2019

▼ **4%**

Reduction of consumption of water in United Kingdom compared to 2022

▼ **34%**

Reduction of consumption of water in United Kingdom compared to 2019

⁵⁴ Consumption on a pro-rata basis according to number of floors occupied by the Bank in the respective buildings.

Paper

The Group’s daily activities require the regular use of paper. Paper consumption in Spain in 2023 amounted to 627 tonnes, compared to 610 tonnes in 2022 and 1,030 tonnes in 2019, an increase of 3% and a reduction of -39%, respectively. In the UK, paper consumption amounted to 491 tonnes in 2023 compared to 453 tonnes in 2022 and 1,439 tonnes in 2019, an increase of 8% and a reduction of -66%, respectively.

In order to keep paper consumption down, 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) the introduction of default printing settings in the Institution’s printers for double-sided printing.

3%

Increase of consumption of paper in Spain compared to 2022

▼ 39%

Reduction of consumption of paper in Spain compared to 2019

	2023	2022	2019
Recycled paper used in branches and corporate buildings in relation to total paper consumption (white and recycled) in Spain (%)	100.00%	100.00%	99.98%
Recycled paper used in branches and corporate buildings in relation to total paper consumption (white and recycled) in Spain (%)	100.00%	100.00%	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, gradually digitalising the profile of its customers and consolidating the model under which a single monthly account statement is sent to them. Among the initiatives with the greatest impact that have been carried out, it is 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.

8%

Increase of consumption of paper in United Kingdom compared to 2022

▼ 66%

Reduction of consumption of paper in United Kingdom compared to 2019

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.

In the UK, as at the end of 2023 TSB has managed to reduce its paper consumption by 66% with respect to 2019, compared to a reduction target of 65%. 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)		
Paper consumption	2023	2022	2023	2022	2019
Paper consumption (DIN A4 format) during the year (tonnes)	1,119	1,058	1,118	1,055	2,469

During 2023, the Zero Paper project continued to be promoted. This project enhances the digitalisation of all of the Bank's processes to reduce its paper consumption to 0. An annual 2% reduction in emissions is estimated by 2025.

In Mexico, paper consumption in 2023 was 0.4 tonnes, compared to 1.4 tonnes in 2022, a reduction of -71%, whilst in the USA, consumption reached 0.1 tonnes, compared to 1.4 tonnes in 2022, a reduction of -90%.

Plastic

Plastic consumption is attributable to the materials purchased for various uses. Plastic consumption in Spain in 2023 amounted to 2.9 tonnes, compared to 3.4 tonnes in 2022 and 71.1 tonnes in 2019, a reduction of -16% and -96%, 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 passbook covers.
- Replacement of the plastic film in blue event 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, 67.0 tonnes of plastic waste were generated, compared to 112.4 tonnes in 2022, a reduction of -40%, mainly due to the closure of premises, which reduced the generation of waste.

The Group is working to explore and, if necessary, implement the necessary capabilities to measure the plastic consumption of its subsidiaries in Mexico and the USA.

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 2023, in Spain, general waste was reduced by -6% and -40% compared to 2022 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 in 2023 was reduced by -34% and -57% compared to 2022 and 2019, respectively, also mainly due to the situation mentioned for Spain.

To date, it has not been possible to measure waste generated by facilities in Mexico and the USA. The Group is working to analyse the resources necessary to record, with full assurance, the volume of waste generated in Mexico and the USA, in order to obtain data on the tonnes of waste and CO₂ emissions for subsequent disclosure.

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 motor vehicles.

In Spain, business journeys in 2023 amounted to a total of 20,962 thousand kilometres compared to 11,940 thousand kilometres in 2022 and 34,586 thousand kilometres in 2019, representing an increase of 76% and a reduction of -39%, respectively.

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 for this reason that, compared to 2019, as a pre-pandemic reference year, the data for 2023 in Spain reflected the positive effect that the review of the Group's business travel policy has had on the reduction of the Institution's carbon emissions.

For the 2022-2025 period, an annual 5% reduction in emissions from business travel 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.

In 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 2023 amounted to a total of 5,764 thousand kilometres in TSB compared to 4,194 thousand kilometres in 2022 and 15,261 thousand kilometres in 2019, an increase of 37% and a reduction of -62%, respectively. The target had been to reduce business travel by 50% compared to 2019.

Furthermore, this year TSB has switched travel supplier for its employees and this will, among other improvements, enable users to consult the carbon emissions data of their journeys more easily, in addition to providing alternative and more sustainable means of transportation where possible.

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 2023, in Mexico and the USA, business travel came to a total of 1,904 and 1,961 thousand kilometres, respectively, an increase of 10% in Mexico and an increase of 66% in the USA.

The Group is working to set emissions reduction targets in Mexico and the USA (Miami) aligned with the targets of the rest of the Group.

Employee Commuting

Since 2023, the Bank has been calculating the emissions generated during commutes to the corporate buildings with the largest number of employees in Spain. The total emissions calculated came to 2,163 tonnes of CO₂e.

76%

Increase of kilometres in business travel in Spain compared to 2022

▼ 39%

Reduction of kilometres in business travel in Spain compared to 2019

37%

Increase of kilometres in business travel in United Kingdom compared to 2022

▼ 62%

Reduction of kilometres in business travel in United Kingdom compared to 2019

As regards these journeys, a sustainable mobility model will continue to be promoted with various schemes, such as the creation of new parking spaces at corporate buildings for private electric vehicles.

Other actions

In Spain, during 2023 the Bank has continued to certify its main corporate buildings with ISO 14001:2015.

Moreover, to mitigate the environmental impact of its suppliers, the Bank continues to 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, during 2024, TSB will continue to promote its goal of using fewer resources and to select more sustainable options to conduct its activity. This entails continuing to reduce the overall energy consumption, through phase 3 of its Energy Optimisation Scheme, whose initiatives notably include:

- Exploring the phase-out of its fossil fuels;
- Reducing waste generated by its activity;
- Testing out new water saving technology;
- Finding ways of eliminating paper usage in its process; and
- Eliminating any non-FSC/PEFC paper products that remains in its operations

4.4.4 Circular economy and waste management

Waste generation in Spain in 2023 amounted to 814 tonnes, compared to 865 tonnes in 2022 and 1,353 tonnes in 2019, a reduction of -6% and -40%, respectively.

In the UK, waste generation amounted to 557 tonnes in 2023 compared to 839 tonnes in 2022 and 1,283 tonnes in 2019, a reduction of -34% and -57%, respectively. Recycling continues to be a key aspect for TSB, which is why it has renewed its commitment to attaining a 90% recycling target in its Do What Matters Plan 2025. In 2023, the general recycling rate at TSB was 79.18%.

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 charities.

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).

▼ **6%**

Reduction of waste generation in Spain compared to 2022

▼ **40%**

Reduction of waste generation in Spain compared to 2019

▼ **34%**

Reduction of waste generation in United Kingdom compared to 2022

▼ **57%**

Reduction of waste generation in United Kingdom compared to 2019

Breakdown of waste (W) in Spain and UK ⁵⁵	Waste t.	Emissions t.CO ₂	Waste t.	Emissions t.CO ₂	Waste t.	Emissions t.CO ₂
	1,356	87.8	1,634	82.0	2,633	110.1
Total non-hazardous waste ⁵⁶	15	0.29	11	0.19	2	0.05
Total hazardous waste ⁵⁷	1,371	88.0	1,646	82.0	2,635	110.0
Total waste	Waste t.	Emissions t.CO₂	Waste t.	Emissions t.CO₂	Waste t.	Emissions t.CO₂

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 del Vallès headquarters, in order to reduce all organic waste. A 9% reduction is estimated for 2025, compared to 2019.

As for the UK, TSB determined that, by 2023, non-recyclable waste would be reduced by 10% compared to 2022 and, at the end of the year, it had achieved a reduction of 21%.

In addition, in April 2023, TSB launched an online training module called Reducing Waste Matters, to supplement the current training for employees on energy and environmental efficiency.

⁵⁵ 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 (Spain's Climate Change Office). Calculation of GHG emissions generated by the management of municipal waste. 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 the USA, so that it may soon have data available for disclosure in relation to tonnes of waste and CO2 emissions.

⁵⁶ The three largest sources of waste in 2023 were paper and cardboard, at 565,902 kg (31.92 t.CO2), organic waste, at 119,756 kg (41.89 t.CO2) and bulky general waste, at 77,281 kg. (0.69 t.CO2).

⁵⁷ The two largest sources of waste were electronic equipment, at 1,244 kg (0.011 t.CO2) and absorbents (filters), at 465.5 kg (0.004 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 billion euros in sustainable finance by 2025. As at December 2023, and following a review of the criteria relating to consideration as sustainable mobilisation, more than 38.6 billion euros⁵⁸ have been mobilised, including over 15 billion euros in 2023.

To fulfil this commitment and in order to promote social and financial inclusion, contribute to environmental preservation and climate change mitigation, the Bank is strengthening its outreach and advisory activities in all business sectors, facilitating solutions to fund green transition-related investments. To that end, all of its capabilities are being made available

Objective of mobilisation of sustainable financing 2021-2025

65,000M€

Mobilisation of sustainable financing 2021-2023

38,600M€

Mobilisation of sustainable financing 2023

15,000M€

I. Sustainable Finance Solutions

- To adapt loan approval processes, portfolio management and reporting tasks in line with international standards on sustainable financing (the 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 criteria 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 references are the EU Taxonomy and the best practices in the market such as the Green Loan Principles, and to the green bonds issued by the Bank in recent years under the SDG Bond Framework.

⁵⁸ The cumulative mobilisation up to 2022 under the new criteria amounted to more than 23.4 billion euros compared to 25 billion euros in the previous year.

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 is 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”).

II. Specialist advice

- Specialised teams: trained and certified on sustainability, they have a cross-sectoral perspective on sustainability to identify the most suitable solutions according to each customer's needs; they are distributed across the entire branch network.
- Expertise hubs: cross-cutting units specialising in sustainability that support customers in the areas of Structured Finance and Corporate & Investment Banking, in addition to helping them to find and apply for subsidies for the Next Generation funds.
- Specialist advice: a personalised support service is offered on an individual basis to corporate customers, through regular visits to identify the progress made in implementing ESG criteria, to delve into future challenges and to identify the most appropriate solutions through sustainable finance according to each customer's needs.
- Ongoing advisory service: ongoing advisory programme with outreach and awareness-raising initiatives, through the Bank's own channels, such as the Companies Hub and its series of conferences (further details can be found on section “7.1. Commitment to education – Companies Hub (Hub Empresa)”).

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

The Bank has participated in 65 sustainable financing and investment transactions, with a total value of 27 billion euros, in the area of Corporate & Investment Banking (CIB).

As at year-end 2023, the Bank has participated in 65 sustainable financing and investment transactions, with a total value of 27 billion 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 in which the Institution operates.

	No. of Transactions	Total Volume	Bank Participation
Corporate Banking	55	22,996	2,038
Investment Banking	10	4,219 ⁵⁹	n.a.
Total CIB	65	27,215	2,038

The information shown in the table above is explained here below:

Corporate Banking

Corporate Banking closed 55 transactions, including the use of working capital and guarantee facilities, for a total of 2,038 million euros. Of these, 19 transactions amounting to 571 million euros are considered green and social loans (GSLs) because they are aligned with the Eligibility Guide. It is important to note that of the 19 transactions considered GSLs, 10 transactions, amounting to 256 million euros, are linked to photovoltaic energy and wind power generation projects, while the remaining 9 transactions for 315 million euros are linked to activities in other sectors, such as real estate or transport. These transactions do not take into account the Renewable Project Finance transactions, which are described individually in section 5.1.2. In addition, 5 transactions for 123 million euros associated with the Sustainable Financing Framework are considered, which are potentially linked to energy efficiency and ESG certification in the real estate sector. Lastly, 31 sustainability-linked loans (SLLs) were carried out, amounting to 1,344 million euros.

55
Transactions for a total of
2,038M€

⁵⁹ Includes 750 million euros of own green bond issuances.

In any event, the transactions are the subject of continuous monitoring, jointly with the customers involved and with sustainability agencies, through the KPIs defined in the loan agreement in each case. This allows the Bank to better understand the positive impacts of its lending and to identify potential new sustainable financing needs that may arise for its customers.

The slowdown in the market, mainly due to the interest rate environment, generated a significant decline in the arrangement of new loans and credit or refinancing facilities with ESG criteria in the Corporate Banking segment. Similarly, some companies have decided to revise their sustainability-related strategic objectives, thus delaying their inclusion and, consequently, the linkage of these loans to these objectives.

In addition to the negative consequences generated by customers' production processes, special attention must be paid to the other sources of negative impact of their value chains, both upstream (suppliers) and downstream (customers). The Bank has continued to support customers with short-term sustainable financing solutions, which directly or indirectly involve their customers and suppliers. This entire category represented more than 250 million euros.

In terms of guarantees, the focus was particularly placed on the issuance of guarantees directly or indirectly related to a specific green purpose, most notably a number of guarantees issued in relation to the connected electric vehicle 'PERTE' project (a strategic project for economic recovery and transformation).

Investment Banking

In 2023, Banco Sabadell participated in the placement of green and sustainability bonds in the capital markets, as Joint Lead Manager, in the following public issuances for customers:

- Comunidad de Madrid: sustainability bond for 1 billion euros, with a 10-year maturity and 3.596% coupon, issued in February.
- Xunta de Galicia: a sustainability bond for 500 million euros, with a 6-year maturity and 3.711% coupon, issued in February.
- Comunidad de Castilla y León: a sustainability bond for 500 million euros, with a 10-year maturity and 3.500% coupon, issued in June.
- Telefónica: a green hybrid bond for 750 million euros with perpetual maturity and 6.750% coupon, issued in August.
- Ferrovial: an inaugural issuance of an SLL for 500 million euros, with a 7-year maturity and 4.375% coupon, issued in September.

The Bank also participated in four sustainable transactions, including mergers and acquisitions, IPOs and alternative finance, for a total volume north of 200 million euros.

Furthermore, during 2023, it participated in the following Banco Sabadell green bond issue:

- As Joint Lead Manager in Banco Sabadell's green public issue of senior preferred debt for 750 million euros with 5.000% coupon, issued in May.

4

Sustainable transactions
for a total volume north of

200M€

5.1.2 Project Finance

2023 was characterised by a considerable volume of transactions in the Iberian peninsula as a result of governments' ambitious decarbonisation plans and the support given to the private sector amid energy markets that were stabilising after reaching historic peaks. That said, the high prices seen in recent years compared to the historical average have helped to mitigate the effect of rising interest rates when it comes to developers' business plans. Banco Sabadell has continued to offer finance for renewable projects, being one of the main banks in Spain to demonstrate its commitment to the "Fit for 55" measures introduced by

the European Union and to Spain's Integrated National Energy and Climate Plan.

After energy prices spiked in 2022 and inflation rose considerably, prices stabilised but remained above the historical average. In 2022, the average daily price in Spain was €167.5/MWh, dropping to €87.1/MWh in 2023. This price drop also carried over to electricity price expectations and, at present, advisors estimate that these could come down in the next two to three years.

Forecasts of high electricity prices over the next two or three years have helped to mitigate the effects of higher interest rates in 2023, which is an important factor for this type of long-term project. It is also important to mention that inflation did not have any significant impact on the cost/MW for investment in photovoltaic plants, which maintained a similar level of costs to the two previous years. In wind farms, however, there was an increase in investment costs.

Banco Sabadell's total finance granted for renewable energy projects came to €1,109m, 69.4% higher than in the previous year. The high number of new transactions is due to the large volume of projects completed in previous years, as multiple licences and permits were granted in 2022 and 2023, and also to the Bank's resources used to capitalise on its experience in this sector, allowing it to maximise its financing opportunities. It is worth highlighting the considerable volume of projects that are still awaiting licences and permits, which should come through over the next two years.

Over the year, 36 transactions were executed, mobilising 1,109 million euros. In terms of projects executed in the geographies in which the Institution operates, in 2023 there was one in the United States (45 million euros), one renewables project in Portugal (125 million euros) and 34 renewables projects in Spain (939 million euros).

36

Transactions Project Finance

1,109M€

Mobilised Project Finance

Country	# Transactions	Amount	%
Spain	34	939	85%
Portugal	1	125	11%
USA	1	45	4%
TOTAL	36	1,109	100%

Data in millions of euros.

With regard to the types of technology financed, the number of photovoltaic projects is particularly noteworthy compared with other technologies; this is a trend that had already been observed the year before. Photovoltaic plants represented 71% of total financing at 791 million euros. With regard to wind energy plants, these represented 29% of total financing at 319 million euros.

Technology	# Transactions	Amount	%
Wind	13	319	29%
Photovoltaic	23	791	71%
Thermosolar	0	0	—%
TOTAL	36	1,109	100%

Data in millions of euros.

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 2023, 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 among developers to finance projects whose revenues come from sales to the market without a Power

Purchase Agreement (PPA⁶⁰) In terms of their breakdown, financing was provided for three feed-in tariff projects (projects in which the government guarantees payment for a certain period of time, 12% of the total amount financed on the Iberian peninsula), twelve projects whose income structure includes PPAs (36% of the total), one construction loan project (5% of total) and nineteen projects whose income is obtained exclusively through the wholesale market (47% of the total).

Type	# Transactions	Amount	%
FIT Peninsula	3	126	12%
Spanish Government PPA	0	0	—%
Merchant with PPA	12	379	36%
Merchant without PPA	19	504	47%
Construction loan	1	55	5%
TOTAL	35	1,064	100%

Data in millions of euros.

5.1.3 Sustainable financing solutions for retail customers and businesses

Sustainable financing is one of the main levers to facilitate energy transition, specifically, to mitigate global warming by promoting an economic model that helps to protect the environment.

Where individual retail customers and SMEs are concerned, Banco Sabadell remains firm in its resolve to support and accelerate the important economic and social transformations that contribute to sustainable development and the fight against climate change.

The actions and solutions offered to customers are described below:

Support and financing solutions for individuals

Support for individuals

Banco Sabadell supports customers in the transition to a more sustainable economy, by offering a range of solutions with products and services for home purchases and renovations, sustainable mobility or the installation of renewable energies and wastewater treatments. In addition, the Bank offers investment opportunities that contribute to sustainability.

In payment systems, Banco Sabadell continues working on its objective of reducing its environmental impact, encouraging customers' use of digital payments through virtual cards, which are included in all in the main payment systems (X-Pay, Google Pay, Apple Pay, Samsung Pay, etc). In addition, for customers who use physical cards, these are made with degradable recycled PVC, thereby minimising the generation of plastic

⁶⁰ Power Purchase Agreement (PPA)

waste and offering customers the opportunity to be part of tackling this challenge.

Sabadell Consumer Finance, the consumer finance institution wholly owned by Banco Sabadell, has signed prescriptive collaboration agreements with companies that are highly focused on providing sustainable solutions for their customers. Mindful of the need for a more sustainable world, household savings and subsidies, whether through the Next Generation funds or directly through taxes, have accelerated decision-making on accomplishing sustainable improvements. Given the increased installation of photovoltaic panels in 2022, which continued on an upward trend during 2023, other complementary products are expected to take hold in 2024, such as aero thermal systems, thermal insulation, recharging points and batteries. In this context, specialist companies are stocking up with equipment and expanding their product range to meet this new consumer demand.

In financing, 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 terms of the Bank's commercial relationship with the consumer finance segment, both environmental and social approaches are considered when originating financial transactions. On one hand, and with regard to the environmental factor, the ecological aspect of assets in which customers intend to invest is taken into account. The Bank is primarily focused on ecological mortgages, considering homes with the highest energy efficiency ratings as "green assets". In addition, "green assets" are considered as those that are aligned with the activities defined in the Institution's Eligibility Guide and that are, simultaneously, the subject of personal loans. The type of assets included in this category are, mainly, electric vehicles and photovoltaic panels, among others.

On the other hand, a social housing condition is taken into account when assessing the social factor of financed housing.

Furthermore, the ESG dimension is integrated throughout the entire commercial and risk assessment process, evaluating transactions accordingly from the outset. This means that account managers proactively offer sustainable financing options when they perceive that the customer has an opportunity to invest in "green assets", such as energy efficient housing or electric vehicles. There is also an option to apply a positive price adjustment to transactions which ultimately concern "green assets". In this way, there is a greater incentive for the customer or account manager to better negotiate sustainable transactions.

Green financing solutions for individuals

In the case of products designed to finance the development of sustainable projects or initiatives, the following solutions offered to customers by Banco Sabadell should be mentioned:

Green mortgages

Banco Sabadell currently offers a reduced price across its entire mortgage range to incentivise the purchase, construction or renovation of homes with high-category energy certification, in accordance with the national certification system and in line with the Institution's Eligibility Guide.

In 2023, the volume of mortgages with sustainable certification was more than 437 million euros.

437M€

Mortgages with sustainable certification

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 energy saving capacity of a primary 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 energy efficient household appliances, specifically, those rated A or higher.

‘Préstamo Coche ECO’ (ECO car loan)

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 suited 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 continues to proactively offer 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 (CGP), 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. During 2023, 906 Basic Payment Accounts were opened, including 145 opened by vulnerable customers. In terms of account holders, there were 946 Basic Payment Account holders, of which 153 belong to the vulnerable customer group.
- Specific benefits aimed at customers aged 65 or over, such as the issue and renewal of a commission-free passbook and free transfers throughout Spain and the European Economic Area 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 to 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 abilities, 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).
- Lastly, the application of the Code of Good Practice to restructure mortgage loans for vulnerable customers (RDL 6/2012 and RDL 19/2022), updated and made more flexible to address the needs of low income mortgage customers. Customers with complex financial needs who do not meet the CGP requirements are offered other solutions appropriate to their current situation.

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 loans

In 2023, more than 2.5 billion euros were mobilised to fund companies engaged in green operations or projects, mainly through loans, leasing and rentals. These do not include Renewable Energies Project Finance transactions, which are described individually in section 5.1.2.

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, with the aim of ensuring that the installation is optimally suited to the customer's requirements.
- Building renovations: The Bank has an agreement in place with Agentia R+ as renovation agent, in which it leads the entire project, including the management of government subsidies.

With regard to financing for leasing and rental of capital goods, 510 transactions were arranged in 2023 amounting to 211.7 million euros in sustainable transactions for our customers related to projects, installations and capital goods intended to minimise their carbon footprint and improve energy efficiency. These included, in particular, 374 transactions for sustainable industrial and commercial vehicles amounting to a total of 69.1 million euros. In addition, the Spanish Leasing and Renting Association (AELR by its Spanish acronym) granted Banco Sabadell the sustainable transaction of the month award in November, for a capital goods rental for a water treatment plant.

Sustainability-linked loans

Banco Sabadell has been offering sustainability-linked loans (ESG loans) to Corporate Banking customers for some years, with great success.

As at the end of 2023, the Bank had also mobilised more than 1.6 billion euros in sustainability-linked loans for businesses and SMEs to fund green purposes only, primarily focused on the reduction of their CO₂ emissions.

2,500M€

Mobilised to fund companies engaged in green

1,600M€

Mobilised in sustainability-linked loans

Mobility solutions

Despite the difficulties experienced in the sector throughout 2022 and 2023, such as the semiconductor crisis and shortages of raw materials, Sabadell Renting managed to improve its ECO vehicle offering, by focusing its business activity on sustainable mobility.

By the end of 2023, the ECO vehicle offering (hybrid and electric vehicles with an “ECO” or “0 emissions” environmental label from the DGT) formed 68% of the total range compared with 43% in the previous year, thereby exceeding the target set for 2023.

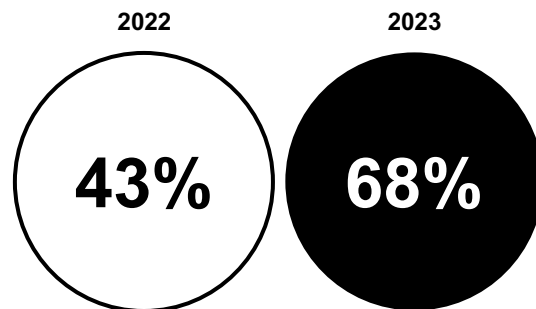
On the other hand, the percentage of new ECO vehicle contracts stood at 30% at the end of 2023, achieving the target set for the year (30%), although the pace of ECO vehicle leasing in the year did not surpass the figure at the end of 2022, which was 36%.

Sabadell Renting continues to increase the visibility of sustainable mobility solutions through direct marketing campaigns aimed at customers of Banco Sabadell throughout the year, by increasing the promotion of ECO vehicles and, above all, by placing a sharp focus on the electric offering with specific campaigns for Banco Sabadell Group staff.

During 2023, there has been a continued emphasis on growing the digital offer for customers, both through Banco Sabadell's own channels and through external distribution and dissemination channels. This involves strengthening the remote sales circuit so that customers can arrange leasing services through a fully digital process, without having to travel to do so.

With regard to the volume of used vehicle sales, the company is seeing a significant increase in sales of used vehicles up to four years old. This sales volume also contributes to the renewal of the vehicle fleet and, in parallel, to the improvement of urban environments with more efficient vehicles and much lower CO₂ emissions.

A target has been set for 2024 to continue increasing our offer of ECO models, both in terms of supply and contract volume, for our customers and for all staff of Banco Sabadell, with a view to actively contributing to the transition towards sustainable mobility.



Social loans

In the area of social loans, it is worth highlighting those granted to micro-entities for the purpose of promoting and maintaining employment.

During 2023, the criteria related to the mobilisation of funds for social purposes were changed, keeping the focus on financing activities that promote employment and the development and progression of the business and industrial fabric of each territory. With this change of criteria, funding for micro-enterprises in 2023, mainly through loans and credits, reached more than 3 billion euros, compared with 2.9 and 2.75 billion euros in 2021 and 2022, respectively.

3,000M€

Funding for micro-enterprises

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:** Following the opening of calls for applications for KIT Digital grants in March 2022, several further calls have taken place aimed at companies of different sizes. In July 2023, the most recent call was launched, aimed at joint ownership undertakings, partnerships regulated by the civil code and agricultural holdings, with between 0 and 50 employees.

With the aim of helping customers to take advantage of these support measures, an agreement has been reached with Masmóvil to provide digitalisation 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, which are complemented by the financing that customers may need.

- **Home renovations:** The Next Generation EU funds offer grants for home or office renovations linked to energy efficiency and renewable energy 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

PERTE projects 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 Addendum to the Spanish Recovery Plan, approved in October 2023, anticipates a significant increase in funds allocated to investments in PERTE projects, with an amount totalling 41,287 million euros. Significant progress has been made throughout 2023 with calls for tenders for various PERTE projects, including those involving Electric Vehicles (second call), the Shipbuilding Industry, Water Cycle operators and the Agri-food industry.

⁶¹ Strategic Projects for Economic Recovery and Transformation (Proyectos Estratégicos para la Recuperación y Transformación Económica or PERTE).

In July 2023, the Bank signed an agreement with PYMAR, a body representing small and medium-sized shipyards, to offer guarantees under enhanced conditions to companies participating in the shipbuilding PERTE. The Institution continues to hold talks 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

As at 2023 year-end, 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 1368,2 MW, equivalent to the electricity consumption of about 979,742 households. Of this capacity, the portion attributable to Sinia through its direct shareholding is 246.3 MW, equivalent to the generation of 516.1 GWh of sustainable electricity every year. This power generation, assuming all projects are in operation, would be equivalent to the average annual consumption of approximately 157,738 households.

Renewable electricity attributable to Sinia, based on the entirety of its portfolio in operation, in which it holds a direct equity interest, is 262,7 GWh/year, a 67% increase in production compared to 2022. This renewable energy prevents the emission of around 36,778 tonnes of CO₂ equivalent per year, equivalent to the average annual consumption of approximately 80,287 households⁶².

In 2022, Sinia 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.

1,368.2^{MW}

Renewable energies

246.3^{MW}

Direct shareholding

157,738

Skipped emissions (households)

In 2023, Sinia Renovables mobilised more than 50.5 million euros, between invested capital and funding.

These figures position the Group as one of the financial sector's top investors in renewable energy projects.

⁶² The conversion factor for this calculation is based on data from the Spanish Office for National Statistics (*Instituto Nacional de Estadística* or INE).

Furthermore, the main portfolio projects as at year-end are detailed below:

- Sinia currently holds investments in wind energy projects in operation in Mexico equivalent to 216,9 MW installed capacity, in the Tamaulipas region:
- With regard to assets in operation in the Spanish market, Sinia has maintained its investment in wind farms in Navarre with a combined 93.6 MW capacity, a 10.7 MW wind farm in Tarragona, and an additional 27.25 MW as a result of the capital injection to the group Soluciones y Desarrollos de Ingeniería y Servicios (Sydis), as well as 6.60 MW of photovoltaic self-consumption facilities scattered around various autonomous communities.
- With regard to assets under development at 2023 year-end, Sinia has increased investments in assets located throughout practically all of Spain, with total installed capacity of 824,23 MW by 55%, and in both photovoltaic and PV-battery hybrid projects and wind farms by an additional 55%.
- In terms of construction, Sinia has investments in a total 106.6 MW distributed throughout Catalonia, Aragon, Galicia, Valencia and Castilla La Mancha, among other regions.
- It continues to hold 25% of the first franchiser of engineering firms engaging in photovoltaic self-consumption and electric vehicle charging points in Spain, called Doctor Energy, in order to help the company accelerate its growth.
- In 2023, Sinia consolidated other lines of action in environmental sustainability through the completion of biomethane production projects from food sector waste, such as its investment of 7.75 million euros in Catalana de Biogás.
- The capital injection to Soluciones y Desarrollos de Ingeniería y Servicios (Sydis) at the end of the year has indirectly increased Sinia's portfolio by almost 127MW distributed across 39 projects in Spain.

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. The Framework applies the criteria proposed in the EU Taxonomy for the defined categories of green eligible projects and meets the voluntary guidelines of the 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.

All of the proceeds obtained by issuing these types of bonds are used to fully or partially finance or re-finance new, existing or future loans or projects that meet the eligibility criteria established in the Framework.

In 2023 Banco Sabadell issued a green senior preferred bond.

In May 2023, Banco Sabadell issued a green senior preferred bond for 750 million euros with a 5% coupon and 6-year maturity and an early call option in the fifth year. Including the bond issued in 2023, Banco Sabadell has accumulated 3,565 million euros in green issuances, of which 3,445 million euros remain outstanding.

Banco Sabadell has accumulated 3,565 million euros in green issuances.

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 2022, on the allocation of proceeds 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 2023", alongside the reports for previous years.

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 partnership with Amundi, Europe's leading asset manager, committed to sustainable investment since its creation.

In mutual funds, Banco Sabadell maintains its strategic partnership 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.

As at the end of 2023, 22 Sabadell Asset Management mutual funds (7,721 million euros) 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 Amundi mutual funds distributed by Banco Sabadell (3,648.4 million euros), it means that 11,369 million euros, or 85.4% 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 SFDR⁶⁴).

The process of expanding the range of investment and savings products that comply with sustainability criteria continued in 2023 with the addition of two new funds, bringing the total number of Sabam funds that comply with Article 8 of SFDR to 22. Mutual funds will continue to be the focus of attention, as they are the investment product most frequently chosen and acquired by customers. As at 2023 year-end, customer assets in mutual funds meeting ESG criteria stood at 85.4%, remaining above the target set for 2025 of 80%, although slightly below the 2022 figure as a result of market developments and customers' strong preference for guaranteed or target yield products, which are mainly structured with government bonds of EU Member States that have no sustainability rating. During the last quarter of 2023, the Institution launched the first guaranteed variable yield fund that complies with Article 8 to offer customers a sustainable alternative in line with the current interest rate environment.

The training on ESG investment aimed at all commercial team members that could provide advisory service to customers remained in place.

The Banco Sabadell Policy on Integrating ESG Risks in Savings/Investment Products was updated in 2023 with the latest progress made in this regard, presenting 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 Advisory Offering. In a third stage the decisions taken by the Technical Product Committee are ratified. Lastly, the fourth stage involves

22

Funds of Sabadell Asset Management

7,721 M€

Assets in funds of Sabadell Asset Management

3,648.4 M€

Assets in funds of Amundi

11,369 M€

Assets in funds of Sabadell Asset Management + Amundi

85.4 %

Assets in funds Art. 8 or Art.9 of SFDR

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 Articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council.

monitoring the information to be disclosed in accordance with Regulation 2019/2088. In 2023, the work started during the previous year of incorporating customers' preferences on sustainability into the discretionary portfolio management and advisory models continued, which are being adapted in light of the new suitability guides published in March 2023. Lastly, the Institution's first Statement on principal adverse impacts was published in 2023. This report shows whether investment decisions have had an impact on the environment, society and good corporate governance, according to various regulatory indicators. This report is available (in Spanish) to both customers and non-customers of the Bank.

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, together with Banco Sabadell and Spanish trade union Comisiones Obreras (CCOO), signed an agreement on a socially responsible investment (SRI) clause for inclusion in the statements of investment policy principles of workplace 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 992.2 million euros as at year-end 2023.

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 challenge of energy transition and create professional opportunities for vulnerable groups.

Q-Impact invests in companies in growth and expansion stages that mitigate problems of both 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, work towards the inclusion of those with different abilities and vulnerable groups, and which 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 2023, the Q-Impact fund had obtained the following results: In its financial valuation, it had reached an Internal Rate of Return (IRR) of 18.9%. With regard to its social and environmental impact, 54% of the impact target had 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

9

**Funds of pensions
BanSabadell Pensiones**

992.2M€

Assets BanSabadell 2023

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 Vehicle 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, Motor 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 loans and lines of credit with multilateral development banks in Mexico

Green loans in Mexico

Banco Sabadell granted green loans in Mexico amounting to approximately 112 million euros.

In 2023, Banco Sabadell granted green loans in Mexico amounting to approximately 112 million euros, which were mainly put towards:

- Renewable energy projects;
- Production of renewable energy technology;
- Construction projects using energy efficient materials;
- Installation and maintenance of renewable energy technologies (photovoltaic panels) in the sector;
- Construction and installation of infrastructure for the management of wastewater;
- Recycling and construction of industrial buildings with sustainable certification.

During 2023, 15 environmental and social evaluations were carried out of transactions that were identified as having a potentially negative environmental and/or social impact. These transactions were selected to evaluate their level of compliance with Mexican environmental legislation and with the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability. As a result, an Action Plan was developed to mitigate the identified environmental and social risks associated with the activities of the companies concerned.

In addition, actions have begun this year to reduce financing to the following sectors that have a particularly negative impact on the environment:

- Mining.
- Energy.
- Agro-industry.
- Infrastructure.
- Defence.

The scope of the transactions in these sectors affected by these actions are Companies or Groups with revenue >€40m or a transaction amount >€5m. Transactions falling within that scope are subject to analysis of environmental, social and labour issues.

Lines of credit with multilateral development banks

Since 2019, Banco Sabadell Mexico has had access to a 10-year line of credit of 100 million US dollars granted by the 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.

Banco Sabadell Mexico also has an 8-year credit facility in the amount of 50 million dollars with the German Development Finance Institution (DEG by its German acronym).

As part of the agreements with the IFC and the DEG, Banco Sabadell Mexico prepares and submits to them an Annual Report on Environmental and Social Performance (IADAS by its Spanish acronym), a comprehensive written account of the implementation and operation of its Environmental and Social Risk Management System (SARAS by its Spanish acronym), and the environmental and social performance of customers to whom this system has been applied in the previous tax year.

This report includes the following relevant information:

- a. A general description and, if applicable, an update on implementation of the SARAS system.
- b. A report on financial transactions that were evaluated using the SARAS system.
- c. The main environmental and social risks and/or impacts associated with the activities of customers identified during an Environmental and Social Due Diligence review required by the SARAS system.
- d. Main actions agreed with the customers concerned and included in an Environmental and Social Action Plan to avoid or mitigate environmental and social risks identified in the Environmental and Social Due Diligence review.

Since July 2021, all infrastructure projects (new constructions and enlargements) and any hotel-related transactions receiving financing of 5 million US dollars or more are evaluated by Banco Sabadell Mexico's SARAS system, which identifies the environmental and social impacts and risks associated with the 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.

During 2023, 18 transactions were evaluated using the SARAS system, encompassing the following sectors:

- a. Electricity, Gas and Water.h
- b. Agro-industry.
- c. Hotels.
- d. Construction.
- e. Transport, delivery services and warehousing.

Of a total of 18 transactions, 17 were approved by the BSM Risk Committee and 1 was rejected as it did not have the applicable environmental permits required under Mexican environmental regulations and requested by Banco Sabadell.

The main positive actions agreed with the customers and included in the Environmental and Social Action Plan stemming from the Environmental and Social Due Diligence review include the following:

- a. Adoption and implementation of an Environmental Policy in their companies.
- b. Implementation of an Environmental and Social Management System, which includes procedures and programmes to help reduce environmental and occupational risks.
- c. Attainment of the applicable environmental permits required under Mexican regulations.
- d. Implementation of an Environmental Oversight Programme dealing with the most relevant ecosystems.
- e. Implementation of External Communication Mechanisms.
- f. Provision of training in health & safety and the environment.
- g. Rescue and conservation of mangrove swamps (coastal marine wetlands).



6. Commitment to people



Banco Sabadell has a committed and professional workforce that focuses on helping people and companies make the best economic decisions.

Banco Sabadell has a committed and professional workforce that focuses on helping people and companies make the best economic decisions. Banco Sabadell has policies and procedures in place aimed at acquiring and developing talent, fostering the commitment of its workforce and encouraging diversity and inclusion.

The culture hinges on the watchword “Being Sabadell”, encapsulating a way of doing things and of being that is unique to Banco Sabadell, and it forms the basis of our Talent Management model and our corporate culture. It is summarised in three pillars: thinking, putting the customer and the Bank at the centre of what we do; delivering, with commitment and efficiency; and engaging, with a positive and collaborative attitude. The “Being Sabadell” formula is already being applied by our finest professionals. It is what makes us genuine and what differentiates us from other banks.

6.1 Workforce information

As at the end of December 2023, Banco Sabadell Group’s workforce consists of 19,316 employees distributed across the various regions in which it operates, practically all of whom have permanent contracts (99.1%). 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 (32.2% are in international locations) and gender (55.3% are women).

In 2023, the Group’s workforce grew by 2.2%, increasing from 18,895 employees to the current 19,316 employees. The Bank continues to engage in a process to adapt to the transformation of the environment (customer digitalisation, new ways of working, disruptive technology, etc.) in order to build the best possible future for the workforce, customers and other stakeholders.

19,316

Employees

32.2%

International locations

55.3%

Women

Banco Sabadell Group employees: Breakdown by professional category, age, country and nationality

	2023			2022		
Professional category	Men	Women	Total	Men	Women	Total
Senior management	529	262	791	460	208	668
Middle management	2,091	1,632	3,723	1,944	1,381	3,325
Specialist staff	5,341	7,077	12,418	5,298	7,194	12,492
Administrative staff	680	1,704	2,384	683	1,727	2,410
Total	8,641	10,675	19,316	8,385	10,510	18,895

Group data as at 31/12/2023. '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.

	2023			2022		
Age range	Men	Women	Total	Men	Women	Total
Under 31	1,154	1,195	2,349	1,080	1,209	2,289
Between 31 and 49	4,591	6,124	10,715	4,682	6,290	10,972
Over 49	2,896	3,356	6,252	2,623	3,011	5,634
Total	8,641	10,675	19,316	8,385	10,510	18,895

Group data as at 31/12/2023.

	2023			2022		
Country	Men	Women	Total	Men	Women	Total
Spain	6,041	7,049	13,090	5,796	6,828	12,624
United Kingdom	2,176	3,281	5,457	2,168	3,343	5,511
Mexico	267	178	445	266	166	432
Other regions	157	167	324	155	173	328
Total	8,641	10,675	19,316	8,385	10,510	18,895

Group data as at 31/12/2023. Workforce in the United Kingdom includes employees at TSB and at Banco Sabadell's London branch.

Nationality	2023	2022
Spanish	66.8%	66.0%
British	26.1%	27.3%
Mexican	2.3%	2.2%
United States	1.1%	1.1%
Other nationalities	3.7%	3.3%
Total	100%	100%

Group data as at 31/12/2023.

Breakdown of staff departures from the Group due to dismissal

As at the end of December 2023, there were 147 staff departures in the year, 88% fewer than in 2022 when they numbered 1,228. This data includes staff departures related to the redundancy scheme carried out by Banco Sabadell in the previous financial year and completed in June 2022:

Professional category	2023			2022		
	Men	Women	Total	Men	Women	Total
Senior management	8	3	11	33	8	41
Middle management	22	14	36	136	34	170
Specialist staff	43	35	78	357	621	978
Administrative staff	15	7	22	20	19	39
Total	88	59	147	546	682	1,228

Group data as at 31/12/2023. '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	2023			2022		
	Men	Women	Total	Men	Women	Total
Under 31	24	4	28	26	12	38
Between 31 and 49	36	26	62	176	457	633
Over 49	28	29	57	344	213	557
Total	88	59	147	546	682	1,228

Group data as at 31/12/2023.

Voluntary turnover

The voluntary turnover rate (VTR⁶⁵) of the Group (ex-TSB) in 2023 was 1.8%. In Spain, voluntary turnover is 1.3%, having decreased by 0.4 percentage points. This was mainly due to the talent management effort that has produced greater staff loyalty and engagement, but also to saturation of the employment market with fewer opportunities to change jobs. The turnover rate fell by 5.5 percentage points at international level, due to a lower volume of voluntary departures in Mexico and Miami.

Age range	2023		2022	
	National	International	National	International
Under 31	8.7%	13.0%	13.9%	21.8%
Between 31 and 49	1.1%	11.4%	1.3%	17.2%
Over 49	0.3%	2.0%	0.2%	4.2%
Total	1.3%	9.2%	1.7%	14.7%

Voluntary turnover rate = ((annual voluntary departures) / (average staff)) * 100. Group (ex-TSB) data as at 31/12/2023. 'International' includes Mexico, foreign branches and representative offices.

⁶⁵ Rate that measures those leaving the Group (ex-TSB) on a voluntary basis.

Gender	2023		2022	
	National	International	National	International
Men	1.8%	10.3%	2.4%	14.9%
Women	0.9%	7.8%	1.1%	14.4%
Total	1.3%	9.2%	1.7%	14.7%

Voluntary turnover rate = ((annual voluntary departures) / (average staff)) * 100.

Involuntary turnover

The involuntary turnover rate (ITR⁶⁶) of the Group (ex-TSB) was 1.6%. In Spain, the involuntary turnover rate was 1.3%. At international level the rate increased by 2.3 percentage points, mainly due to staff departures in Mexico.

Age range	2023		2022	
	National	International	National	International
Under 31	2.6%	6.0%	2.4%	3.8%
Between 31 and 49	0.8%	5.9%	0.5%	2.7%
Over 49	2.0%	6.4%	1.7%	6.3%
Total	1.3%	6.0%	1.0%	3.7%

Involuntary turnover rate = ((annual involuntary departures) / (average staff)) * 100. Group (ex-TSB) data as at 31/12/2023. 'International' includes Mexico, foreign branches and Representative Offices. Includes those leaving due to dismissal and other involuntary reasons. Does not include those leaving due to restructuring processes.

Gender	2023		2022	
	National	International	National	International
Men	1.5%	6.7%	1.3%	4.1%
Women	1.2%	5.3%	0.8%	3.3%
Total	1.3%	6.0%	1.0%	3.7%

Involuntary turnover rate = ((annual involuntary departures) / (average staff)) * 100. Group (ex-TSB) data as at 31/12/2023. 'International' includes Mexico, foreign branches and Representative Offices. Includes those leaving due to dismissal and other involuntary reasons. Does not include those leaving due to restructuring processes.

Types of contracts in the Group

Practically all Group employment contracts (99.1%) are permanent contracts, and only 168 are temporary.

Number of contracts, by type:	2023			2022		
	Men	Women	Total	Men	Women	Total
Permanent	8,555	10,593	19,148	8,304	10,409	18,713
Temporary	86	82	168	81	101	182
Total	8,641	10,675	19,316	8,385	10,510	18,895

Group data as at 31/12/2023.

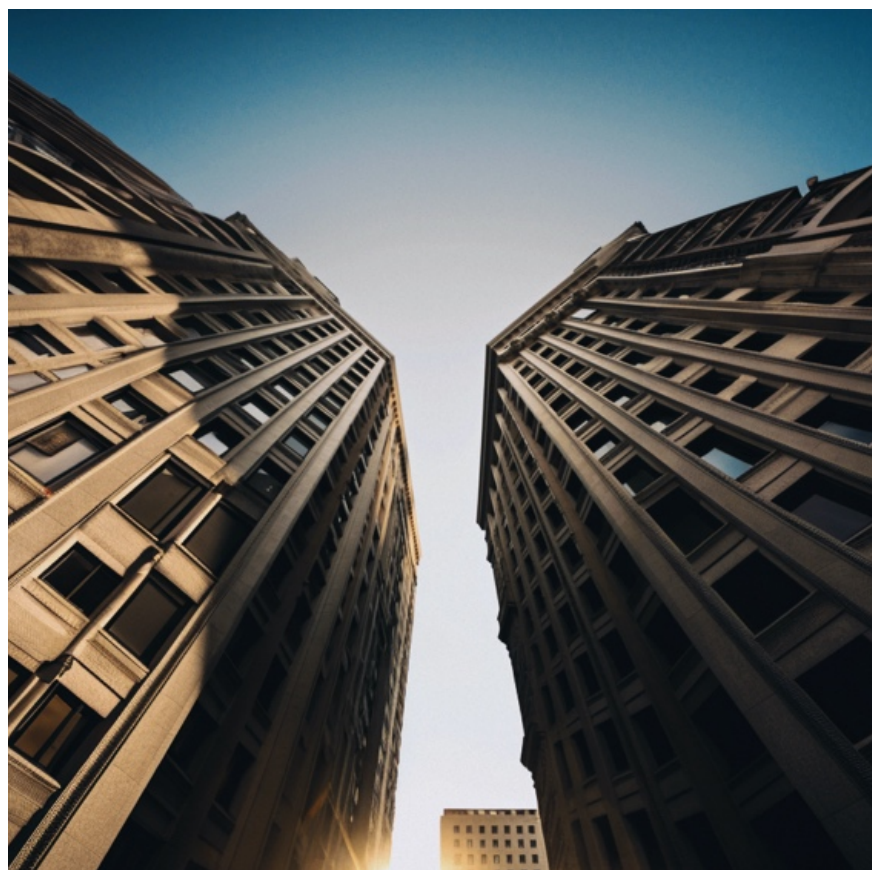
⁶⁶ Rate that measures those leaving the Group (ex-TSB) on an involuntary basis.

Number of contracts, by type:				2023			2022		
Type of contract and professional category	Permanent	Temporary	Total	Permanent	Temporary	Total	Permanent	Temporary	Total
Senior management	788	3	791	666	2	668			
Middle management	3,719	4	3,723	3,319	6	3,325			
Specialist staff	12,276	142	12,418	12,405	87	12,492			
Administrative staff	2,365	19	2,384	2,323	87	2,410			
Total	19,148	168	19,316	18,713	182	18,895			

Group data as at 31/12/2023. '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.

Number of contracts, by type:				2023			2022		
Type of contract and age range	Permanent	Temporary	Total	Permanent	Temporary	Total	Permanent	Temporary	Total
Under 31	2,251	98	2,349	2,178	111	2,289			
Between 31 and 49	10,657	58	10,715	10,911	61	10,972			
Over 49	6,240	12	6,252	5,624	10	5,634			
Total	19,148	168	19,316	18,713	182	18,895			

Group data as at 31/12/2023



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 recruitment, promotions and training) and the ability to attract the best external talent for profiles that cannot be found within the Group.

6.2.1 Talent management model

Banco Sabadell's talent management model seeks to manage and develop talent and foster employee loyalty.

Banco Sabadell's talent management model seeks to manage and develop talent and foster employee loyalty, applying the principles of meritocracy, development of internal potential and diversity. It means having the suitable mechanisms in place to identify people's talent and potential, offering them career progression opportunities at Banco Sabadell Group.

During 2023, the 'Being Sabadell' motto was created to enhance the definition of the company's culture, which is the result of merging the way we are and the way we do things at Banco Sabadell, this means thinking, delivering and interacting in a specific way:

- Thinking by putting the customer and the Bank at the centre, working with professionalism and being approachable. Knowing when to be non-conformist. Anticipating and developing better solutions.
- Delivering with commitment and efficiency. Keeping our word and bettering ourselves each day. Focusing and speeding up deliveries.
- Interacting with others with a positive and collaborative mindset, creating a constructive environment. Working in unison to achieve the Group's goals.

Talent management processes are underpinned by the 'Being Sabadell' motto, giving more coherence, consistency and clarity to the way we are.

Sabadell Talent Appraisal: is the starting point for talent management, a key process to identify people's talent and potential, give individual feedback and make decisions on career progression during processes such as internal recruitment, training or wages.

Aligning the talent appraisal process with 'Being Sabadell' is fundamental to being consistent in how the Bank defines the way we aspire to be and how we identify, assess and develop these aspects. Therefore, it was structured around three components (thinking, delivering and interacting), assessing contribution and performance, skills and potential and getting to know the professional aspirations of each employee. The process ends with an individual development plan for the entire workforce. This appraisal counts as 20% of the individual targets of employees receiving variable remuneration.

Furthermore, significant improvements were made this year to the Talent Appraisal Model by combining the two appraisal processes used thus far: the Annual Appraisal of Performance and Potential (AAPP) (for employees not receiving variable remuneration) and the Individual Qualitative Appraisal (IQA) (for employees receiving variable

remuneration). As a result, the process workflow was improved to make them more efficient and to include the information necessary to make decisions.

It is important to note that many actors take part in this appraisal, where managers give their opinion and rationale for the appraisal and where feedback from functional or additional managers (for example, from other managers of the employee during the year) is also included. Finally, the management's perspective supplements and validates the calibration.

The appraisal components are broken down according to the three main aspects of 'Being Sabadell':

- How does the employee think: do they always think while working at the Bank with expert judgement, creativity and non-conformism?
- How does the employee deliver: do they deliver exceptional work with focus and a sense of urgency? The quality of delivery and the need for regulatory compliance are taken into account.
- How does the employee interact with others: do they have a positive attitude that creates a constructive environment and fosters collaboration?

The conversation between the manager and the employee is key to personal and career development through feedback. The result is an individual development plan to action on what is necessary to improve, develop and train. The main processes used to identify and unlock the potential talent of each employee are the following:

- **Management appraisal (180°)**: every year, employees give an appraisal of their managers. As a new feature this year, this process has been aligned to the 'Being Sabadell' core ideas. It 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.
- **Employee Appraisal Committees (EACs)**: these are held annually within the talent workflow and are the main forum in which objective, meritocratic and collective decisions are made about the employees in each general/territorial division. It is the place where the calibration of the Sabadell Talent Appraisal is finalised to ensure meritocracy with an all-encompassing perspective. The resulting talent maps are key components of internal talent management, which are based on strategic needs and meritocracy. The Employee Appraisal Committees make decisions on appointments, people and talent within senior management.

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. In the case of appointments to management positions, following the Employee Appraisal Committees, proposals are submitted to the Managerial Performance Evaluation Committee and the Appointments Committee.

- **Managerial Performance Evaluation Committee (MPEC)**: 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.

- **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 pool of substitutes is updated, ensuring talent in key functions is managed proactively.

Other regions:

TSB continues to actively identify and develop the entity's talent, by building strong and diverse talent channels that guarantee long-term stability.

In 2023 the entity continued to implement the **Leadership Expectations** programme (launched during 2022), which describes the type of conduct that is expected of all employees discharging a leadership position within the bank, in order to speed up the delivery of strategic plans. Leadership Expectations is embedded in the core processes of the subsidiary's Human Resources department, including 360° feedback and the assessment of the recruitment of senior leaders, as well as a new training plan for all aspiring senior managers through **Hive Learning** campaigns launched this year.

Hive Learning uses social learning digital campaigns lasting six or seven weeks, so that leaders within the organisation learn and deepen their development skills in line with the entity's strategic challenges (simplification and efficiency, service excellence, customer focus, etc.). 65% of TSB leaders have enrolled in at least one of the campaigns.

TSB continues to further the skills and specific expertise that managers of blended teams need, boosting the wellbeing of the workforce, most notably the launch of the online seminars 'People First, Performance Follows', electronic learning modules and a hub designed in association with psychologists to support the change of habits.

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 meetings of the Employee Appraisal Committee and the Managerial Performance Evaluation Committee take place every year, as does the review of the Key Function Holder Substitute Map, to align it to the Group's talent management model.

6.2.2 Attracting talent

The Bank's talent recruitment model furnishes the Institution with the profiles necessary for its operation and target achievement.

One of the main aspects, as stated in the Bank's selection criteria, is to encourage the professional development of employees. To that end, it prioritises internal rather than external recruitment, equal opportunities, process quality and is committed to the promotion of employees with potential, offering opportunities for internal growth, thus creating a network of professional careers whose path will be completed thanks to encouragement and employees' initiative to grow and develop.

The recruitment criteria are based on the principles of transparency and confidentiality to ensure that decisions are fair and equitable, as well as guarantee professional development, efficiency and quality. These criteria apply to all areas of the Institution, in Spain and abroad.

With regard to the attraction of external talent, new employees were hired in Spain, with the following profiles: financial/quantitative/regulatory analysts (26%), data specialists (23%), business specialists (21%), technology and digital specialists (26%) and other profiles (4%).

Similarly, in relation to attracting talent, 734 vacancies have been filled internally. The mix of internal vacancies is varied, with 10% of vacancies in the area of data, digital and technology, 49% in business development and branch network, 27% in finance and compliance and the remaining 14% in cross-cutting and multipurpose technical roles.

New permanent hires in Banco Sabadell Group: Breakdown by professional category, age and gender:

	2023		2022	
Professional category	National	International	National	International
Senior management	6	0	2	0
Middle management	84	16	39	13
Specialist staff	615	111	423	89
Administrative staff	19	0	5	0
Total	724	127	469	102

Group (ex-TSB) data as at 31/12/2023. '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.

	2023		2022	
Age range	National	International	National	International
Under 31	376	42	305	47
Between 31 and 49	308	73	159	50
Over 49	40	12	5	5
Total	724	127	469	102

Group (ex-TSB) data as at 31/12/2023. '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.

	2023		2022	
Gender	National	International	National	International
Men	403	73	261	60
Women	321	54	208	42
Total	724	127	469	102

Group (ex-TSB) data as at 31/12/2023. '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.

Young talent programmes are a key way of incorporating the skills and knowledge necessary to achieve business goals and to ensure the sustainability of the Institution.

Three scholarship programmes have been launched in 2023: the Internship Programme at corporate centres, the Branch Network Internship Programme and the CIB Internship Programme, taken up by 50, 90 and 5 students, respectively. These programmes aim to give students their first experience in the banking business by providing practical knowledge in a real working environment.

The Group carried out the second edition of the Banking Sales Graduate Programme ('*Plan Cantera*'), with 115 students joining the Bank in April to become business specialists. The aim is to offer preliminary training with basic content for commercial roles (business managers) and to provide essential training for regulatory certifications. Furthermore, the training programme for commercial skills for the correct marketing of financial products started successfully.

All the programmes have specific proposals and pathways for training and development, and they also aim to create networking opportunities to generate a sense of belonging and community within the Institution.

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.

Other regions:

In 2023, the Group's UK subsidiary, TSB, continued its processes to actively identify and develop talent, building a strong and diverse pool of human resources.

- TSB has focused particularly on reskilling its workforce, where at least 10% of employees have changed roles internally in 2023.
- 296 employees joined TSB's mentorship programmes in 2023, as both mentors and mentees, to further their professional careers at the subsidiary. TSB was preselected for the Scottish Financial Services Awards in the Skills and Inclusion category in recognition to its investment in talent upskilling and reskilling.
- In 2023, TSB held a networking event mainly focusing on black leaders in the technology field, with the main goal of strengthening diversity and the organisation's talent pools.

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 (CMP): this programme is mainly aimed at 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, and contributes to managers' training on skills, collaboration and values. The programme focuses on the culture of the 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. This year 172 managers took part in the programme (47.1% of whom were women).

The approach of the project has been changed to align it with the Eres Manager project, improving the networking sessions with the People Division. The key ideas to be conveyed during the programme relate to both a cross-sectoral approach and to the nature of their experiences. At the same time, it creates greater self-awareness, the development of skills and abilities to manage people.

Career Acceleration Programme (CAP): its goal is to prepare the leaders who will tackle the challenges of the future. In 2023, the second edition of the CAP started in 2022 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 senior managers 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 areas: self-awareness (360° questionnaire), training (by completing four leadership development modules with the partner ESADE), Banco Sabadell's perspective, mentorship and new challenges.

Management Development Programme (MDP): programmes for senior managers continued in 2023, including the Senior Manager Development Programme (SMDP), 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 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.

Similarly, programme participants take part in the ISI (Influence Style Indicator), so that they are aware of their preferred leadership styles. It is a tool for self-awareness that enables them to become better leaders. In 2023, a new edition of the programme took place in 100% on-site format, in which 101 senior managers (33% of whom were women) took part and rated the programme 4.8 out of 5.

Executive Leadership Programme (ELP): the programme was carried out from September to November, with the participation of 62 corporate directors (43% of whom were women). It took place at the IESE facilities in Madrid and Barcelona, where they focused on aspects related to the strategy, digital transformation, and leadership and management, ending their experience with an executive challenge for each participant.

Corporate Mentoring Programme: during 2023 it was implemented in various divisions of the Bank (CIB, Retail, Business and Branch Network and the SWING group) for upcoming female senior managers with the aim of boosting their careers. This programme runs for 10 months and has the European Coaching School as partner. In total, 58 upcoming female senior managers participated in this edition as mentees and many other senior managers as mentors.

I am Remarkable: 52 two-hour workshops for upcoming female senior managers from all divisions of the Bank (around 1,050 women) were run in 2023 to reflect on the social perception of self-promotion, glass ceilings and to promote the careers of women in pre-senior management roles. This initiative has the support of 26 internal facilitators that voluntarily and after receiving training ran the programme.

Eres Manager: this programme 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 the divisions within the Bank, from unit heads to general managers. 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. In 2023, 43% of employees trained for managerial roles were women.

Other regions:

In 2023, TSB made progress on a proposal based on the development of core skills:

- TSB Manager: training for team managers focusing on the fundamentals of management and a greater emphasis on decision-making, as well as on reducing unconscious biases and managing the mental wellbeing of teams. More than 50% of TSB managers have completed this programme in online format.
- Talking Performance online training: focused on performance management and furnished with tools and information to develop a growth mindset with the ultimate goal of enabling TSB employees to master performance conversations and catapult their teams to perform at their best.
- Senior Leader as Coach programme: it is a four-month programme that aims to build on coaching skills through a blended programme, in collaboration with the International Coaching Federation. More than half of the managers that completed the programme have increased their confidence levels by 35% and commitment to performance by +10 percentage points on average.

This programme has been identified as the most significant programme for developing the skills of tomorrow's leaders and will be at the heart of skill development in the coming years.

Banco Sabadell Mexico aims to boost leadership, seeking to align its culture and the skills of leaders. To that end, the following programmes were implemented:

- Leaders Forum, launched in 2022 and ran annually. It is a space that has been created to improve the relationship between the management team and their teams, seeking to enhance team integration and transparent communication.
- Management Development Programme with IPADE, the leading business school in Latin America, which with its In-Company Business Management programme has designed a tailor-made executive training programme for the entity, that aims to, in addition to aligning the culture and skills of its leaders at a global level, enhance and accelerate the development of key leaders in the bank and strengthen their skills for proper decision making, addressing five main thematic areas: business model transformation, profitability, processes, risk management and people in transformation process.
- Training for new leaders, aimed at new leaders and employees who changed roles with direct reports, with the aim of providing them with key information about their role and, consequently, becoming proficient in the entity's internal operating processes.

6.3 Training

Banco Sabadell Group training model 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 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.

Key Group training-related data in 2023:

In 2023, 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. During 2023, the Bank continued to provide the entire training catalogue for different business specialists.

Some of these training activities include:

- Commercial skills programme, aimed at branch insurance managers.
- Training courses on transport, international logistics, customs processing and international taxation.
- Training plan for new business managers as part of the Plan Cantera 2023.

It is worth mentioning the high-level training programmes that are carried out with renowned institutions, such as:

- Higher Business Specialisation Programme (Programa Superior de Especialización en Empresas), aimed at enterprise managers, delivered by BESPOKE Business School and certified by Universidad San Pablo CEU.
- Advanced International Business Programme (Programa Experto en Negocios Internacionales), aimed at international business managers, delivered by ESIC Business School.
- Advanced Wealth Banking Consultancy Programme (Programa de Asesoramiento Experto en Banca Patrimonios), aimed at wealth banking directors and delivered by ESADE Business School.

On the other hand, regulatory training in Spain has continued to be very intensive. Indeed, 70% of the total training hours related to regulatory training.

Some of the new courses developed this year include:

- Sustainability preferences. Aimed at professionals advising on investment products.
- Financial inclusion and vulnerability. Aimed at all Banco Sabadell Spain employees.
- AML/CTF (Anti-Money Laundering and Countering the Financing of Terrorism): Prior abstention from executing transactions.

In addition to this mandatory training, annual ongoing training courses are also taught in relation to the three certifications required to sell banking products, i.e. MiFID, IDD and LCCI, 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 84% of the total regulatory training.

96.7% of employees received training in 2023, with 862,752 total hours of training completed at the Group level (equivalent to an average of 46 hours per employee). In Spain, 30% of the training received was voluntary and 74% took place online.

862,752

Hours of training completed

46

Hours of training per employee

Training received	2023	2022
Employees who received training (%)	96.7%	97.8%

Active employees as at 31/12/2023. Training data refers to the entire Group.

Average training expense	2023	2022
Average training expense per employee	€547.00	€496.00

Active employees as at 31/12/2023. Training data refers to the entire Group.

	2023		2022	
Total hours of training and average of each professional category	Hours of training	Average hours	Hours of training	Average hours
Senior management	40,390	52.7	23,752	36.7
Middle management	210,029	57.7	137,963	42.3
Specialist staff	541,051	44.8	431,629	35.5
Administrative staff	71,282	30.2	41,255	17.2
Total	862,752	45.8	634,599	34.3

Active employees as at 31/12/2023. 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.

	2023		2022	
Total hours of training and average of each age range	Hours of training	Average hours	Hours of training	Average hours
Under 31	131,693	57.5	83,968	37.3
Between 31 and 49	473,755	45.1	382,359	35.5
Over 49	257,304	42.4	168,272	30.8
Total	862,752	45.8	634,599	34.3

Active employees as at 31/12/2023. Training data refers to the entire Group.

	2023		2022	
Total hours of training and average for each gender	Hours of training	Average hours	Hours of training	Average hours
Men	401,088	47.5	292,632	35.6
Women	461,664	44.3	341,968	33.3
Total	862,752	45.8	634,599	34.3

Active employees as at 31/12/2023. Training data refers to the entire Group.

The increase in hours of training compared to 2022 has been significant due to the training programmes detailed below: Higher Business Specialisation Programme (30 hours), over 450 enterprise managers have taken part in the programme; Advanced Consultancy Programme for Businesses and the Self-Employed (30 hours), over 500 people have been trained as business managers; Advanced Wealth Banking Consultancy Programme (30 hours), aimed at wealth banking directors with 100 people trained; and finally, the 'Boosting the productivity of insurance specialists' programme (14 hours), through which 200 people were trained as insurance managers.

Sabadell Campus: the Bank's training platform used in Spain. 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.

In 2023, the most noteworthy training projects delivered by Sabadell Campus are: training of specialist skills at the Commercial School; development of the online space for continuous education; launch of the 'specialist in default prevention' room; creation of the DISC methodology area in the Management School; updates to the training catalogues (Management School and Digital School); initiatives in the Regulatory School; creation of a new private Pro-T (professional trainer) group; and updates to the Equality and Diversity section.

The area of sustainability continues to have its own place on Campus, with self-guided training content. Introductory content is still featured on the platform, such as the Introduction to Sustainability course, the Sustainable Borrowing course and the Sustainable Finance Certification. The new courses in this area focus on sustainability preferences, environmental management, energy crisis and other continuing education courses in the area of sustainability.

Other regions:

At TSB, training continued to focus on improving relationship with customers. In 2023, 84% of TSB employees completed some form of training, including training on consumer duty and cost-of-living to support them during their financial conversations with customers.

The 'TSB Future Skills' strategy was developed, backed by the Financial Services Skills Commission Framework, focused on the analysis of the skills to develop in the future. The first phase of two training programmes to tackle these skills were carried out in 2023:

- Key digital skills for all employees in 2023. 70% of TSB has completed at least one module, and a third of employees has completed the programme accredited by the Chartered Institute for IT.
- 107 employees participated in digital and technology data training programmes.
- SAS training bootcamp that ended with 8 employees receiving official certification.
- 'Immersive Labs' to develop the skills of the cyber team.

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 management and administration of the different systems; the main goal is to achieve compliance and alignment in all of the Bank's internal processes.

This plan's training sessions were the same as those of 2022. During the first quarter of 2023, the first Products & Services learning forum was held, a programme concerning the development, operation, use and marketing of available products and services, designed to increase the level of specialisation and to enhance holistic knowledge on the different processes, as well as to engage teams and brainstorm ideas that contribute to process upgrading and improvement.

It also includes training on the topic of sustainability which, together with the Environmental and Social Risks unit, teach courses on the Environmental and Social Risk Management System (Sistema de Administración de Riesgos Ambientales y Sociales, or SARAS) in order to strengthen technical aspects and identify opportunities for improvement in processes, as well as to clarify doubts of the participants.

The learning management platform will be launched in 2024, a platform that will enable the design of tailor-made training programmes, using technological resources to facilitate content, and which adds value for career development and motivates employees to be more proactive in their supplementary and regulatory training.

6.4 Diversity

The Group views diversity as a valuable source of corporate wealth and promotes actions to cultivate it.

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 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.

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:

- Creating the role of Workplace Equality Officer who works alongside the work-life balance consultant to promote the correct implementation of the Equality Plan.
- Ensuring compliance with the principle of equality, both internally and externally.
- Identifying female talent among upcoming senior managers within more male-dominated areas.
- Improving the representation of female senior managers and managers.

Banco Sabadell maintains since 2020 the diversity indicator in the sustainability goal that is part of the Group's corporate objectives (in the short and long term), as a testament to its firm commitment to inclusion.

Furthermore, in addition to signing the Equality Plan, a protocol was drawn up for the prevention of sexual harassment, harassment on grounds of sex and workplace harassment, the purpose of which is to articulate the necessary measures to prevent and combat any type of harassment at the workplace, establishing a confidential, quick and accessible channel for handling complaints or reports within the company.

This protocol addresses the need to preclude, raise awareness of and, where appropriate, robustly tackle these forms of violence and discrimination in the workplace. The protocol also serves as an essential tool to raise awareness among staff and ensure a confidential and rapid internal channel to resolve, eradicate or address any incident of sexual harassment or gender-based bullying that may occur in the company.

The protocol also provides for the creation of the Harassment Prevention Committee with equal representation, tasked with ensuring compliance with, and the full effectiveness, of the protocol, with investigating, immediately and thoroughly, any report, communication or complaint regarding behaviour that could be considered sexual harassment, harassment on grounds of sex or workplace harassment, acting in due confidence and proposing the necessary precautionary and corrective measures.

During 2023, the Harassment Prevention Committee processed a total of six reports on these issues, which were resolved during the year.

6.4.1 Gender

The Bank's workforce is diverse in terms of gender, with women making up 55.3% of its total staff

In the senior management group, women represent 33.1%, increasing by 2 percentage points in 2023 and thus 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 43.8% of which were held by women in 2023, representing an improvement of 2.3 percentage points compared to 2022.

In Spain, the proportion of women in management positions has increased from 30.3% to 32.2% (+2 percentage points) in the case of senior managers and from 41.6% to 44.4% (+2.8 percentage points) in the case of middle managers, in line with the trend observed in previous years. The percentage of promotions given to women remains the same (59.0% in 2023 compared to 60.0% in 2022), which demonstrates the commitment to improving diversity and the results obtained with the measures put in place.

33.1%

Women in senior management

2 points

Increased compared to 2022

43.8%

Women in en management positions

2.3 points

Increased compared to 2022

59%

Women promotioned

Breakdown of Group employees

By gender	2023	2022
Men	8,641	8,385
Women	10,675	10,510
Total	19,316	18,895

Percentage of women, by professional category	2023	2022
Senior management	33.1%	31.1%
Middle management	43.8%	41.5%
Specialist staff	57.0%	57.6%
Administrative staff	71.5%	71.7%
Women promoted out of total number of promotions during the year	59.0%	60.0%

Group data as at 31/12/2023, with the exception of promotion figures, which relate to Spain only.

In 2023, 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 2023, 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 open to all employees was held at the auditorium of the corporate centre in Sant Cugat del Vallés, which was live streamed, led by Vanessa López, Director at Fundación Quiero Trabajo, and entitled 'Self-esteem: how to recover your true value'. This main event was accompanied by a round table with three employees of the Bank who talked about their experience and internal development journey that led to their current managerial roles.
- A communication was sent to all staff to commemorate the International Women's Day and 8M commemorative vinyls and a roll-up were installed at some corporate centres.

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.

In addition, in the Corporate & Investment Banking, Retail and Business Banking and Network units, diversity programmes were launched in February and July, respectively, in which 42 women participated. Their aim is to promote the professional development of high-potential women and create a pool of female talent ready to take on senior management roles.

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*, or *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*, or *CEOE*).

Diversity in the Board of Directors

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

The Banco Sabadell Director Selection Policy of 25 February 2016 (amended on 29 September 2022 and reviewed with no amendments on 28 September 2023) establishes the principles and criteria that should be taken into account in selection processes and also, therefore, 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, among others, 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 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.

The Board Appointments and Corporate Governance Committee, in compliance with its duties, has implemented policies and measures to increase diversity in terms of gender, age, training, knowledge and experience that contribute to the collective suitability of the Board, issuing a favourable report to the Board on the re-election at the Annual General Meeting of the Chairman of the Board as Other External Director (Josep Oliu Creus), proposing to the AGM the appointment of an Independent Director (Pedro Viñolas Serra), the ratification and appointment of an Independent Director (Laura González Molero) and the re-election of another Independent Director (Aurora Catá Sala), as well as issuing a favourable report to the Board on its proposals for the re-election at the AGM of an Other External Director (María José García Beato) and an Executive Director (David Vegara Figueras).

The Board Appointments and Corporate Governance Committee, 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 Director Selection Policy, verified, on 31 January 2024, that the appointment and re-election agreements adopted by the Annual General Meeting in 2023 were compliant with the Policy. This verification has confirmed that the appointments and re-elections comply with the parameters and requirements of both the Policy and prevailing regulations for the role of member of the Board of Directors of a credit institution. The Committee also concluded that such appointments and re-elections favour a suitable composition of the Board of Directors, by increasing and consolidating its diversity, both in relation to the category of directors and in terms of the knowledge, skills and experience they bring. This fulfilled the mandate of the Board of Directors

and of the Board Appointments and Corporate Governance Committee itself of contributing to increasing the diversity of skills within the Board. In particular, with the appointment of Pedro Viñolas Serra with a strong financial profile, specialising in corporate finance and financial strategy, with a great knowledge of the Spanish and European real estate sector, the diversity of banking knowledge and expertise has been enhanced and reinforced, especially in corporate banking, accounting and auditing, risk management, prevention of money laundering and financing of terrorism, responsible business practices and sustainability and academic skills 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.

In order to select candidates, the Board Appointments and Corporate Governance Committee relied on the competency and diversity matrix of the members of the Board of Directors of Banco Sabadell, which defines the skills and knowledge for directors. In addition, the Committee engaged external consultants who provided profiles of candidates who met the skills prioritised by the Board Appointments and Corporate Governance Committee.

As at 2023 year-end, 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 2023 women accounted for 33% of the total membership of the Board of Directors, honouring the Bank's commitment expressed in Sabadell's Commitment to Sustainability for 2023. They also account for 40% of Independent Directors, 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.

The Board Appointments and Corporate Governance Committee agreed to submit a proposal to the Board of Directors for submission at the 2024 Annual General Meeting regarding the appointment of a female Independent Director.

In fulfilment of the commitment undertaken, the Board Appointments and Corporate Governance Committee agreed to submit a proposal to the Board of Directors for submission at the 2024 Annual General Meeting regarding the appointment of a female Independent Director to replace Independent Director José Manuel Martínez Martínez, who resigned effective from the date of the Ordinary Annual General Meeting.

This appointment will increase the percentage of female Board membership, reaching 40% in 2024, thus fulfilling the Bank's commitment stated in Sabadell's Commitment to Sustainability ahead of schedule.

In terms of the presence of women on Board committees, the Board Remuneration Committee is chaired by a female Independent Director and female directors sit on all Board Committees. Female directors are a large majority in the Board Appointments and Corporate Governance Committee and in the Board Remuneration Committee (75% and 66.67%, respectively). There is equal representation between both genders in the Board Risk Committee, while the presence of women in the Board Audit and Control Committee is 25%. 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 20%.

Diversity in the Board of Directors	2023	2022
Men	10	10
Women	5	5
Total	15	15

Data as at 31/12/2023.

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 paperwork 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 2023 was 300.

	2023			2022		
Professional category	Men	Women	Total	Men	Women	Total
Senior management	5	4	9	4	4	8
Middle management	16	10	26	13	11	24
Specialist staff	86	118	204	92	117	209
Administrative staff	14	47	61	16	52	68
Total	121	179	300	125	184	309

Group data as at 31/12/2023. '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.

6.4.3 LGBTIQ+ diversity

Banco Sabadell values diversity in all its forms as a fundamental pillar of our corporate culture. The Institution firmly believes that fostering an inclusive and diverse environment not only enriches, but also strengthens its ability to innovate, adapt and achieve its goals.

The Bank's purpose is focused on creating a workplace environment in which all people feel safe, respected and valued. Through non-discrimination policies, awareness programmes and continuous training, the Bank seeks to ensure equal opportunities.

In June, coinciding with Pride month, the Bank announced the creation of a new employee service point to resolve LGBTIQ+ diversity issues. Alongside this announcement, a group of Trusted People was set up. These individuals are distributed across the nation and will play a key role in providing a safe and confidential space for employees to address their concerns and personal or family needs in relation to sexual diversity and/or gender identity. This group has been educated and trained on matters of diversity, equality and inclusion in organisations and also deals with queries regarding functional and generational diversity, which demonstrates the Institution's commitment to a comprehensive approach to inclusion.

Projects have been launched within the Corporate Volunteering Programme, which collaborates with social institutions that work to help people from the LGBTIQ+ community, especially trans women and people with functional diversity.

Other regions:

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.

- Progress continues to be made towards a diverse workforce with the aim that by 2025 the workforce will reflect the diversity of the UK's working age population. In 2023, the number of senior management roles held by women remains at 42% (same percentage as in 2022), above the UK banking sector average of 39%. The representation of other ethnic minorities in management roles has increased to 16% (9% in 2021).
- 'Black Talent Charter' seal of distinction. Committed to creating and maintaining an environment in which talent can be identified, supporting the recruitment, development and career progression into senior roles in the financial and professional sectors. In 2023, the first 'Ignite' programme was implemented to help them progress their careers at TSB.
- In order to develop an inclusive culture from all perspectives (ability, ethnicity, gender balance and LGBTQ+), TSB continues to support an internal network with executive level sponsors. In 2023 a fifth network sponsored by Social Mobility was launched. These networks actively challenge and contribute to the organisation's diversity and inclusion plans. 92% of TSB workforce believes that the organisation fosters an inclusive working environment that accepts people's differences.

Banco Sabadell Mexico has implemented practices that promote and support diversity, equality and inclusion, at an internal and external level. Internal practices include:

- Banco Sabadell Mexico has an internal diversity, equality and inclusion working group, formed of members from various areas in order to: 1) open dialogue between employees to brainstorm ideas and initiatives related to diversity, equality and inclusion in the workplace; 2) promote a culture of equality and inclusion in all teams; 3) work actively in the implementation of principles,

measures and actions that favour people's development and equal opportunities; and 4) impact the financial and banking sectors. Members of the gender, LGBTQ+, generational and functional diversity subgroups worked on initiatives that promote diversity, equality and inclusion.

- During June, Pride month, the LGBTQ+ flag is added to all external communications and pride lanyards are gifted in solidarity.

External practices:

- Participation in the Diversity and Inclusion Committee of the Association of Mexican Banks (ABM).
- Participation in the working group for the development of the trade union's programme on diversity, equality and inclusion of the ABM.
- Participation in the 'Foundations' working group, the purpose of which is to create the main pillars that a financial organisation should have in order to promote gender equality.
- Participation in the Ranking Par 2023 and Human Rights 2023 surveys.
- In 2024, the entity received the 'Best Place to Work LGBTQ+' certification.

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 will be in keeping with the Institution's credit risk management approach and with its appetite and strategies in relation to this risk, and will 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.
- Encouraging actions consistent with the Group's climate and environmental approaches, as well as with the Group's voluntary commitments, and promoting a long-term approach to managing climate-related and environmental risks.
- Remuneration components must contribute to the promotion of environmental, social and governance (ESG) actions in order to make the business strategy sustainable and socially responsible. KPIs for ESG matters are included and linked to the variable remuneration of employees by means of a synthetic indicator (SI),

making them part of the Group objectives with a weight of 10%. The metrics that comprise this indicator include:

Category	Indicator
ESG (cross-cutting)	Degree of progress in the achievement of actions set out in the Sustainable Finance Plan.
E (Environmental)	Channelling of resources through the volume of sustainable financing (applied and linked).
S (Social)	Diversity: increased presence of women in various management positions.
G (Governance)	A market-led assessment, carried out by ESG rating agencies, of the information disclosed.

To reinforce the alignment of the Group's Senior Management and Identified Staff remuneration and the Group's commitment to sustainability, as from 2023 a synthetic sustainability indicator (SSI) has been incorporated in the multi-year targets set by the Group, directly linked to long-term remuneration, with a weight of 20%.

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 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.

Average remuneration of the Board of Directors⁶⁷

2023

2022

	2023		2022	
	Members	Remuneration	Members	Remuneration
Men	9	329,501	10	306,640
Women	5	164,667	4	167,152
Total	14	270,632	14	266,786

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 2023, average remuneration for male members of the Board, not including the remuneration of the Non-Executive Chairman, was 170,689 euros, while average remuneration in 2022 was 162,933 euros.

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 and remuneration actually paid. This criterion has been applicable in all countries since 2021.

Average total remuneration in Spain

2023

2022

Professional category	2023			2022		
	Employees	Remuneration		Employees	Remuneration	
	M	W	Total	M	W	Total
Senior management	435	207	642	173,686	135,390	161,338
Middle management	1,759	1,405	3,164	74,320	62,197	68,937
Specialist staff	3,797	5,325	9,122	50,172	46,604	48,089
Administrative staff	50	112	162	29,039	27,976	28,304
Total	6,041	7,049	13,090	65,922	52,024	58,438

Data as at 31/12/2023. 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.

2023

2022

Age range	2023			2022		
	Employees	Remuneration		Employees	Remuneration	
	M	W	Total	M	W	Total
Under 31	528	411	939	38,742	37,574	38,231
Between 31 and 49	3,207	4,295	7,502	61,198	50,517	55,083
Over 49	2,306	2,343	4,649	78,715	57,320	67,933
Total	6,041	7,049	13,090	65,922	52,024	58,438

Data as at 31/12/2023. Average remuneration in euros.

⁶⁷ 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.grupobancsabadell.com).
<https://www.grupobancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/director-remuneration-policy.html>
<https://www.grupobancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/annual-report-on-remuneration-of-directors.html>
<https://www.grupobancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/corporate-governance-annual-report.html>

Average total remuneration in United Kingdom (TSB)

2023							2022					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	74	50	124	336,967	283,784	315,522	81	47	128	313,505	260,247	293,949
Middle management	187	141	328	134,877	127,160	131,560	184	140	324	120,937	113,584	117,760
Specialist staff	1,271	1,481	2,752	66,314	56,457	61,009	1,256	1,518	2,774	57,938	48,967	53,028
Administrative staff	630	1,592	2,222	35,408	31,532	32,631	635	1,621	2,256	29,379	26,357	27,208
Total	2,162	3,264	5,426	72,502	50,837	59,469	2,156	3,326	5,482	64,504	43,653	51,854

Data as at 31/12/2023. Average remuneration in euros. Exchange rate as at 31/12/2023: GBP 0.8691 = EUR 1. Exchange rate as at 31/12/2022: GBP 0.88693 = 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.

2023							2022					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	567	738	1,305	42,060	38,614	40,112	623	841	1,464	35,404	32,883	33,956
Between 31 and 49	1,119	1,608	2,727	76,768	55,132	64,010	1,108	1,598	2,706	70,832	47,254	56,908
Over 49	476	918	1,394	98,734	53,138	68,707	425	887	1,312	90,666	47,377	61,400
Total	2,162	3,264	5,426	72,502	50,837	59,469	2,156	3,326	5,482	64,504	43,653	51,854

Data as at 31/12/2023. Average remuneration in euros. Exchange rate as at 31/12/2023: GBP 0.86913 = EUR 1. Exchange rate as at 31/12/2022: GBP 0.88693 = 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 México

2023							2022					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	37	18	55	262,326	173,372	231,534	36	18	54	238,425	137,774	204,242
Middle management	148	97	245	68,891	63,634	66,805	152	92	244	59,446	55,859	58,088
Specialist staff	82	63	145	28,775	25,453	27,322	78	56	134	24,080	23,316	23,756
Administrative staff	0	0	0	0	0	0	0	0	0	0	0	0
Total	267	178	445	81,639	61,204	73,381	266	166	432	73,097	53,763	65,598

Data as at 31/12/2023. Remuneration in euros. Exchange rate as at 31/12/2023: MXN 18.723 = EUR 1. Exchange rate as at 31/12/2022: MXN 20.856 = 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.

2023							2022					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	51	35	86	33,882	30,375	32,455	44	28	72	28,752	26,495	27,862
Between 31 and 49	174	128	302	79,058	64,628	72,908	192	127	319	73,762	57,398	67,185
Over 49	42	15	57	155,408	104,153	141,170	30	11	41	132,463	81,208	118,711
Total	267	178	445	81,639	61,204	73,381	266	166	432	73,097	53,763	65,598

Data as at 31/12/2023. Remuneration in euros. Exchange rate as at 31/12/2023: MXN 18.723 = EUR 1. Exchange rate as at 31/12/2022: MXN 20.856 = 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

2023							2022					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	435	207	642	124,818	102,439	117,602	362	157	519	129,862	101,647	121,327
Middle management	1,759	1,405	3,164	57,274	49,082	53,636	1,613	1,151	2,764	56,230	48,269	52,915
Specialist staff	3,797	5,325	9,122	42,063	39,121	40,346	3,773	5,414	9,187	41,202	38,006	39,319
Administrative staff	50	112	162	24,951	24,759	24,818	48	106	154	23,289	23,211	23,235
Total	6,041	7,049	13,090	52,309	42,738	47,155	5,796	6,828	12,624	50,773	40,970	45,471

Data as at 31/12/2023. 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.

2023							2022					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	528	411	939	35,014	33,986	34,564	402	324	726	34,815	32,319	33,701
Between 31 and 49	3,207	4,295	7,502	48,664	41,235	44,411	3,299	4,472	7,771	46,408	39,472	42,416
Over 49	2,306	2,343	4,649	61,340	47,027	54,127	2,095	2,032	4,127	60,709	45,646	53,293
Total	6,041	7,049	13,090	52,309	42,738	47,155	5,796	6,828	12,624	50,773	40,970	45,471

Data as at 31/12/2023. Average remuneration in euros.

Average fixed remuneration in United Kingdom (TSB)

2023							2022					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	74	50	124	216,993	193,174	207,388	81	47	128	203,000	172,132	191,666
Middle management	187	141	328	103,249	96,965	100,547	184	140	324	93,450	87,558	90,904
Specialist staff	1,271	1,481	2,752	50,022	42,074	45,745	1,256	1,518	2,774	44,841	37,882	41,032
Administrative staff	630	1,592	2,222	26,508	23,184	24,126	635	1,621	2,256	23,798	20,884	21,704
Total	2,162	3,264	5,426	53,489	37,546	43,899	2,156	3,326	5,482	48,733	33,586	39,543

Data as at 31/12/2023. Average remuneration in euros. Exchange rate as at 31/12/2023: GBP 0.8691 = EUR 1. Exchange rate as at 31/12/2022: GBP 0.88693 = 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.

2023							2022					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	567	738	1,305	32,359	29,329	30,646	623	841	1,464	28,999	26,626	27,636
Between 31 and 49	1,119	1,608	2,727	56,798	40,786	47,357	1,108	1,598	2,706	53,549	36,330	43,381
Over 49	476	918	1,394	70,878	38,477	49,541	425	887	1,312	65,107	35,241	44,915
Total	2,162	3,264	5,426	53,489	37,546	43,899	2,156	3,326	5,482	48,733	33,586	39,543

Data as at 31/12/2023. Average remuneration in euros. Exchange rate as at 31/12/2023: GBP 0.86913 = EUR 1. Exchange rate as at 31/12/2022: GBP 0.88693 = 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

2023

2022

Professional category	Empleados			Remuneración			H	M	Total	H	M	Total
	H	M	Total	H	M	Total						
Senior management	37	18	55	171,277	106,680	148,917	36	18	54	145,893	84,036	124,885
Middle management	148	97	245	48,210	43,805	46,462	152	92	244	40,294	37,156	39,106
Specialist staff	82	63	145	21,909	19,200	20,724	78	56	134	18,076	17,461	17,815
Administrative staff	0	0	0	0	0	0	0	0	0	0	0	0
Total	267	178	445	56,079	41,441	50,164	266	166	432	47,956	35,596	43,162

Data as at 31/12/2023. Remuneration in euros. Exchange rate as at 31/12/2023: MXN 18.723 = EUR 1.

Exchange rate as at 31/12/2022: MXN 20.856 = 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.

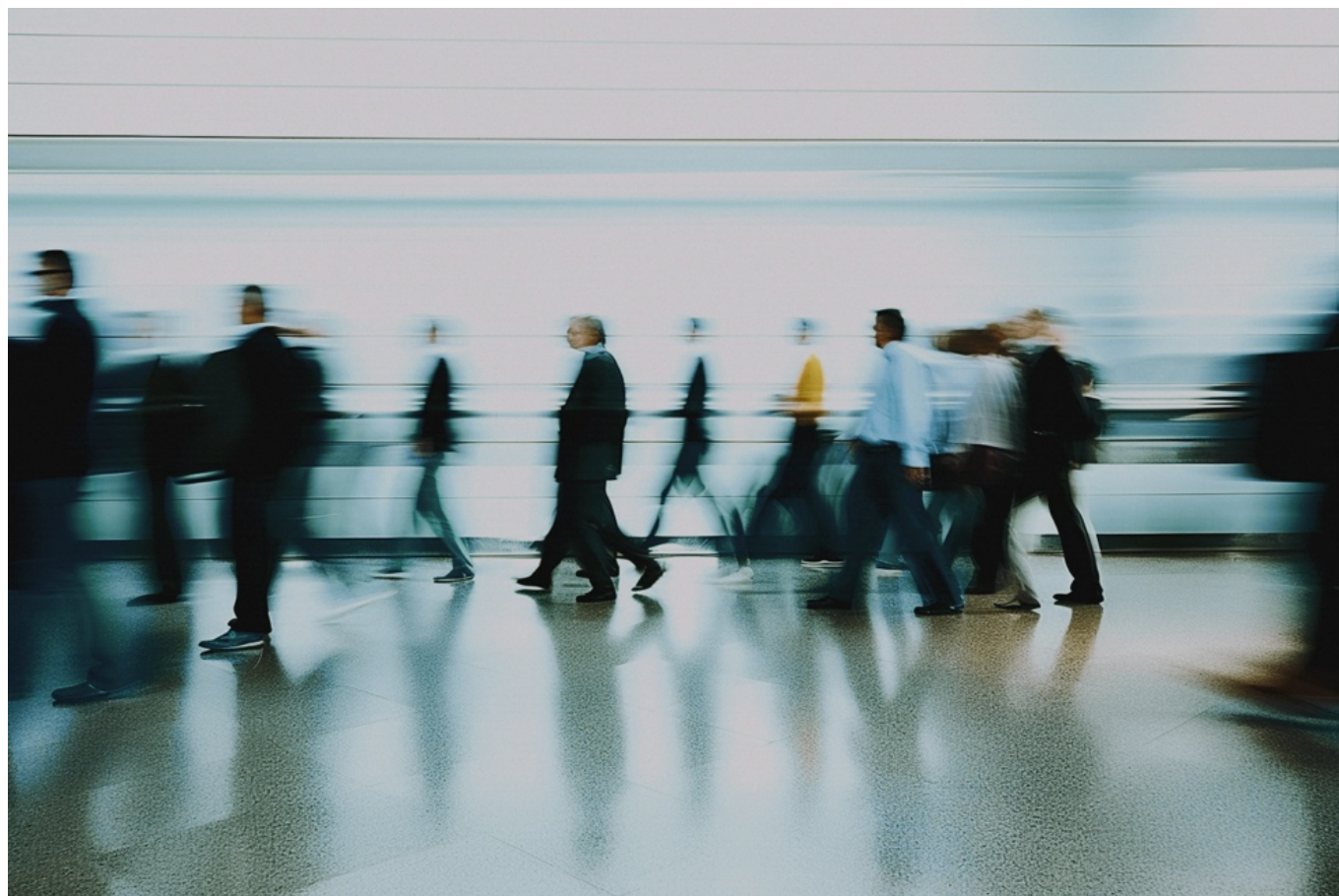
2023

2022

Age range	Empleados			Remuneración			H	M	Total	H	M	Total
	H	M	Total	H	M	Total						
Under 31	51	35	86	25,332	22,406	24,141	44	28	72	21,537	19,310	20,658
Between 31 and 49	174	128	302	53,715	43,949	49,553	192	127	319	48,061	37,817	43,944
Over 49	42	15	57	106,652	64,620	94,977	30	11	41	85,162	51,408	76,106
Total	267	178	445	56,079	41,441	50,164	266	166	432	47,956	35,596	43,162

Data as at 31/12/2023. Remuneration in euros. Exchange rate as at 31/12/2023: MXN 18.723 = EUR 1. Exchange rate as at 31/12/2022: MXN

20.856 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A.



Pay gap

In terms of equal pay for the same role with the same responsibility, Banco Sabadell makes no type of wage discrimination between genders, neither when recruiting staff nor during employees' salary reviews, monitoring the impact that any actions taken in relation to discretionary pay may have on the pay gap.

The gross 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 higher 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 percentage represented by their workforce out of the total.

Pay gap based on average total remuneration

	2023	2022
Spain	21.08%	23.08%
United Kingdom (TSB)	29.88%	32.33%
Mexico	25.03%	26.45%
Total	23.69%	25.89%

Pay gap based on median total remuneration

	2023	2022
Spain	13.86%	16.18%
United Kingdom (TSB)	26.11%	26.47%
Mexico	22.14%	17.55%
Total	17.56%	19.25%

Data as at 31/12/2023 and 31/12/2022.

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.

Pay equity:

The gross pay gap indicator does not provide a complete picture of differences in remuneration nor does it make it possible to identify potential gender inequalities within the company. For those purposes, it is essential to employ statistical methods that allow the calculation of the portion of the gender pay gap that cannot be explained by other factors that might influence a person's compensation, such as their individual characteristics and those related to their job. The portion of the pay gap that remains when comparing similar individuals whose only difference is their gender is known as the adjusted pay gap.

To address this, in 2023 Banco Sabadell worked in collaboration with the Economics and Business department of the Pompeu Fabra University on the certification of an econometric model to determine the adjusted pay gap in Spain, with the following results:

Adjusted pay gap in Spain

	2023
Pay gap based on average total remuneration	5.27%
Pay gap based on median total remuneration	2.90%

If the effect of staff- and job-related characteristics on pay is removed from the basic pay gap, the adjusted pay gap becomes 5.27% based on the average and 2.90% based on the median.

The introduction of additional factors explaining remuneration, other than gender, reduce the pay gap. The inclusion of specific job-related characteristics are significant in terms of explaining the observed pay gap. Therefore, the standardisation of the presence of gender in the different categories and job functions would also contribute to reducing the aforesaid pay gap.

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.

Furthermore, TSB was one of the first companies in the United Kingdom to publish its gender pay gap data (in July 2017) by issuing its 'Gender Balance Matters' report, which sets out a commitment not only to publish pay imbalances existing between men and women, but also to examine the causes of those imbalances, set out the measures being adopted and report on progress made.

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. The Bank has a combined work model that allows people to work on-site or remotely, in which new habits are incorporated to learn how to make the best of both worlds. To be, in essence, a more flexible and connected Bank.

SmartWork⁶⁸ continues to evolve to adapt to the current environment and we continue to work with a blended model, with several telecommuting days each month, achieving good outcomes in relation to time management and developing the use of technological tools (Office 365) and new capabilities as an ally that can be counted on every day in order to work more efficiently.

The Bank continues to promote measures to enhance flexibility, such as telecommuting or 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. In the corporate centres, for the areas covered by the collective bargaining agreement for banks, the hybrid model based on a maximum of 6 days per month, remains in place. This arrangement is voluntary and is not regulated at a contractual level.

This declaration of intent rests on four pillars, which underpin the main actions that concern the workforce: technological transformation, adaptation of workspaces, culture & leadership, and new ways of working.

During the development of SmartWork, actions were taken in different spaces so that all kinds of tasks could be carried out in a hybrid environment. In addition, new protocols were designed, offering guidelines for new ways of working, thus optimising work under the new model. Clearly, the tools continue to develop, meanwhile, the creation of the SmartApp helped to improve team planning and resource management.

Communications, webinars and challenges are used to implement a support plan, which highlights the value of the most efficient practices, such as, the weekly newsletter (FlashIN), the fortnightly communication with managers (Eres Manager), the SmartSite portal (news related to SmartWork and useful resources), News on the corporate intranet (IN Sabadell and the Employee Portal), and a support plan with open sessions and webinars.

Other regions:

The culture at TSB is based on working methods designed to improve the work-life balance of the workforce, by supporting and promoting flexible working whilst maintaining excellent customer service. TSB has developed a blended approach with continuous investment in

⁶⁸ 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.

technological capabilities, which enables employees to combine working from home with working in the office, promoting “office days” for collaborative work, social interaction and continuous learning.

In its survey “Colleague Engagement Pulse Survey 2023”, 85% of workers said that they felt able to balance their work and personal life adequately, and 87% were positive in their appreciation of TSB’s support for their health and well-being.

Mexico continues to successfully run its hybrid model, in which employees combine on-site attendance with two days per week remote working.

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 Equality Plan⁶⁹, 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:

- Flexibility 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 CBA⁷⁰.
- Unremunerated reductions of working hours, as set out in Article 37.6 of the Workers’ Statute (WS) and Article 35 of the CBA, 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.
- 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 to nurse an infant of less than 9 months. 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, employees will have a 15-minute grace period applicable to the time they start their working

⁶⁹ https://www.grupbancsabadell.com/corp/files/1454335415322/plan_de_igualdad_es.pdf

⁷⁰ Collective Bargaining Agreement for Banks.

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, and in order to contribute to the protection of maternity and paternity rights, 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 through 15 working days' remunerated leave subsequent to any period of contractual suspension due to the birth, adoption, guardianship or foster care of a child. The duration of the leave of absence for the birth or care 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.

All employees have the right to receive a school allowance for their children, which is paid at the beginning of the academic year for each child in school between the ages of 0 and 23 years who is economically dependent on the employee in question. For those employees who have a child with a registered physical or mental disability of at least 33%, the maximum age is extended to 26 years.

Employees also have a benefits system linked to the flexible compensation system which allows them to make the most of their remuneration by contracting certain products through the payroll, such as "Flex Daycare" which they may use to earmark part of their salary to pay for childcare whilst obtaining tax benefits, depending on their place of residence within the Spanish territory. The Bank gives employees the option to pay for their children's daycare through two different methods: a virtual cheque with Sodexo or a bank transfer directly from the company.

The corporate centre at Sant Cugat del Vallés, has a nursing room available for use by employees who choose to combine nursing an infant with their work life. It has a private space to express breast milk, furnished with power sockets, an armchair, running water and a fridge where they can store the expressed milk during the working day. This nursing room can be freely accessed throughout the day.

All employees of the Bank have at their disposal a Guide to Work-Life Balance Measures, which explains, clearly and simply, the different work-life balance measures that staff can access; it can be found in the Equality and Diversity space of the corporate intranet.

Furthermore, Banco Sabadell gives its workforce access to a tool called "Mi Jornada", in compliance with the provisions of Royal Decree-Law 8/2019 on keeping daily records of working hours and in accordance 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.

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 People portal. 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.

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 value proposition for employees.

Other regions:

With regard to work-life balance, TSB has flexitime arrangements with 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 attract more new talent.

TSB's maternity/paternity leave policy is applied equally, regardless of how they become fathers or mothers.

TSB's parental leave policy aims to help with childcare in the early weeks and months of parenthood, and to balance the ongoing challenges of work and family life.

TSB ensures that the biological mother/father and principal adoptive mother/father enjoy 20 weeks of leave on full pay, 19 weeks of statutory maternity/adoption remuneration, in addition to up to 13 weeks of unremunerated leave. They are also entitled to a total of 18 weeks of unremunerated parental leave for each child until that child reaches 18 years of age.

Banco Sabadell Mexico is developing its benefits policy for new mothers and fathers, by supporting healthcare and promoting a flexible model. Some of the benefits offered are detailed below:

- 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, on-site nursing room, among other things.

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 staff.

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 staff. 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. This Plan contains the requirements to integrate prevention in the company's management and defines, in its first section, the Occupational Hazard Prevention Policy, which is 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.
- 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 in the structures of Banco Sabadell Group companies. The implementation of the Plan ensures the health and safety of Banco Sabadell Group staff 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. Its approval and review are carried out under the framework of the State Health and Safety Committee (a joint collective body of representatives of the company and legal representatives of the workforce).

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. This management system is periodically subject to a specific independent audit, as set forth in the legislation in force. In 2023, the Bank successfully completed the audit process, with no areas of non-compliance detected (not even minor ones) in any of the aspects audited.

A summary of these preventive activities is published every year in an Annual Report, which is available on the Bank's intranet and also on its corporate website. This report 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 Preventive Planning document. 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.

The preventive speciality 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. The medical check-ups are carried out:

- At the start of employment.
- On a regular basis (the frequency depends on the employees' age: once every three years for persons up to 30 years of age, every two years for those aged between 31 and 44 and annually for those aged over 45).

The check-ups are very thorough and they are optional for staff; that said, each year around 80% of employees accept their invitations to these check-ups.

Other medical check-ups carried out are:

- A medical examination following a prolonged period of incapacity for work (due to either common or professional contingencies).

- A medical examination carried out to determine whether an employee is particularly sensitive to the risks inherent to 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 OHP 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 (OHP Welcome Handbook). This information is posted on the Banco Sabadell Group intranet, in a specific section for documentation relating to OHP 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, and establishing suitable prevention measures that all employees must know of and implement. The OHP 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 on site. 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 temporary incapacity (TI) and without TI for common

contingencies (common illnesses, non-work-related accidents) and professional contingencies, such as a work-related accident (WRA) or a work-related illness (WRI).

The data regarding the prevalence rate (number of employees who have been absent from work / total workforce) and the severity rate (number of days missed / total working days) showed a decline in 2023 relative to 2022. This was largely due to a reduced prevalence of Covid-19, which had its peak in the first quarter of 2022. In 2023, the annual figures were 5.10% for the prevalence rate (vs. 6.28% in 2022) and 2.94% for the severity rate (vs. 3.10% in 2022).

The number of new leaves of absence initiated in the month (frequency rate) has fallen significantly compared to the previous year, with an average of 307 per month in 2023, compared with 445 in 2022.

At a sectoral level, according to the latest data available for 2022, absenteeism due to illness stood at 3.10% in Banco Sabadell Group compared with 3.42% across the financial sector, even when considering that the information provided by mutual funds does not include data on illness without temporary incapacity, unlike the data supplied by Banco Sabadell, which does.

Indicators of absence from work in Spain

	2023	2022
Total hours (accidents and ill health)	680,419	643,764
Total hours (work-related ill health)	1,975	79,136

Data as at 31/12/2023.

Indicators of absence from work in TSB

	2023	2022
Total hours (accidents and ill health)	332,337	301,234
Total hours (work-related ill health)	22,059	37,280

Data as at 31/12/2023.

In Mexico, indicators of absence from work are recorded and reported as general ill health. As at the end of December 2023, a total of 35 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 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. In 2023 there was a significant decline in the number of accidents.

Work-related accidents

	2023			2022		
Types of accident in Spain	M	W	Total	M	W	Total
Work centre	5	32	37	11	38	49
Whilst commuting	28	41	69	29	55	84
Travel during workday	5	11	16	8	18	26
Different work centre	0	1	1	1	0	1
TOTAL	38	85	123	49	111	160

Data as at 31/12/2023. The data shown for 2022 includes an accident not included in the report for the previous year because the decision to include the accident was reported subsequent to the publication of the data.

Work-related accidents in Spain

	2023			2022		
	M	W	Total	M	W	Total
Total hours	4,946	10,517	15,463	6,702	10,247	16,949
Frequency rate ⁷¹	0.95	3.66	2.39	1.92	4.63	3.36
Severity rate ⁷²	0.05	0.09	0.07	0.06	0.09	0.08

Data as at 31/12/2023. 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 2023.

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.

In Spain, Banco Sabadell has 9 trade union sections, at both State and autonomous level. The subsidiaries⁷³ in Spain, that have trade union representation are Sabadell Digital, S.A.U., Sabadell Consumer Finance S.A., and Fonomed Gestión Telefónica, while the number of trade union sections is lower than that of 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 the Spanish Banking Association (Asociación Española de Banca, or AEB), jointly 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 staff are covered by the Collective Bargaining Agreement, while in all the other countries the legislation applicable in each country is applied.

⁷¹ (number of accidents (excluding those occurring whilst commuting) / theoretical working hours (according to collective bargaining agreement)) * 1,000,000

⁷² (working hours lost/ theoretical working hours (collective agreement) * 100)

⁷³ 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.

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 Digital, S.A.U.
 - Sabadell Consumer Finance, 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 (SHSC), 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.
- Agreement on improved employee benefits.

Other regions:

In the United Kingdom, TSB continues to maintain a fluid and direct relationship with trade unions, renewing its agreement with Accord and Unite in 2023, which establishes the collective bargaining agreements. The agreement was reached with 90% of the trade unions represented. This relationship has allowed the management team to work in an open and collaborative manner to consult with trade union representatives on all issues affecting TSB's relationship with its staff, and to assess possible initiatives to make improvements to the workforce and introduce organisational changes.

With regard to the subsidiary in Mexico, there is no relationship between staff and union representatives.

6.7 Dialogue with employees: more connected than ever

Banco Sabadell Group has various mechanisms in place for communicating with staff and listening to their concerns, which are key to anticipating their needs and building a great place in which to develop a professional career.

Banco Sabadell's inclusion in prestigious ranking tables as one of the 100 best companies to work for in Spain, is evidence of this.

In relation to information resources, in Spain the FlashIN newsletter continues to be issued and sent to all employees each week, providing information of interest to all, as well as guidance and context about the Institution and the sector. In addition, the internal news portal, IN Sabadell, is a crucial informational and unifying resource that provides key information on complex issues generated by the external environment, and on change processes that occur within the organisation itself. This portal, and the publication of the fortnightly Eres Manager, also include ad hoc surveys to tap into any relevant issue and capture people's feelings about it. This allows the Institution to verify, survey after survey, the high degree of commitment of staff at any time.

Employees opinions and views are captured, on an ongoing basis, to find out their level of satisfaction with internal events or training sessions, with a will to improve their experience going forward. Another important initiative in 2023 was a survey on psychosocial risks, which captured people's views under the framework of occupational risk prevention.

In relation to *El Banco que queremos ser* (The Bank we aim to be), a survey which provides comprehensive information on the commitment of staff to the Institution's current and future course of action, the results were stable, in line with the good results for the year. Commitment and climate are measured at three different times in the year, addressing the following elements and questions:

Commitment to Sustainability	I firmly believe in my company's goals and targets
	I feel proud to be a part of this organisation
	I feel motivated in my day-to-day at work
	There are no major obstacles keeping me from doing my best work
Meritocracy and consistency	People and the team receive fair and equitable treatment
	I can openly communicate my points of view at higher levels
	This organisation supports equal opportunities for everyone
Management	My manager communicates effectively
	My manager promotes collaboration with different teams and departments
	My manager gives me feedback regularly and helps me to grow professionally
Ways of working	People in this company work efficiently
	People in my team work efficiently
	My manager helps the team to adapt to change, by being an example and promoting new ways of working
Wellbeing	This is a psychologically and emotionally healthy place to work
Sustainability	We are making the changes needed to become a more environmentally responsible company and we are helping our customers with their own transition in that respect
	This company carries out specific actions to address social impact issues, which are important to me
Equality and Diversity	I can be myself at work, without worrying if I will be accepted
	Diversity and inclusion are supported in the workplace
Banco Sabadell's Management	I trust in the decisions taken by Management
Promotion	I know the criteria and procedures used in the promotion process
	Those who deserve promotion are promoted
Work-life balance	The company's work-life balance measures allow me to enjoy a good balance between my personal and professional life.
Compensation	How do you rate the compensation received for the work that you do
	With regard to my total compensation, I think that I am paid fairly for the work that I do.
My company	In this company, we are encouraged to learn from our mistakes.
	In my team, we openly discuss different opinions when decisions are taken.
	In my department, the flexibility measures offered by the Bank for its staff are used appropriately
Recommendation	Would you recommend Banco Sabadell to a friend or relative as a good place to work?

Good results were obtained on practically all of the factors analysed, such as quality of management, meritocracy or internal cooperation, revealing a clear improvement compared to the previous year. The Bank continues to listen continuously to the opinions of its workforce with periodic measurement surveys. This year, they took place in April and December, with a positive outcome in terms of evolution and improvement of the long-term commitment of our people.

Another key element in the architecture shaping relationships is the Employee Assistance Office, which plays an indispensable role in resolving staff concerns. This year, 49,501 queries were handled, while maintaining a high level of quality of service, obtaining a user satisfaction rating of 4.30 out of 5.

Other regions:

TSB is committed to creating a positive and inclusive culture and supporting the wellbeing of the workforce.

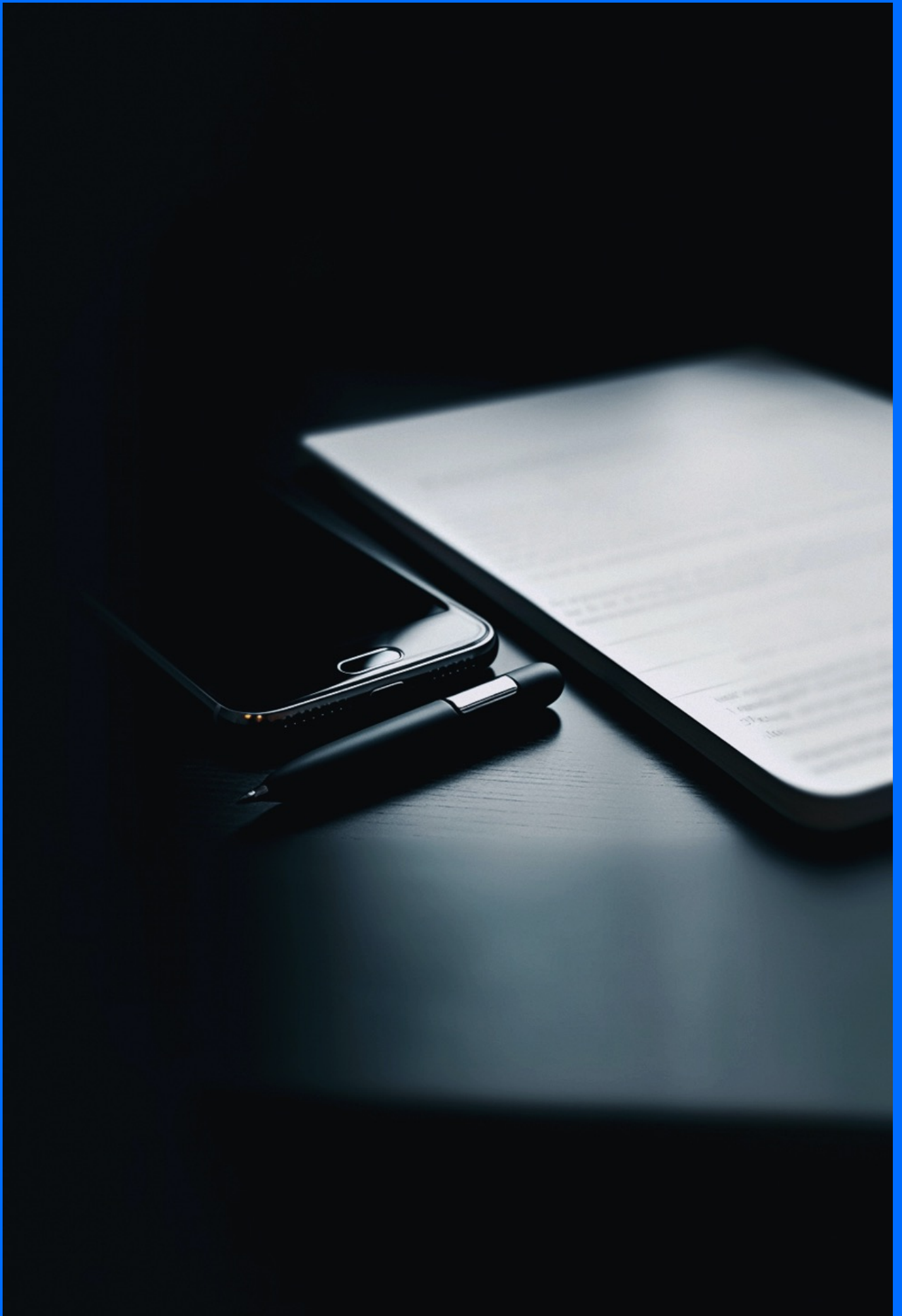
Created in 2013, 'Link' is TSB's People Forum, which serves as the voice of the workforce, with regular meetings and representatives from all areas of the bank. Every quarter, Link members meet with the Executive Committee to share their ideas, comments and recommendations. Link members also meet with TSB's Board of Directors once a year to follow up on the measures implemented. In 2023, Link contributed to TSB's 'Cost of living' support for customers, its strategy for vulnerable customers, and played a part in increasing customer confidence. Engagement with Link has increased by 80% this year relative to previous years.

In Mexico, a space has been created for all members of the Sabadell team, where the CEO of Sabadell Mexico 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' (*Micrófono Abierto*) and it helps to build trust and allow first-hand experience of the three fundamental values that are closeness, quality and commitment. In addition, the CEO is part of the 3rd edition of the Most Innovative CEO 2024, a distinction to be awarded in February.

In terms of staff information, 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.

Lastly, two organisational climate surveys are carried out:

- 'Great Place To Work', having received this certification for seven consecutive years, in 2023 it was ranked #60 out of 80 companies in the central region ranking, thus earning recognition as one of the best places to work in Mexico.
- 'Great Culture to Innovate', it has obtained certification as one of the most innovative companies in Mexico for three consecutive years. In 2023, it came in 4th place out of 100 participating companies and in 6th place in the category of companies with less than 500 employees.



7. Commitment to society



Banco Sabadell Group channels its commitment to society mainly through the Banco Sabadell Private Foundation (hereinafter, Banco Sabadell Foundation) with a view to impacting the progress and social welfare of individuals, by promoting culture and the arts and research and education, in particular by fostering young talent.

Research and education

By supporting research and education, the Banco Sabadell Foundation invests in society's future and in its ability to find solutions to the most complex and urgent challenges, contributes to boosting the economic, social and cultural growth of the nation, by increasing productivity and innovation, creates learning opportunities and fosters people's talent to facilitate access to the job market.

The Banco Sabadell Foundation Awards (for Economic Research, Biomedical Research, Science and Engineering and Marine Sustainability) are important pillars of this framework for action, as are the research grants, scientific or social and humanistic research projects and grants, bursaries and awards at universities, talent forums linked to regulated training centres and/or universities and talent training programmes.

Culture and the arts

By promoting culture and the arts, the Banco Sabadell Foundation fosters creativity and innovation, provides opportunities and resources to young artists to help them develop their skills and advocates for a more equitable and diverse society. In addition, it contributes to the cultural enrichment of society and drives transformation.

The support to high quality cultural programmes, creator grants and art research stays, programmes that promote the arts as a vehicle of transformation, young talent training and bringing culture closer to younger audiences are initiatives within this scope of action.

In 2023, the Board of Trustees of the Banco Sabadell Private Foundation approved the allocation of 3,716,208 euros in partnerships with other institutions and projects with extensive experience, prestige 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 has done so since its inception. Thanks to the corporate volunteers of the participating institutions, a total of 188,084 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 485 educational centres. With the participation of 86 volunteers who have run a total of 834 workshops, Banco Sabadell, together with all of the collaborating institutions, provided training for 29,228 young people in their fourth year of secondary school education. In terms of its version for adults, 15 of the Bank's volunteers have held 106 workshops in adult schools and correctional facilities. The estimated figures for the EFEC Adults programme were 86 centres and 4,983 students.
- '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, 94 volunteers from the Bank took part in 52 programmes delivered to 33 educational centres and 1,191 students. In 2023, the programme, which is nationwide in scope, was delivered to 188 centres and 7,986 students.

During 2023, over 9,100 people have benefited from the workshops that Banco Sabadell volunteers have led as part of these programmes.

TSB is committed to social and financial inclusion. It offers secondary schools, mainly in under resourced communities in Britain, financial education workshops that are delivered by TSB volunteers. Content in the workshops meets the needs of the national schools curriculum covering topics including managing money and building

188,084

Students trained in basic finance

independent living skills. In 2023, TSB volunteers delivered 58 workshops and reached over 1,000 students.

Banco Sabadell Mexico has a financial education programme for children of employees, in which each summer students are invited to become involved in projects of the various areas of the entity. During this period, they acquire theoretical and practical knowledge of 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 handed out 353 awards (349 award-winners from 16 projects run in collaboration with other entities and 4 award-winners from the Foundation's own awards) and 2647 grants (2632 grant holders from 28 programmes run in collaboration with other entities and 15 grant holders from the Foundation's own research grants).

The most noteworthy activities in this area are:

- The Banco Sabadell Foundation Awards in Biomedical Research, Economic Research, Science and Engineering and Marine Sustainability, which aim to promote and recognise the careers of young Spanish researchers who stand out for their excellence and innovation in these fields and for the applicability and social impact of their research works.
- Banco Sabadell Foundation research grants: intended for aspiring pre-doctoral students who are carrying out their doctoral thesis. They seek to promote and develop scientific works or to fund placements at universities or research centres.
- A new formula to generate systemic change bringing together young talent as an agent for change and the arts and social impact in order to inspire and raise awareness among young people about the arts' potential as a tool for social transformation through the Art and Social Impact Hackathon.
- Collaboration initiatives with leading universities with award programmes and grants to promote young talent at the Universities of León, Oviedo, Vigo, Alicante, San Jorge, Jaime I, Las Palmas, Charles III, Francisco Vitoria, the Business School of the Valencian Community (EDEM), ESADE, the *Institut Barcelona d'Estudis Internacional (IBEI)* and the Barcelona Education in Science and Technology (BEST) Foundation.
- Grants with leading academic centres such as bursaries to support the ELLIS artificial intelligence PhD programme dedicated to scientific research on the study of how human beings converge with artificial intelligence.
- Programmes dedicated to the job search process and training in innovation, such as the Toolbox project of the University of Murcia, or the programme for work placements at the University of Alicante, after the participants receive mentorship from the Technological Skills Centre

of Alicante (*Centro de Competencias Tecnológicas de Alicante, or CCTA*), in which students from various areas (particularly, information and communication technology) work to solve a technological challenge with the support of CCTA mentors from Banco Sabadell.

- Scholarship programmes with art centres such as *Fundación de la Comunidad Valenciana Auditorio de la Diputación de Alicante (ADDA)*, which gives young musicians the chance to join the orchestra; *Fundación Albéniz*, which offers scholarships to young musicians at the *Reina Sofía School of Music*; or *Fundación Privada Associació d'artistes visuals de Catalunya (HANGAR)*, which offers an annual art research grant.
- Training programmes for emerging artists in contemporary art such as the series *Espai 13* run by *Fundació Miró*; the Generation programme of *La Casa Encendida* or the new artists forum run by *Fundación Cidade da Cultura de Galicia*; the Lied the future programme for young singers of poetic songs of the Franz Schubert Association; the concert with bursary students *Camerata Garnati* of the Live Music Association; or Festival Emergents and the new sound creation series *Sampler Series* run by *Consorti de l'Auditori i l'Orquestra*.
- Contemporary dance art residency programmes from *Consorti Mercat de les Flors*; the Carlota Soldevila art creation grants for young playwrights and performers of *Teatre Lliure*; the early music residency as part of the European training programme for young European musicians *Emerging of Joventuts Músicals de Torroella de Montgrí*; the Babestu programme to support contemporary creation run by *Centro Azkuna de Sociedad y Cultura Contemporánea*; or the residency at the *Jove Orquestra Simfònica del Vallès of Fundació Òpera Catalunya*.
- Training at leading centres such as the Summer School of the Prado Museum or the course *Territorios de la modernidad a la posmodernidad: Galería, Revista y Colección of the Reina Sofía National Art Centre*.
- Young talent training programme run by *Asociación Celera*, the only accelerator for young talent that currently exists in Spain, which every year selects ten outstanding young individuals to offer them resources, training and skill development; and the *Cód;GO!* programme of *Fundació Princesa de Girona*, which aims to bring young people closer to technology and coding.
- The Global Talent Programme, launched by the Banco Sabadell Foundation and *CIDOB* (Barcelona Centre for International Affairs), involves a paid research placement and two awards for applied research, aimed at young researchers.
- Awards to recognise young talent such as the ANFACO & Banco Sabadell Foundation Design Award and the ADI FAC Medals of *Associació de disseny industrial*; the Joan Guinjoan International Award for Young Composers of ESMUC; the Maria Canals International Music Competition for piano performers; the International Award for Young Cellists of *Fundació Pau Casals*; the Mirna Lacambra Competition for the professionalisation of young opera singers; the Rosa Barba International Landscape Award within the Biennial of Architecture organised every two years by *Col·legi d'Arquitectes de Catalunya (COAC)*.
- Collaboration with programmes to promote a culture of innovation from the grassroots level, boosting young people's minds with a focus on human, creative and social skills, such as the Human Up programme of the Association for the Promotion of Young Talent; the Acumen Fellows Programme of the Open Value Foundation; or the Entrepreneurship and Leadership Programme of the Reina Sofía School of Music for young classical musicians.
- The Banco Sabadell Foundation also collaborated with the female, multidisciplinary and intergenerational crew *Hypatia I*, selected to carry out an analogue mission to the Mars Desert Research Station (USA) with the aim of advancing Martian research and promoting space exploration.

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, a series of International Business Conferences (Jornadas de Negocio Internacional) have been held in online and hybrid (in-person + online) format, most notably the session on letters of credit: an exporter's guide, with the participation of 900 companies, and the session on international taxation issues for Spanish companies with 460 participating companies. In addition, a selection of news content concerning international business is offered through a newsletter that is sent to the Bank's business customers every month, 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 sixth 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.
- The new editions of the Financial Advisor for Religious and Third Sector Institutions training course ended, which are promoted in collaboration with the post-graduate school of the University of Francisco de Vitoria that aim to be a solid foundation for the day-to-day management of administrators and bursars. A renewed and expanded course, updated with new content that make it more cross-disciplinary, offering 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. These last two iterations of the course were open to professionals from all sectors and had a wide range of scholarships available covering up to 80% of the enrolment fee. At the end of the programme, the students received their certificates from the University of Francisco de Vitoria. These two new editions culminated with a total of 244 enrolled students (75 of whom were Banco Sabadell employees) and a total of 188 students received their certificates of completion.

Banco Sabadell's BStartup 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 relationship managers dedicated exclusively to startups and scaleups in the Territorial Divisions (TDs) with the highest concentration of this type of companies, with a specific risk management process, specific products and a team of specialists that support branches throughout Spain.

As at 2023 year-end, BStartup had 5,128 startup customers. They are very internationalised customers, often with complex transactions that require these highly specialised managers and services.

In 2023, BStartup's specialisation has been given a definite boost by enhancing training. Training was developed for all BStartup branch managers and advanced training for BStartup enterprise managers, who work exclusively in this segment. This training course was also taught to risk analysts specialised in startups.

Thus, the Catalonia TD concentrates all its startup customers at the main Barcelona branch, where it has six relationship managers, a representative and a risk analyst, all of them fully dedicated to startups, scaleups and investors. In 2023, it onboarded a new large enterprise manager specialised in high-turnover startups.

In the autonomous community of Madrid, the main Madrid branch concentrates most of the startups in this region and has a representative and four enterprise managers who are dedicated exclusively to these young innovative companies.

Valencia also has a branch fully dedicated to startups with an enterprise manager.

The other regions still have 20 BStartup branches with 25 relationship managers who, without working exclusively in this segment, regularly receive specialised training and have a specific risk management process in place with 7 risk analysts.

Equity investment targets mainly early-stage digital and technology companies with strong growth potential and innovative, scalable business models. During 2023, BStartup has invested 1,050,000 euros in ten startups.

BStartup invests in all types of sectors, but maintains its investment verticals:

- In 2023, BStartup launched the third call for proposals under BStartup Green to invest in startups that use technology or digitalisation to facilitate the transition to a more sustainable world (from the point of view of the energy transition, industry 4.0, smart cities and the circular economy). 154 companies submitted proposals under this third call.
- In 2023, the sixth edition of BStartup Health was held. It is a programme designed to support health projects, in which invested funds are primarily used to validate technology, research and business. This year's edition ended with 108 enrolled startups.
- During 2023, BStartup was very present at the main events of the entrepreneurial ecosystem. BStartup's team has actively participated in 110 entrepreneurial events across Spain.

Companies Hub (Hub Empresa)

Companies Hub 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 engaging sessions in which professional experiences, current content and the latest business trends 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 such as financing, internationalisation and startups.

For all these reasons, Companies Hub is a service that contributes to Banco Sabadell's positioning in the business segment as the bank that best understands their challenges.

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The most noteworthy milestones of 2023 are:

- The strengthening of the hybrid model. This is the result of the consolidation of the online programme, as well as the fact that it was once again possible to generate at Companies Hub Valencia a recurring programme in face-to-face format. Moreover, it is possible to add content to the online programme from there by streaming some sessions to other regions.
- The series 'Inspiring Stories' with corporate customers interviewed by TD executives is one of the most eagerly awaited and successful events as it reinforces the Institution's position as an expert and approachable business bank, while it involves the branch network at the same time.
- The Bank has carried on with the now staple series 'Sustainability in SMEs' with various sessions on the subject in collaboration with the Sustainability Division.

Companies Hub is committed to always being up to date with new challenges and opportunities, and consequently, it featured various sessions on artificial intelligence, an essential resource for driving innovation, efficiency and growth in companies, which also raises concerns and questions among customers.

Furthermore, people can access the content produced by the Companies Hub not just through its platform but also in social media and traditional media. It is a tool that serves the purpose of establishing communication between the Institution and SMEs, businesses and freelancers, which also generates content in other types of media such as articles, news or videos that entrepreneurs can view in the press and social media.

All this generated 1,246 mentions in social networks and offline and online media, reaching a total audience of 115 million users.

1,246

Mentions in social networks

115

Million users

The topics for this year were the following:

- a. The series 'Inspiring Stories': with success stories from large customers
- b. Business financing
- c. Next Generation EU funds
- 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 2023, the project kept both number of webinars and the impact generated by the Companies Hub intact across the entire territory. In total, 103 (online and hybrid) sessions were held, in which 17,884 companies and freelancers participated (including hybrid events), with an average participation of 174 attendees per session.

The Companies Hub Valencia held 54 activities (in collaboration with others and the Bank's own sessions) and the space was rented out for other events on 90 occasions with 8,604 attendees.

In addition, at the Valencia space, the meeting rooms were booked on 553 occasions with 2,232 attendees; 2,942 individuals visited the physical space and 65 new customers were acquired.

Therefore, the total number of users of Banco Sabadell's Companies Hub between webinars, in-person events and online streams, meeting room bookings and additional traffic during 2023 has been 25,940, with 205 activities.

The assessments of the sessions continue to reflect the great reception and acceptance of their content by Spanish companies, with an overall rating of 9.30 out of 10, with 48.82% of the participants giving Companies Hub a score of 10.

Furthermore, 87 videos summarising the sessions were made for dissemination on the Bank's social media, and more than 46 articles and news items were published in different branded content spaces in online media and 21 news item in print and online media about the Companies Hub and its support for companies, as well as the topics covered by the webinars.

In 2023, the commitment to continue the series of conferences on sustainability remained strong to thus provide practical and valuable ESG-related information with the involvement of both in-house and external experts.

Six online sessions were held with a total of 663 attendees.

The sessions that were part of the series of conferences on sustainability are the following:

- **Sustainability as a business opportunity:** strategies and keys to business success: Session in which the Group's customers explained how their business perspective has changed since they included sustainability in their processes. There was also more information about best practices and what they are doing in their day-to-day activities, including practical examples. With a total of 238 attendees and a rating of 8.95/10.
- **The challenge of the energy transition and how to finance it:** This session was held in hybrid format and gave an overview of the current state of the sector and the different ways to finance solar and wind farms, both from a banking and institutional standpoint, as well as a brief introduction to solar and wind M&A. With a total of 110 attendees and a rating of 9.4/10.

- **How sustainability impacts a company's profit or loss account:** This session featured SIDENOR and the Bank's experts in finance and sustainability and delved into topics, such as:
 - Best practices
 - How sustainability involves companies and applies to them (mandatory and/or desirable reports)
 - What are the business benefits
 - How sustainability influences the profit or loss account and where to focus
 - Resources available to advance the sustainable transition, with a total of 148 attendees and a rating of 8.70/10.
- **How sustainability affects the tourism industry:** implementation and keys to business success when it comes to financing: This session discussed with two leading companies in the sector and two Banco Sabadell experts in the tourism industry and sustainability topics such as best practices, how it applies to companies (legal implementation milestones and trending ESG criteria), decarbonisation and support measures for certification, among others. With a total of 65 attendees and a rating of 9.30/10.
- **The ABC of sustainability:** business application and benefits. This session was held in hybrid format and explained four general but very relevant concepts for sustainability, starting with its definition, analysing its business application and going over the extent of its implementation in the market and in companies. With 18 companies attending in-person and 65 online. The session scored a rating of 8.83/10.
- **Keys to how companies can tackle climate risk.** This session delved into this type of risk, by first explaining the context and then bringing in the experience of the agricultural sector, a pillar of the food industry and one of the main sectors of the Spanish economy. With a total of 37 attendees and a rating of 9.21/10.

Culture as a tool for transformation

The Banco Sabadell Foundation's mission is to bring 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. The following activities are particularly noteworthy:

- Design and pilot test of a career guidance programme aimed at socially vulnerable young people run by Fundación Exit, based on innovative experiences related to the arts that provide a new perspective to the guidance and self-awareness of youngsters from a holistic, humanistic and empowering standpoint through three stages: awareness, exploration and decision-making.
- Atempo, arts i formació' in the province of Gerona and a training seminar in Seville by Fundació La Ciutat Invisible, a project that 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.
- Art and Social Impact Hackathon: The Banco Sabadell Foundation organised with the support of Asociación TFCoop (U4Impact) and Círculo de Bellas Artes a hackathon in which 138 young people registered to take part. Participants worked in challenges posed by entities from the Banco Sabadell Foundation's ecosystem, applying tools from the worlds of art and culture to develop social impact projects.
- The film education projects Dentro Cine of Madrid Destino and Horagai of La Selva Ecosistema Creatiu, aimed at vulnerable young people with the dual purpose of training them while at the same time providing them with the tools for self-awareness and emotional skills.
 - La Movida, a youth training and engagement programme run by

Kubbo to prepare educational innovation proposals in special art education (music, dance, theatre and audiovisual) that, through digital communication in new formats, trains young artists to make innovative proposals to transform their own artistic education.

- The Las Artes Escénicas al servicio de la juventud ('The Performing Arts at the service of young people') programme run by Fundación Teatro Joven that aims to build bridges between the performing arts and the general public by placing young people at the forefront, particularly focusing on education, through a theatre project that encourages their emotional development, critical thinking and social awareness.

Bridging of the digital divide

In 2023, Banco Sabadell has promoted the following programmes and initiatives, upholding its commitment to education and digitalisation:

- The 'Technological independence and digitalisation' programme, to bridge the digital divide among 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 of its training activities is to provide those taking part with information about and access to the possibilities that ICT has to offer, improving not only their independence and quality of life but also their sense of belonging and companionship.

Since its launch in May 2020, 38 four-hour workshops have been organised, with an average of 12 people in attendance. The workshops are taught by a specialised technician from Alares and a volunteer from Banco Sabadell. 34 volunteers have taken part and this programme has reached a total of 11,956 individuals.

- The Banco Sabadell Foundation has carried out the following programmes:
 - The Conecta Joven-Conecta Mayores (Connect the Young – Connect the Elderly) programme in collaboration with Fundación Balía por la Infancia, 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.
 - The university expert course on digital skills of Fundación Universitaria Las Palmas (FULP) that seeks to prepare recent further education graduates for a digitalised and ever-changing job market.

Through the Bank's digital media and during the course of 2023, the Institution has carried out 300 internal and external activities and events. The vast majority of these are institutional, corporate and support meetings and customer support appointments, disseminated through social media, with short videos, blog articles and online sessions. It is important to highlight the dissemination of content on fraud prevention and cybersecurity, digitalisation and sustainability support carried out this year. During this financial year, the Group has enhanced its outreach work to alert customers on the different flavours of fraud so that they are aware and can identify them. The fraud prevention work is carried out mainly through the corporate social media channels in order to combat fraud and protect the Group's customers. In 2023, the Group recorded more than 2,300 mentions on this topic reaching 52 million social media accounts. It is important to note the work to support companies, SMEs, self-employed workers and individuals that the Companies Hub carries out. This year, these activities totalled 111 and their content has been shared through the corporate social media channels: proactive information on public-private aid, management, business opportunities abroad, digital marketing and other related content.

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 2,200 volunteers have taken part in social initiatives promoted by the Bank, its Foundation and other collaborating organisations, through the Bank's Corporate Volunteering Programme.

In addition to the educational programmes described above, the initiatives and cooperation and charitable programmes carried out by the Bank include, most notably:

- Support for 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 from 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 Bank employees as voluntary mentors. This year, 40 employees from different areas of the Bank and in pre-managerial roles have supported those organisations in developing their social impact projects.

This year, for the first time, 15 employees from Sabadell Zurich have joined as mentors to support the ten finalists during the second phase (in the middle of the acceleration process), given their experience and potential to add value.

- 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, two initiatives worthy of mention are the 'Leader Coach Project' and the Career Guidance Programme aimed at socially vulnerable young people run by Fundación Éxit, in which the Banco Sabadell Foundation is involved. It 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 707 hours of their time to young people, to keep them in training.
- Involvement in programmes that bring young talent together to work on solutions to issues from challenges proposed by professionals in the cultural, social, artistic and technology sectors. 15 employees of the Bank have participated in the Art and Social Impact Hackathon as volunteers offering mentorship to teams of young people to design solutions by applying tools of the worlds of art and culture to generate impact projects that use artistic disciplines as a tool for transformation. Another group of three employees supported students of the University of Oviedo during the TalentUO Hackathon. These two programmes were promoted by the Banco Sabadell Foundation.

In line with the goal of promoting and supporting young talent, the mentoring and talent management programme of the University of

2,200
Volunteers

Alicante and the Technological Skills Centre of Alicante (CCTA) of Banco Sabadell is worthy of mention. In 2023, the third edition of the programme was held, in which 24 professionals from the CCTA guided 15 students from the University of Alicante during the resolution of a challenge, so that they could develop key skills for their professional future.

- Together with Fundación Éxit, the Bank has continued with a collaborative initiative that aims to promote female talent, by helping women aged between 18 and 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.
- In collaboration with Fundación Bertelsmann and as part of its 'Companies that Inspire' project, the Bank's Analytics and Artificial Intelligence Division gave a master class to young students on the occasion of the International Day of Women and Girls in Science, with the aim of promoting the choice of STEM (Science, Technology, Engineering and Mathematics) subjects among girls and teenage girls. The same team also taught data science workshops to students of training and employability programmes of Barcelona's metro area. 14 volunteers took part in this initiative.
- 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 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 67 volunteers from the Bank mentored the participants of these programmes. In 2023 and in collaboration with Fundación Quiero Trabajo, the Bank has accompanied other vulnerable groups such as young people who are on day release at the Quatre Camins prison or members of the LGBTIQ+ community.
- 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, 18 volunteers from the branch network worked with young entrepreneurs, self-employed professionals and micro-enterprises that have faced difficulties to start or continue their business. 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.

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. Testament to this is the participation in Hackathons with a charitable component such as the collaboration with Hospital del Mar or the Innovation Banking Hack Fest, organised by Sabadell Digital at the Technological Skills Centre of Alicante, in which 48 volunteers from Sabadell Digital and Banco Sabadell took part.

- In May 2023, the charity sporting team event Oxfam Intermón Trailwalker took place once again; this year, 37 teams from the Bank took part. More than 220 people, including walkers, personal helpers and volunteers raised 44,324 euros to contribute to Oxfam and to

the work it carries out in over 90 countries to combat poverty and hunger.

- Along these same lines and with a charitable purpose, 180 employees took part in September in the Madrid corre por Madrid race sponsored by the Bank. The beneficiaries were Fundación Erick Lövass for autism, Fundación Madrid por el deporte and BUSF.
- At the initiative of the Institution's own employees, this year the Bank participated in the seventh Milla Nàutica Solidària, a swimming event organised in collaboration with the Barcelona Fire Department, in which 17 Banco Sabadell employees took part and raised 11,635 euros which will be donated to the non-profit association Mirada Neta that helps families with children diagnosed with autism spectrum disorders.
- Participation in Cheers4U, a fun inter-company teambuilding event in collaboration with Centro Especial de Empleo Icaria, which had 14 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 2023, 643 Wise Men from Banco Sabadell took part in this project. In addition, in collaboration with Cáritas Molina de Segura, 70 volunteers distributed the same number of gifts to local children.
- In 2023, 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, four blood donor days were organised at the Banco Sabadell corporate centre in Sant Cugat with the participation of 275 employees. This year, the Bank also marked the twentieth anniversary of its commitment to Banc de Sang i Teixits and received a distinction in June. In other parts of the nation, such as Madrid, Alicante and Valencia, 108 volunteers were also able to donate blood.

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 9,000 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 2023, employees answered the emergency appeal linked to the humanitarian crisis resulting from the war in Ukraine effectively, contributing 3,232 euros for Mensajeros de la Paz and the Convent of Santa Clara, with the aim of building a field hospital.

The Bank also contributed 8,086 euros to the needs of those affected by the earthquake in Syria and Turkey.

Furthermore, campaigns were launched in aid of the Red Cross to help those affected by the earthquake in Morocco and the floods in Libya, which are still ongoing.

Once again, the Bank has participated in organising the ceremony to award grants to charitable causes of the fund Sabadell Inversión Ética y Solidaria, FI, managed by Sabadell Asset Management, and in coordinating with beneficiary offices and entities in order to make the payments. This year, for the 27 charitable projects of the 27 entities selected by the Ethics Committee in 2022, a total of 279,968 euros has been awarded, bringing the cumulative figure since 2006 to over 3.3 million euros. Furthermore, in 2023, the Ethics Committee selected a total of 24 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, healthcare and education. Sabadell Asset Management will distribute this aid to these projects in 2024.

In relation to charitable donations, there were 914 donation collection boxes installed and operational as at December-end, as part of the 'DONE' system, which integrate contactless technology. Since its launch, this system has helped to collect more than 5.4 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.

In the case of the UK subsidiary, TSB, volunteering has a huge role to play in delivering against the bank strategy and the Do What Matters Plan. All TSB employees are given up to 8 hours per year for volunteering activities. In 2023, over 1,200 (20.7%) TSB employees volunteered with young people in schools, supported domestic abuse charities, and helped other good causes in their communities.

TSB has enhanced its school money confidence workshops and works with Neighbourly, an online volunteering platform to help to embed a volunteering culture and find skills-based opportunities that support money confidence.

As part of TSB's commitment to the communities it serves and their goal to driving social inclusion, in December 2022, TSB became the first high-street bank to offer a safe space to victims of domestic abuse under the charity Hestia's Safe Space both in branch and online. Their leading position has been complemented with support for employees and customers via an

emergency flee fund for survivors of domestic, financial or economic abuse. This money is used to help them escape their abuser. Since its launch, TSB has helped over 200 survivors.

In relation to Mexico, in collaboration with Fundación Quiera and the Association of Mexican Banks (Asociación de Bancos de México, or ABM), the Institution made a donation in kind that allows funds to be allocated to foundations that mainly support vulnerable children and young people. Banco Sabadell Mexico also took part in the bank volunteering initiative of AFEECI (an association to eradicate child homelessness), through which employees can become more aware of these situations and play with the children and young people of this institution.

In view of Hurricane Otis, which hit Acapulco, Guerrero and Mexico in October, a food collection was carried out among employees to support the victims of this natural disaster. The food was sent through the Spanish Chamber of Commerce and the Mexican Red Cross to guarantee its delivery.

For the fourth year in a row, the entity continues to be part of the 'Young people building the future' programme, which integrates young people to the job market so that they can have their first professional experience and develop their skills in the bank.

Through Sabadell Seguros, in 2023 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 pioneering research projects that contribute to prevent and stop women's cancers. In 2023, 30,000 euros were donated to the Spanish Association Against Cancer (Asociación Española Contra el Cáncer, or AECC) and 15,000 euros to Fundación Contigo.

Social integration

The Banco Sabadell Foundation collaborates on projects aimed at social integration, such as:

- The B-Value programme, co-created by the Banco Sabadell Foundation and Fundación Ship2B, to promote social transformation through innovation. It is aimed at leaders in the third sector who work in non-profit organisations based in Spain and who seek to develop their projects with a strategic vision in mind, design new income generation models, elevate their value proposition and move away from traditional philanthropic schemes.
- Art education projects through film, such as the Dentro Cine programme run by Madrid Destino Cultura, Turismo y Negocio (Matadero) or the Horagai programme run by La Selva, Ecosistema Creativo, 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 self-awareness. In addition to programmes that are channelled through music, as is the case of Zona Xamfrà Jove by l'ARC Taller de Música or the special education project Fuerza Musical run by Acción Social por la Música where children and young people with intellectual disabilities have the opportunity to express themselves and develop through musical group practice.
- The SuperArte art scholarship programme of Fundación Grupo SIFU, which identifies talented young individuals with functional diversity in the field of music and dance. In the same vein, the Entrepreneurship and Leadership Programme of the Reina Sofía 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, as

well as the career guidance model of Fundació Exit, aimed at socially vulnerable young people and which offers an innovative perspective on counselling in a holistic manner through a model that encourages self-awareness. Also worthy of note is the academic scholarship programme for vulnerable young people with outstanding academic record promoted by Fundació Dádis.

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. In addition to 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 member of the Board of Trustees of BIST (Barcelona Institute of Science and Technology); with programmes such as Intensifica't al Taulí, promoted with Consorci Parc Taulí in Sabadell to give scientists the opportunity to dedicate 12 months of their time to their lines of research; the pre-doctoral research grants awarded to students of the San Jorge University in Zaragoza; the pre-doctoral grant awarded by the Principality of Asturias' Foundation for Biosanitary Research and Innovation (FINBA); or the support offered for the annual activities of Fundació Pasqual Maragall and to Instituto Degen of the Spanish Foundation for Aid to Parkinson's Research. Another of the leading research institutions with which the Banco Sabadell Foundation collaborates is the Spanish National Cancer Research Centre (Centro Nacional de Investigación Oncológica, or CNIO) through a series of conferences on scientific and philosophical topics.

Economic development

Since 2002, the Banco Sabadell Foundation has been accepting applications for the Banco Sabadell Foundation Award for Economic Research, which marked its twenty-second edition and aims to foster and recognise the work of Spanish researchers in the fields of economics, business and social sciences, and to contribute to the analysis and creation of new alternatives that promote social welfare.

Promoting alliances

The Banco Sabadell Foundation promotes the creation of alliances between institutions that seek to raise the profile of culture, the arts, research and education in order to build avenues for collaboration and a more critical, fair and inclusive society. It supports the institutions with which it collaborates by providing its knowledge and networks and by boosting synergies between institutions and projects to facilitate collaboration.

The Banco Sabadell Foundation has brought together close to 20 leading organisations involved in the field of music to take part in SumArte in order to share, reflect on and promote collaboration and the co-creation of projects in the industry

7.3 Social housing management

Banco Sabadell manages social housing through Sogeviso (a wholly owned subsidiary created by the Bank in 2015) in order to responsibly tackle the social exclusion of its vulnerable mortgage customers and the loss of their primary residence, as part of the Bank's sustainability policies.

In its eight years of activity, Sogeviso has managed around 23,000 contracts for social or affordable rent and it has helped some 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).

As at 31 December 2023, Sogeviso managed 2,336 properties under social and affordable rental arrangements specifically aimed at these vulnerable customers. In 8% of these cases the 'Social Contract' has remained in place.

The Social Contract is an innovative model for managing vulnerable customers. 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 public services, support them with training to manage their household finances and facilitate access to public aid, and the JoBS programme.

The JoBS programme is a job placement service that aims to provide customers with 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, a total of 2,382 people have found work thanks to the JoBS programme.

The Social Contract currently provides services to 187 families, including 23 individuals actively seeking employment through the JoBS programme.

Under the scope of action of the Social Contract, the 'Pathfinder' programme was organised 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 to participants, and the Ayo (Accelerating Youth Opportunities) Foundation. In the programme's first phase, 33 training workshops and 21 group tutorials were held, attended by 21 users, 62% of whom were women. Thanks to the Pathfinder programme, 62% of participants improved their digital skills.

Since the beginning of Sogeviso's management, 4,754 families, all Banco Sabadell customers, have improved their socio-economic situation, and 68.3% of applications for rental arrangement renewals in 2023 submitted by families who had taken part in the social support programme for 18 months or more were approved with higher rents charged to those families thanks to an improvement in their socio-economic circumstances.

In addition, Banco Sabadell has assigned 104 properties to 40 non-profit institutions and/or foundations, aimed at supporting the most disadvantaged social groups, and since 2013 it has been a member of

23,000

Contracts for social or affordable rent

8,500

Helped families

the Social Housing Fund (Fondo Social de la Vivienda, or FSV), contributing 440 homes intended mainly for customers acquired through deeds in lieu and reposessions. Of the FSV housing stock, 81% is let out under social rental agreements currently in effect.

Since 2021, Sogeviso has held 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 14 March 2023, Sogeviso was awarded the Social Inclusion seal of distinction, in the category of social and labour market integration, given by the Ministry of Inclusion, Social Security and Migrations. This seal is awarded to institutions or companies engaging in activities that help those receiving the minimum living income (*ingreso mínimo vital*) from the State, helping them to move from a situation of poverty and exclusion to taking a more active role in society.

On 21 November 2023, Sogeviso received a SERES award for its socially responsible housing management. Its Social Contract was recognised by the SERES Foundation as one of the corporate actions that help to improve society and to bridge the existing gap with the most disadvantaged social groups. With this distinction, Sogeviso was recognised as Spain's first real estate company to focus on people for responsible and sustainable management of housing.

7.4 Sponsorship

With regard to sponsorship, the budget allocated for 2023 was 1,648,550 euros. Sporting events continue to be the item with the greatest weight within the budget, accounting for a total of 49%. Sporting events include the cycling tours around the Basque Country and the Valencian Community, as well as the "Madrid Corre por Madrid" fun run. The majority of the remaining budget was allocated to cultural events (music festivals) and business-related events. During the year, partnerships were struck with several foundations and non-profit organisations in Spain.

In addition, the Bank has once again sponsored the Barcelona Open Banc Sabadell - Conde de Godó Trophy, in its 2023 edition as a show of responsibility and support to the city of Barcelona, in a clear commitment to the city's economic and business activity. The investment⁷⁴ came to 1,800,000 euros for sponsorship and 288,400 euros for complementary actions to promote that sponsorship, such as merchandising, the creation of a stand and the purchase of tickets for hospitality purposes.

⁷⁴ The total figure shown in the first paragraph does not include investment in the Barcelona Open Banc Sabadell - Conde de Godó Trophy.

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 2023, the Banco Sabadell Private Foundation received an endowment of 5 million euros from Banco Sabadell, intended for implementation of the annual Action Plan approved by the Board of Trustees in January 2023, in which 3,716,208 euros have been allocated at the end of the year to carry out its activities. .

The Banco Sabadell Private Foundation organises its activity in two main lines of action: Research & Education and Culture & the Arts, distributing the budget as follows:

Area and field	No. of collaborations 2023	Amount allocated 2023	No. of collaborations 2022	Amount allocated 2022
Culture and the arts	112	€2,423,206.00	106	€2,381,661
Research and education	54	€1,293,002	54	€1,278,649
Overall total	166	€3,716,208	160	€3,660,310

Every year, the Banco Sabadell Private Foundation publishes its annual report on <https://www.fundacionbancosabadell.com/en>

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 to society in general, such as research, sustainability, innovation and digital transformation, among others.

In 2023, 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 €2,098,368 as at year-end.

In 2023, some of the largest sector contributions went to the Spanish Banking Association (€846,493), the Spanish Chamber of Commerce (€110,000), the Foundation for Applied Economic Studies (Fundación de Estudios de Economía Aplicada, or FEDEA) (€90,000) and the Institute of International Finance (IIF) (€85,073).

7.7 Consumers

Banco Sabadell adheres to the Code of Good Practice whose main objective is to arrange for the viable restructuring of mortgage debt for primary residences.

Banco Sabadell adheres to the Code of Good Practice (Código de Buenas Prácticas, or CBP) enacted by Royal Decree Law (RDL) 6/2012 of 9 March and to its subsequent modifications, the latest of which was introduced by RDL 19/2022, extended by the Council of Ministers Agreement of 22 November 2022, whose main objective is to arrange for the viable restructuring of mortgage debt for primary residences, which is aimed both at families struggling to make their mortgage payments because they are on the 'exclusion threshold' and at persons in vulnerable situations. The Bank reiterated its commitment to the CBP in 2023, arranging 682 debt restructuring transactions under its auspices.

With regard to Spain, in accordance with Order ECO 734/2004 of 11 March, Banco Sabadell has a Customer Care Service (Servicio de Atención al Cliente, or SAC) 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, in both the first and second instances. Decisions by the Customer Care Service or the Ombudsman are binding on all the Bank's units.

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Number of transactions

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: 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 2023, the following complaints and claims were received and managed in accordance with Bank of Spain Circular 4/2001 of 25 November:

Complaints and claims received	Volume
Customer Care Service	51,175
Customer Ombudsman	2,952
Bank of Spain	720
<i>Spanish National Securities Market Commission (CNMV)</i>	37
Total complaints and claims received	54,884

Complaints handled	Volume	Percentage
Resolved in favour of the Institution	15,775	45.2%
Resolved in favour of the claimant	19,155	54.8%
Inadmissible as a result of the application of Regulations	18,914	

In the case of TSB, if we take the figure for the year up to 30 November 2023, the number of recorded complaints, claims and other communications was 62,696. The volume recorded during the same period in 2022 was 69,178 and, therefore, 2023 represents an 9.9% reduction (6,482) on that figure. This reduction is mainly explained by improvements made to the customer journey and to the system's greater stability. Of the total number of complaints, claims and other communications recorded in 2023, a total of 61,543 (98.2%) were resolved before the end of the year, i.e. 31 December 2023.

TSB is the first UK 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 wellbeing, employee representation, diversity and inclusion, environmental responsibility, paying fair tax, commitment to customers, ethical sourcing and prompt payment.

With regard to Mexico, a total of 11 complaints and 1 claim were received in 2023.

For more details, see Note 42 to the consolidated annual financial statements for 2023 and the SAC section of the Directors' Report.

Vulnerable customers

The Bank is currently monitoring the evolution of its vulnerable customers mainly in three areas financial vulnerability.

The Bank is currently monitoring the evolution of its 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 2023, the Institution has made progress with its identification of financially vulnerable customers to ensure they are managed separately.

The Institution has taken action to publicise the main features of the Basic Payment Account, through communication initiatives (focusing on customers in vulnerable situations). Specifically, it sent out information to a selection of customers who were thought to be potentially vulnerable in financial terms (sending 2,165 messages in total), informing them of the existence of the Basic Payment Account. The Bank's Basic Payment Account is a current account designed to offer access to basic banking services to everyone, irrespective of their economic circumstances. Its most noteworthy features include the option to make essential banking transactions such as cash deposits, cash withdrawals, debit card payments and transfers.

This financial product is particularly beneficial for vulnerable groups, as it has no minimum or maximum income requirements and it offers flexible terms and conditions for opening and using the account. In addition, reduced fees are applied to this group of customers, so as to alleviate their financial burden.

The Institution has continued to train its teams specialising in debt recovery so that they may offer customers the option of requesting application of the special measures provided in the Code of Good Practice, in light of the impact of the new mortgage code published in December 2022 and revised in December 2023. Work is also still underway to design actions that will minimise the impact of rising interest rates on customers who cannot request application of the special measures provided in the Code of Good Practice.

- The second area is **digital vulnerability**, i.e. customers with difficulties in accessing and using online/digital banking services, as well as ATMs. The following actions taken during 2023 are worth mentioning:
 1. The impact analysis of the Accessibility Directive is now underway. This Directive lays down universal accessibility requirements for products and services so as to optimise their autonomous use by all people, in particular by disabled persons.
 2. Notifications have been sent advising customers of branch closures or relocations and of the continued availability of standalone ATMs where a relocated branch was one of Banco Sabadell's in the municipality in question.

As a result of Compliance's analysis of branch closures effected as a result of merging Banco Sabadell branches in July 2023, it was proposed that new messages be sent out to customers, specifically to those over the age of 65, not only to inform them that their local branch had been relocated but also to:

- Inform this social group of the free-of-charge telephone assistance service available to them.
- Identify customers who still use or have a passbook in order to recommend that they elect to have their account statements mailed to their home address instead.
- Have relationship managers make additional calls to ensure customers were aware that their local branch would be moving to a different location.

In parallel, an information leaflet was handed out to branches to improve the care provided to elderly citizens, the content of which was agreed on between the Spanish Banking Association (AEB), CECA (Spanish Confederation of Savings Banks) and UNACC (Spanish National Union of Credit Cooperatives), hereinafter referred to as banking employers' associations. The leaflet explained the actions being taken by the banking industry to help this group with their day-to-day banking. The campaign "Tu atención, nuestra prioridad" (meaning 'Serving you is our priority') describes the commitments undertaken by the banking industry to improve the service provided to those over the age of 65.

Sabadell reaffirms its commitment to the financial inclusion of all social groups, particularly the elderly and the disabled. In Banco Sabadell, those over the age of 65 do not pay any fees for withdrawing cash. This approach has been endorsed by the government with its recent legislation (Royal Decree-Law of 27 December), which reinforces this goal, removing fees for cash withdrawals at bank counters for disabled persons and persons over age 65.

A quarterly monitoring report had been published, in November 2023, reflecting the progress made in relation to helping elderly and disabled groups under the Protocolo Estratégico para Reforzar el Compromiso Social y Sostenible de la Banca (strategic protocol to reinforce banks' commitment to society and sustainability), signed by the three aforesaid banking employers' associations, with data as at 30 June 2023. This monitoring report concluded that the percentage of branches that are required to extend their on-site opening hours had increased customer usage of these features of personalised telephone support and that banks' customers and staff had received more training and financial education.

In addition, as regards ATMs, actions have been taken in recent years to ensure that as many people as possible have access to the service. To that end, the following actions were taken:

- Installation of keyboards with bas-relief on the number 5 key and with serigraphy for the numbers 0 to 9 keys to allow users to detect what the number is, and also for the "backspace" and "enter" keys, with their corresponding signs.
- Installation of ATMs at a height that allows them to be accessible by vulnerable groups, setting the height of the number 5 key on the keyboard at 105 cm on all ATMs.
- Adaptability of ATMs, installing versions with simplified language and easier-to-read screens.

Lastly, in July 2023, the State Prosecutor's office, the Bank of Spain and the banking employers' associations signed a collaboration protocol to ensure the autonomous use of banking products and services by disabled persons. The agreement lays the groundwork to ensure that banking practices are adapted to the new legal treatment of disability provided in legislation (Law 8/21), designed to allow those with disabilities to have more autonomy in their decision-making, with the aim of promoting collaboration to gradually bring in the necessary adaptations so that disabled persons may do their day-to-day banking activities by themselves. These adaptations include, among other initiatives, the provision of information in an accessible style of language.

- The third area relates to customers with **regional vulnerability**, i.e. customers located far away from the Institution's infrastructures, and it is characterised by difficulties in accessing cash.

Banco Sabadell has five mobile branch vehicles operating on different routes, three of them in Asturias, one in Galicia and one new

route in the province of Leon (since September 2023). The routes in Asturias serve customers in 17 different towns, while those in Galicia and Leon cover 5 and 4 locations, respectively.

In 2023, work continued on the development and evolution of protocols such as the Protocolo Estratégico para Reforzar el Compromiso Social y Sostenible de la Banca (strategic protocol to reinforce banks' commitment to society and sustainability) in relation to measures to foster financial inclusion, already mentioned in the previous section.

The progress made by banks is reflected in the two monitoring reports published by the banking employers' associations in early November 2023 containing data as at 30 June 2023. These monitoring reports on the aforesaid protocols were published, making a distinction between the report on measures for the financial inclusion of the elderly and disabled (published twice a year and discussed in the previous section) and the report on rural areas (published every quarter).

The progress made in this last area has been, on balance, very positive, as 93% of municipalities with over 500 inhabitants that one year ago had no physical point through which to access basic financial services now have one already in place, or else have one which is either in the process of being set up, undergoing a public bidding process or currently under discussion with the relevant authority in order to be put in place soon. The remaining 7% corresponds to regions that opted out of this service (mainly because they are close to other locations that already have it in place).

Similarly, throughout 2023, follow-up meetings were held between the industry, representatives of users of financial services, the Bank of Spain and the Ministry of Economy to appraise the implementation of these services and explore ways in which they might be improved. In this respect, on 18 December 2023, after one of these follow-up meetings, the Ministry took a positive view of the impact of the aforesaid financial inclusion protocols and of the Codes of Good Practice signed and highlighted, in particular, that in 2023 significant progress had been made in relation to rural inclusion, ensuring access to services in more than 200 municipalities with over 500 inhabitants that did not have access previously, meaning that more than 200,000 people living in rural areas now benefit from financial inclusion.

7.8 Outsourcing and suppliers

The new challenges of competition and those faced by society today require close coordination between the Group and its suppliers, viewing the latter as partners and collaborators to help achieve strategic objectives and to ensure fulfilment of the goals and commitments in relation to sustainability (including its environmental, social and governance-related components).

In order to establish this long-term cooperation, it is also necessary to understand the needs and goals of suppliers, maintaining a willingness to

honour their commitments and making them compatible with the Group's requirements and vision.

Based on this principle, the Group has a Procurement Policy and a Policy on the Outsourcing of Functions, as well as several associated procedures and mechanisms through which it extends its commitment to socially responsible practices to the supply chain. These practices include the advocacy of human rights, workers' rights, freedom of association and environmental rights. These policies, procedures and mechanisms cover the entire end-to-end relationship with suppliers, from the start of the supplier accreditation and procurement process until the services are provided, controlled and managed.

The Group's Procurement Policy and its associated procedures lay down mechanisms and controls to ensure the adequate management of the actual and potential impacts of all third-party engagements, ensuring the following principles:

- a. Cost-benefit analysis: all goods or services should be purchased or hired with the intention of ensuring that the benefit obtained outweighs the cost of producing them internally.
- b. Competition guarantee: fair competition and equal opportunities among suppliers must be ensured, seeking to offer all those taking part in the bidding process the same opportunities, always provided they meet the minimum requirements, including obligations in relation to social responsibility.
- c. Preservation of capabilities and responsibilities: procurement activities should not reduce the Group's internal control capabilities or make it any less able to fulfil its responsibilities before competent authorities and supervisory bodies.
- d. Sustainability: the Group should ensure that it promotes the engagement of suppliers that apply best practice in matters related to ethics, governance, society and the environment.

The supplier engagement process comprises various phases:

Identification of need

The Group's various business units detect the need and make a decision, with Management's authorisation, to proceed to formally request initiation of the procurement process in order to meet the identified need.

Detailed analysis and definition of the engagement strategy:

Regulatory and legislative impacts of the procurement process are identified, thereafter deciding on the most suitable purchase process (e.g. tender process led by the Purchasing Division, tender process delegated to the unit that put forward the request, bilateral negotiation captained by the Purchase Division, etc.).

The accreditation process, a pre-requisite for a supplier to be awarded a service contract, ensures that suppliers meet the standards envisaged in the Group's various policies and comply with the Supplier Code of Conduct, which comprises:

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

In order to proceed with the accreditation process, suppliers must provide their legal documentation, financial information, quality certificates, tax clearance certificates proving they are up to date with their social security payments and tax obligations (or similar certificates to that effect depending on the geography), as well as their policy on Corporate Social Responsibility (CSR) and aspects related to sustainability (governance of the organisation, society and community,

and environment), assigning a rating to suppliers (A+, A, B, C or D) based on the evidence provided. 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) are also required.

Supplier validations are carried out on a regular basis, checking that the documentation provided by suppliers is fully up to date to ensure compliance with supplier accreditation criteria, establishing mechanisms for sending regular alerts.

For supplier engagements in Spain (which account for over 75% of the Group's third-party billing), we have updated our supplier relationship management model to include the supplier rating system known as "RePro", created by ACHILLES South Europe, S.L., which gives useful information about partners that have responsible practices throughout their entire supply chain (assigning an ESG rating to each of them), ensuring that we only work with those that are closely aligned with our targets in relation to social, ethical and environmental responsibility. Furthermore, for suppliers not registered on the RePro system, Banco Sabadell has its own mechanisms that it uses to obtain a rating.

On the other hand, in terms of information security and the protection of data owned by the Group and to which suppliers have access, an analysis is conducted prior to engaging any potentially sensitive services in that regard, and specific monitoring exercises are carried out depending on the supplier's inherent risk.

Supplier engagement

The standard contract with suppliers includes clauses concerning the respect of human rights and the observance of the ten principles of the United Nations Global Compact on that matter, also including labour rights, the fight against corruption, restrictions on lending and investment in activities in the arms industry, and the equality plan.

The Group ensures compliance with the laws and regulations applicable at any given time, with contracts stipulating the ability to require suppliers to adapt their activities and service level agreements to those regulations.

Supplier recruitment in the international network is decentralised, hiring mostly 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.

Monitoring

For services categorised as outsourced (as per criteria of EBA/GL/2019/02) and/or critical (to business continuity, for example), regular exercises are carried out to monitor the supplier's performance and their fulfilment of contractual obligations, which include aspects such as monitoring service level indicators or the application of the agreed relationship governance model and official releases/reports published on those forums. Based on these monitoring exercises, an overall appraisal is obtained of both the service provided and the supplier themselves.

Audits

In 2022 and 2023, Internal Audit conducted audits of supplier engagement processes in general and of outsourcing providers in particular (EBA/GL/2019/02 criteria).

The audit recommendations resulting from those evaluations found no critical aspect and are being implemented in accordance with the established calendar.

Information about suppliers

In 2023, the top 20 suppliers represented 39.48% of all supplier invoicing. Other noteworthy aspects are included in the following table:

In 2022, the top 20 suppliers represented 51.12% of all supplier invoicing. Other noteworthy aspects are included in the following table:

	2023 (Group) ⁷⁵	2023 (Spain)	2022 (Spain)	2021 (Spain)
Total number of suppliers who invoiced more than 100,000 euros at year-end	845 ⁷⁶	548	577	558
% of suppliers of essential services (out of total suppliers)	7.7%	7.3%	7.3%	7.5%
Total number of approved suppliers	2,303 ⁷⁷	1,407	1,376	1,279
Amount invoiced by Special Employment Centres ⁷⁸	€3.1m	€3.1m	€3.7m	€2.8m
Days payable outstanding ⁷⁹	N/A	25.49	28.74	27.30

These figures exclude those relating to brokerage, securities firms, subsidiaries, duties and taxes, pension funds, homeowners' associations, SOCIMIs (REITs) and rental of premises.

⁷⁵ Includes data for all geographies.

⁷⁶ Includes 548 suppliers in Spain, 214 in the UK, 52 in Mexico and 31 in other foreign branches.

⁷⁷ Includes 1407 suppliers in Spain, 496 in the UK, 369 in Mexico and 31 in other foreign branches with turnover >€100,000.

⁷⁸ Information not applicable for geographies other than Spain.

⁷⁹ Average time taken to pay suppliers (in days), based on consolidated entities located in Spain. Information included in Note 21 "Other financial liabilities" to the consolidated annual financial statements for 2023.

7.9 Tax information

One way in which Banco Sabadell Group's commitment to sustainability materialises is in the promotion and development of responsible tax management, aligned with the Sustainable Development Goals (SDGs) approved by the United Nations.

The action principles followed for tax matters 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 one of the priority goals for the Group that is closely related to tax affairs.

Tax Strategy

The principles of the Group's tax-related actions are listed and explained in the tax strategy⁸⁰ approved by its Board of Directors, which is reviewed annually, although it can be adapted if necessary in the event of regulatory changes or changes in the fiscal environment.

The tax strategy is applicable to all companies controlled by the Group and they are all required to comply with it, regardless of their geographical location, without prejudice to any adaptations made to comply with the requirements of jurisdictions' own legislation, as in the case of the United Kingdom. Such transpositions must be aligned with the principles, values and common action guidelines established in the aforesaid tax strategy. Similarly, the Group undertakes to ensure that, for investments in which control is shared with partners outside of the Group, or in which there is a significant shareholding, certain action principles in relation to tax matters are followed that are aligned with the tax strategy.

The tax strategy's principles and action guidelines are established in a way that is aligned and consistent with the Group's mission, values and business strategy, based on ethical and responsible management, guiding its commitment so that its activities have a positive impact on society as a whole. In the same vein, the business strategy is geared towards profitable growth that generates value for shareholders, with a conservative risk profile, as part of the framework of ethical and professional codes and taking into account the needs of the various stakeholders.

To that end, the Group has a set of policies, internal rules and codes of conduct that guarantee the aforesaid ethical and responsible behaviour at all levels of the organisation and in all of its activities.

The Group's Code of Conduct establishes the fulfilment of tax obligations as one of the fundamental elements underpinning its commitment to the economic development of society in all jurisdictions in which it operates, committing to pay taxes in each of them and contributing in this way to the economies of those regions, as well as acting in accordance with the principles set out in the tax strategy.

⁸⁰ The Tax Strategy can be viewed on the corporate website: <https://www.grupbancsabadell.com/corp/en/sustainability/fiscal-transparency.html>

In order to detect and manage any elements that could put the aforesaid ethical and responsible behaviour at risk, the Group has a complaints channel in place that enables participation and dialogue with the various stakeholders.

The principles set forth in the aforesaid tax strategy are the principles of efficiency, prudence, transparency and minimisation of tax risk, which aim to ensure compliance with current tax legislation by promoting responsible and transparent actions with regard to tax, in accordance with the requirements of customers, shareholders, tax authorities and other stakeholders. These principles are the following:

- Guarantee and ensure compliance with and observance of the current tax-related laws and regulations in each and every country and territory in which Group companies operate and/or are present, as well as the international guides and principles stipulated in relation to tax matters by the OECD (Organisation for Economic Co-operation and Development), by making reasonable interpretations of legislation that consider both the letter and spirit of the laws as well as their purpose.
- Establish tax criteria with a well-founded basis in Law, governed by existing academic and case-law criteria, and by international guidelines and standards.
- Verify that any transaction with tax implications is carried out for commercial and business-related reasons, even if the achievement of those objectives depends on maximum fiscal efficiency.
- Conduct a preliminary assessment of the fiscal implications of transactions so as to minimise tax risks, including reputational risk.
- Configure and market banking products taking into account all of their tax implications, which will be conveyed to customers in a clear and transparent manner.
- Assess related-party transactions, as legally defined at any given time, on an 'arm's length' basis, in the terms established by the OECD, considering the roles, assets and risks of the parties involved and observing the recommendations approved by the OECD.
- Avoid structures or institutions that are opaque or resident in territories classed as tax havens/non-cooperative jurisdictions whose purpose is to reduce Banco Sabadell Group's tax burden. Any presence or activity in those territories will exist solely for economic or business-related reasons.
- Foster constructive and collaborative relationships with tax authorities, on a reciprocal basis of good faith and transparency, guided by institutional respect and seeking mutually agreed solutions in the event of any dispute. As an example of these initiatives, Banco Sabadell adheres to the Code of Good Practice of Spain's State Tax Agency (Agencia Estatal de Administración Tributaria, or AEAT), acting collaboratively and in line with the recommendations contained in that text.

It also proactively collaborates with competent authorities, accommodating their requests and taking part in cooperative forums and schemes promoted by local authorities, such as the Large Companies Forum, in order to help strengthen the fiscal system and prevent the generation of tax-related litigation and conflicts⁸¹.

In addition, the tax strategy establishes that the Group should disclose relevant tax information in a direct, clear and transparent manner to its customers and shareholders, to tax authorities and to other stakeholders, taking their needs into consideration.

The attainment of the objectives set out in the tax strategy and compliance with the fundamental principles that govern it are ensured through the establishment of a tax risk management and control system, which is embedded in Banco Sabadell Group's global risk management and control framework.

⁸¹ Details of the current status of the Group's main tax disputes and the years open to tax inspection can be found in Banco Sabadell Group's consolidated annual financial statements for 2023 (Note 39 – Tax Situation).

The purpose of the tax risk policy is to ensure that any tax risks that could affect the tax strategy are identified, assessed and managed in a systematic way and it establishes the governance structure in relation to the management and control of tax risk. The backbone of the aforesaid structure is the direct involvement of the Institution's governing and management bodies within a corporate model based on three lines of defence, with clearly assigned roles and responsibilities.

To this end, the Board Audit and Control Committee oversees the effectiveness of the risk management systems. In 2023, the Board Audit and Control Committee supervised the Group's tax management, focusing particularly on the implementation of the tax strategy and its guiding principles, the actions carried out to adequately analyse tax affairs, the main tax-related proceedings and actions on corporate tax governance (such as the voluntary submission of the Annual Tax Transparency Report for 2022, or the development of the stages subsequent to the submission and receipt of the Annual Tax Transparency Report for 2021).



Collaborative relationship with the State Tax Agency, Good Tax Practices and Transparency

Banco Sabadell adheres to the Code of Good Tax Practice (Código de Buenas Prácticas Tributarias, or CBPT).

Banco Sabadell adheres to the Code of Good Tax Practice (Código de Buenas Prácticas Tributarias, or CBPT), approved by the Large Company Forum, 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 (AEAT).⁸²

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 discloses relevant tax information directly, clearly and transparently to its different stakeholders.

In line with the principle of transparency, the Group discloses relevant tax information directly, clearly and transparently to its different stakeholders, and includes that 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 in this area, Fundación Haz (formerly Fundación Compromiso y Transparencia) awarded Banco Sabadell the “t for transparent” label in relation to the tax information published for 2022. The Institution received the highest rating category, as a result of complying with 100% 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 prevent the existence of 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 undertaking resident in territories considered to be tax havens/non-cooperative jurisdictions, in accordance with the applicable regulations in Spain, the OECD guidelines and the position of the European Union⁸³, as stated in the ‘Declaration of presence in territories classified as tax havens / non-cooperative jurisdictions’, published on Banco Sabadell’s website⁸⁴.

⁸² The Annual Tax Transparency Report for the 2022 financial year was sent to the AEAT in October 2023.

⁸³ The subsidiary Bahamas Bank & Trust Ltd. is located in the Bahamas, a territory included in the “EU list of non-cooperative jurisdictions for tax purposes” of 4 October 2022. This does not entail a presence in this jurisdiction, as it is an inactive company in the process of liquidation (incorporated into the Group as a result of the merger by absorption of Banco Atlántico in 2006).

⁸⁴ <https://www.grupbancsabadell.com/corp/en/sustainability/fiscal-transparency.html>

Breakdown of profit and tax by country

Consolidated pre-tax profit⁸⁵, and details of corporation tax paid and accrued are set out below.

Country	Consolidated pre-tax profit		Corporation tax paid ⁸⁶		Corporation tax accrued	
	2023	2022	2023	2023	2022	2023
Spain	1,331,983	874,751	289,125	-16,420	-412,218	-223,405
United Kingdom	304,734	196,267	44,361	49,302	-84,715	-101,533
United States	155,442	144,311	57,631	19,933	-40,015	-34,613
France	27,465	9,909	-892	3,660	-5,541	-1,651
Portugal	5,059	3,732	1,391	1,709	-1,676	-1,072
Morocco	3,323	1,672	1,150	1,096	-1,004	-1,126
Bahamas	-90	-32	0	0	0	0
Mexico	62,862	42,705	16,090	8,243	-12,006	-9,856
Brazil	0	90	0	0	0	0
Andorra	0	-9	0	0	0	0
Total	1,890,778	1,273,396	408,856	67,523	-557,175	-373,256

Data in thousand of euros.

The data contained in the Non-Financial Disclosures Report as at 31 December 2022 has been restated to take into account the implementation of IFRS 17 (see Note 1.4 to the consolidated annual financial statements for 2023).

⁸⁵ For the purpose of determining the countries and figures included in the following table, the constituent entities included in Banco Sabadell Group as at 31 December of each year are considered; therefore, there may be differences with respect to other information included in the annual financial statements, essentially due to entities being sold during the year or to the profit/(loss) contributed by companies consolidated using the equity method.

⁸⁶ 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 second corresponds to corporation tax accrued in accordance with the applicable accounting legislation.

Other contributions

In addition to corporation tax, the Institution contributes to the deposit guarantee schemes in place in each geography and to the European Single Resolution Fund, which have a positive impact on citizens' economic and financial security. Furthermore, every year it pays the Tax on Deposits of Credit Institutions and the capital contribution payable due to the monetisation of DTAs⁸⁷ and, since 2023, the temporary levy for credit institutions and financial credit establishments. The table below shows the breakdown of each of the contributions made:

	2023	2022
Contribution to deposit guarantee schemes	-150,784	-129,157
<i>Banco Sabadell</i>	-132,209	-113,832
<i>TSB</i>	-280	-540
<i>Sabadell IBM Mexico</i>	-18,295	-14,785
Contribution to Single Resolution Fund	-76,485	-100,151
Tax on Deposits of Credit Institutions	-34,418	-34,984
Capital contribution due to the monetisation of DTAs	-46,251	-48,069
Bank levy	-156,182	N/A
Total	-464,120	-312,361

Data in thousand of euros.

Public subsidies received

Subsidies received in Spain in 2023 (training) amounted to 1,267,807.34 euros.

7.10 Anti-Money Laundering and Counter-Terrorist Financing

Anti-money laundering and counter-terrorist financing is a fundamental aspect of the fight against financial crime and constitutes a key pillar of our Institution's control framework.

⁸⁷ Deferred tax assets.

Anti-money laundering and counter-terrorist financing (hereinafter, AML/CTF) is a fundamental aspect of the fight against financial crime and constitutes a key pillar of our Institution's control framework.

Banco Sabadell Group focuses its efforts on establishing a robust control framework to effectively manage money laundering and terrorist financing risks, including both compliance with AML/CTF regulations and compliance with regulations on international financial sanctions in relation to the restrictions imposed by domestic and international bodies for operating with certain jurisdictions and persons, both natural and legal. This framework is applied in all entities of the Group, incorporating local regulations of the jurisdictions in which it is present, best practices of the international financial sector on this topic and the recommendations issued by international bodies such as the Financial Action Task Force (FATF).

Banco Sabadell Group and Banco de Sabadell, S.A. have Anti-Money Laundering and Counter-Terrorist Financing Policies in place, both approved by the Board of Directors, which establish the basic principles, critical management parameters, governance structure, roles and responsibilities, procedures, tools and controls applicable in relation to AML/CTF and which describe the main procedures through which Money Laundering and Terrorist Financing risks (hereinafter, MLTF risks) should be identified and managed at all levels of the Bank and of the Group.

These policies incorporate the following 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 AML/CTF model by Senior Management.
- Independence when performing the AML/CTF function.
- Autonomy when performing AML/CTF tasks.
- Effective management and control of MLTF risk.
- Assurance of compliance with regulations.
- Proactive collaboration with the competent authorities and coordination and cooperation with other areas of the Institution.
- Coordination and cooperation with other areas.

Similarly, the aforesaid policies establish the following critical management parameters, among others:

- Board member responsible for AML/CTF and representative before competent authorities.
- Ongoing monitoring of the business relationship.
- Counter-Terrorist Financing and International Financial Sanctions.
- Risk tolerance framework in relation to AML/CTF.
- Onboarding of customers and correspondent banks.
- Identification and knowledge of customers.
- Application of due diligence according to risk.
- Examination and reporting of transactions suspected of being related to MLTF.
- Staff training in relation to AML/CTF.
- Mechanisms for reporting potential AML/CTF breaches.
- Information management in relation to AML/CTF.

The rest of subsidiaries that are obliged entities from an AML/CTF point of view and foreign branches also have their own MLTF risk management and control policies, approved by their respective governing bodies, adapted to the specific legislation applicable in each country, as well as procedures, systems, processes and resources appropriate to the nature, size and complexity of the activities in which they engage, always maintaining the corresponding alignment with the policies and procedures established by the Group.

The Group's AML/CTF function defines roles and responsibilities on the basis of the model of three lines of defence:

- a. 1st line of defence, formed of business and management units;
- b. 2nd line of defence, which includes Compliance and Internal Control; and
- c. 3rd line of defence, comprising Internal Audit.

The Group's AML/CTF units are integrated in the second line of defence and their goal is to ensure the fulfilment of legal obligations in relation to AML/CTF. The function comprises one Group unit as well as local units in each of the obliged entities and foreign branches, led by designated officers in each of the geographies in which Banco Sabadell operates.

Banco Sabadell Group has a control structure, with an Internal Control Body (hereinafter, ICB) in relation to AML/CTF, as well as a technical AML/CTF unit that oversees the global AML/CTF control framework and executes the controls corresponding to the second line of defence, of which it is part.

Banco Sabadell Group has subsidiaries that are obliged entities from the point of view of AML/CTF and foreign branches that conduct their activities in different jurisdictions. In this respect, the Group's international presence means that it is subject to supervision by different regulators, requiring it to comply with a variety of regulatory requirements, which in turn makes it necessary for it to have a global and cross-cutting risk management and control model. For this reason, the MLTF risk control mechanisms are applied in all entities that form part of the Group.

The Group always follows a policy of strict compliance with AML/CTF regulations, going beyond the requirements of legal standards. In addition to the policies described above, internal manuals are also available, to which all employees are subject, concerning anti-money laundering and counter-terrorist financing as well as the application of international financial sanctions.

Banco de Sabadell, S.A. makes it a priority to adopt the necessary measures to ensure that all employees receive ongoing training on the requirements arising from AML/CTF legislation and regulations. The training actions are set out in an annual plan, designed according to the identified risks, that is approved by the Internal Control Body through its Delegated Committee. This plan outlines the training actions stipulated for the current year and the mandatory AML/CTF courses of each function. In addition to this, and depending on requirements, specific training will also be imparted.

Employees are under the obligation to perform all AML/CTF training activities that they are invited to complete, so that they may prevent, avoid and/or detect any instances of money laundering and terrorist financing in the course of their professional activities. This obligation includes any isolated training actions determined by the Delegated Committee of the ICB (Internal Control Body) so that employees may refresh their knowledge and reinforce their practices in relation to AML/CTF legislation and regulations. Completion of all training actions must be duly validated and the level of completion of the annual training plan must be documented.

Similarly, subsidiaries that are obliged entities and foreign branches also have their own specific training plan.

It should be noted that the Institution has a communication channel that can be easily accessed by all employees, where they can submit various 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.



8. Commitment against corruption and bribery

The Group undertakes to safeguard integrity and promote a culture of zero-tolerance of corruption, expressly prohibiting any and all actions of this kind. Similarly.

The Group undertakes to safeguard integrity and promote a culture of zero-tolerance of 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.

In this connection, there is a Code of Conduct, as well as Policies on Compliance, Conflicts of Interest, Anti-Money Laundering and Counter-Terrorist Financing, Internal Reporting System and Protection of Reporting Persons, 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 actions linked to corruption that are prohibited. Both the Code of Conduct and the Policies indicated above are regularly reviewed and updated as needed.

The Group's Code of Conduct, which all staff are required to formally declare that they will adhere to, includes specific sections on the fight against corruption and bribery. The Code of Conduct explicitly establishes that no gifts should be accepted from customers, in addition to 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.

As for the identification and control of risks related to corruption, it should be pointed out that a Crime Risk and Anti-Corruption Management and Organisation Model is in place, which is re-evaluated annually and has its own specific section on the fight against corruption. As a result of the activities carried out as part of the aforesaid model and the management of the complaints and whistleblowing channel, which is described later on in this document, no risks related to corruption materialised in 2023, 2022 or in 2021. Similarly, as proof of their commitment to the model, every year, staff are required to formally declare that they will follow the main policies on which it is based: the Corporate Crime Prevention Policy and the Anti-Corruption Policy.

In terms of training, the Crime Risk and Anti-Corruption Management and Organisation Model has its own training programme, made up of a series of courses on corporate crime prevention, anti-corruption, as well as the channel for complaints and whistleblowing and protection of informants. These training courses are aimed at all Group employees, including those on part-time contracts and interns. Similarly, to become familiar with the commitments of the Group's Code of Conduct and to adopt them in a natural way, the Institution has a course that specifically

deals with the Code. Completion of all of these courses is mandatory for all staff.

In addition, in order to facilitate continuous and voluntary learning with new and interesting formats, such as infographics, short videos, comic strips, posts, etc., the Regulatory School training space has been created. This school is split into different spaces called 'classrooms' dedicated to specific topics such as anti-money laundering and counter-terrorist financing, data protection, and ethics and conduct. In this last classroom, staff can access content related to the Group's Code of Conduct, the Supplier Code of Conduct, corporate crime, corruption and the complaints/whistleblowing channel.

In 2022, AENOR Internacional S.A.U. conducted a full audit of the Crime Risk and Anti-Corruption Management and Organisation Model, with a view to ascertaining and certifying that Banco de Sabadell S.A.'s model complied with the requirements set forth by standards UNE 19601 on crime compliance management systems and ISO 37001 on anti-bribery management systems. This certification was corroborated in 2023, having found no instances of 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 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 Foundation's Board of Trustees. The Sponsorship Committee is the body responsible for the final approval or rejection of sponsorship commitments within the Bank.

With regard to TSB, conduct risk is also a key part of its strategic planning, decision-making, proposition development and performance management processes. Throughout the end-to-end customer journey, it is vital to ensure fair treatment, the delivery of fair outcomes and to make every possible effort to avoid customer harm. The identification, assessment, management and reporting of conduct risks is the responsibility of each Executive Committee member, with respect to their relevant business areas, as set out in TSB's Statement of Responsibility (SOR) under the United Kingdom's Senior Managers and Certification Regime (SMCR).

TSB has Anti-Money Laundering, Anti-Bribery, Anti-Corruption and Financial Sanctions Policies in place.

TSB promotes an environment of zero-tolerance of illicit activities to protect its employees, customers and communities against financial crimes. These principles are conveyed through policies and procedures on Anti-Money Laundering and Counter-Terrorist Financing, Anti-Corruption and Sanctions, as well as through their associated procedures and annual training courses to incorporate controls that implement the control requirements detailed in the policies.

The offer and acceptance of gifts, entertainment and hospitality is permitted, provided these are not thought 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 to be facilitation payments, political donations or actions which could facilitate tax evasion.

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

In relation to fraud, TSB continues to meet their commitment to refund every TSB customer who is an innocent victim of fraud. In 2023, TSB refunded 97% (2022:97%) of all fraud cases compared with an industry wide refund rate of only 64% (2022:56%). In 2024, regulations will make the reimbursement of victims of authorised push payment fraud (APP fraud) mandatory for all payment service providers (PSPs) that process transactions through Faster Payments or the Clearing House

Automated Payments System (CHAPS). A model in which both sending and receiving PSPs split the costs of reimbursement 50:50 will be introduced.

With regard to Banco Sabadell Mexico, this subsidiary also has the following initiatives in place to combat corruption and bribery:

- Its own Corporate Crime Prevention Programme, re-evaluated annually, which follows the Group's model but has been adapted to its own activities and applicable legislation. This programme 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 defines policies and establishes the criteria, procedures and standards that must be complied with by all of the Bank's senior managers, representatives, officials and employees.
- Adoption of the Bank's Anti-Corruption Policy in Spain. This Policy defines all actions covered by the concept of corruption, as well as related actions that are prohibited. Both the Code of Conduct and the Policy are reviewed regularly and updated as required.
- Banco Sabadell Mexico promotes an environment of zero-tolerance of illicit activities to protect its employees and customers against financial crimes. The policies and annual training courses ensure that risk assessment and due diligence practices have been implemented correctly to evaluate exposure to bribery or corruption through dealings with related parties. All new employees are required to complete mandatory anti-corruption training, and all staff receive communications regarding the Customer and Supplier Gifts Policy, in order to reduce the risk of engaging in unfair practices, mainly corruption or bribery, and to avoid conflicts of interest.



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.

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 2023, the Bank's 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'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 Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, as well as the United Nations Principles for Responsible Investment (UN-PRI).

These commitments have been reinforced by the decision to sign up certain 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 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 labour, and the abolition of child labour.

- The Equator Principles, which it signed up to in 2011 and which conform 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.
- 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.

From the perspective of corporate governance, the Group has a Human Rights Policy and a related Due Diligence Procedure, both approved in 2021, and reviewed annually and are applicable to all Group companies. They establish 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 the Bank's activities and procedures may entail, in particular, with regard to granting of financing to companies, or in its human resources management model or supplier engagement processes. They also establish the need for employees to receive training in all of these areas.

The Group also has a reviewed version of the Group Code of Conduct, approved in 2021 by the Board of Directors after 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 whole Group's workforce was required to read and expressly accept the new version of the Group's Code of Conduct.

As a direct result of updating the Group's Code of Conduct, the Supplier Code of Conduct was also reviewed, incorporating aspects related to the Group's model for the organisation and management of crime risk, as well as the Corporate Ethics Committee as the highest supervisory and control body of the whistleblowing channel.

The principles heading the Human Rights Policy take into consideration the impact and relationship with four main stakeholder: employees, customers, suppliers and commercial partners, and the communities or environment in which the Group operates its business activity.

In terms of its employees, the Group encourages and strives to keep an environment where 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, where ensuring the fundamental right of employees to create 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.

Concerning to health and safety, the Group strives to promote and safeguard the health and safety of the workforce in the workplace and in its facilities in general. Additionally, the Group refrains from establishing commercial relationships related to the so-called 'controversial weapons' 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 people 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 put in place to ensure transparency and respect for human rights at every stage of the supplier engagement process, and when evaluating their corresponding supply chains.

Suppliers are required to meet the fundamental human rights in the performance of their activity and observe current labour legislation, maintaining a work environment free of any abuse where the health and safety of the workforce is promoted, in accordance with the Group's Supplier Code of Conduct, which they are expressly requested to comply with and to which they must formally adhere to.

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 activity 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 regard, the Bank is supporting vulnerable customers in three areas: financial, digital and territorial.⁸⁸

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 digitalisation 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 helping customers' 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 specialised Transaction Fraud unit, which manages to prevent 91% of attempted digital fraud incidents, through an alert system in cash transfer transactions (transfers, payment services and Bizum).

The Group is also committed to the fight against corruption, money laundering and terrorist financing, and undertakes in maintaining conduct that is respectful of the rules and ethical standards, ensuring the same respect in 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, to benefit multiple initiatives aimed at those who need it most. Likewise, it promotes practices that contribute to addressing issues related to housing and social exclusion in the most disadvantaged groups, facilitating the transfer of real estate assets by non-profit institutions and foundations aimed at providing support to the most vulnerable or at risk social groups.

With regard to the United Kingdom, TSB continues to fulfil its commitment to refund customers who were victims of fraud. In 2023, TSB refunded 97% (2022: 97%) of all fraud cases compared to the industry average of just 64% (2022: 56%).

TSB also continued to support victims of domestic abuse by providing a safe space, both online and in its entire branch network. During 2023, TSB has helped 144 people financially, through the

⁸⁸ See more details about Customer vulnerability in section 7.7. Consumers.

Emergency Flee Fund, to escape from abusive partners. In recognition of this work, in September 2023 TSB was awarded the Every One's Business Awards from the Employer's Initiative on Domestic Abuse, a national network of employers encompassing 25% of British employees from around 1,400 small and large enterprises, whose mission is to share the experience and best practices of its members so that all UK employers can support employees affected by domestic abuse.

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 performance of its activity and in its supply chains.

As a voluntary signatory of the Prompt Payment Code, TSB has kept its policy on prompt payment of suppliers in place, paying 99% of supplier invoices within the first 30 days, while also focusing on prioritising payment to small and medium suppliers on an average of 4 days as in 2022. In recognition of its ability to pay suppliers promptly, TSB has been receiving the 'Fast Payer Award' by Good Business Pays every year since 2021.

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), no poverty (SDG 1), good health and well-being (SDG 3), decent work and economic growth (SDG 8), gender equality (SDG 5) and reduced 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 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 human rights violations.

To this end, staff are offered a series of training activities that consider and have an impact on the main human rights directly or indirectly related to employees or the activity they carry out. These training activities include courses on occupational hazard prevention, anti-money laundering and counter-terrorist financing, data protection and 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. To generally report on actions or omissions that may entail a breach of current legislation, of Banco Sabadell Group Code of Conduct and of the Group's other internal regulations (including regulations on the prevention of money laundering and financing of terrorism), the Group has enabled, at an external and internal level and in all the countries in which it operates, the necessary communication tools so that the different stakeholder groups can participate and interact.

Group's parent company, has a whistleblowing channel available to its stakeholders and subsidiaries.

Banco de Sabadell, S.A., as the Group's parent company, has a whistleblowing channel available to its stakeholders and subsidiaries (Mexico and the UK have their own channels), overseas branches and representative offices of the Group, as a formal whistleblowing mechanism that is part of the Group's Internal Reporting System, one of the guiding principles of which is the protection of the reporting person.

The Institution has a Policy and Procedure for the Internal Reporting System and Protection of Reporting Persons published on the channel's platform and on the corporate intranet, which is available to all Group employees or related persons and which describes the principles and safeguards of the Internal Reporting System and the process and main stages of the management of whistleblowing reports.

The competent body to resolve and respond to whistleblowing reports received through this channel is the Banco Sabadell Group's Corporate Ethics Committee (CEC), which delegates the management and processing of case files to its Secretary, member of the CEC and Compliance Director or Chief Compliance Officer (CCO).

The channel, hosted in a platform which can be consulted online at <https://canaldenunciasgrupo.bancsabadell.com>, is the main resource to report, detect and manage potential irregularities that can endanger this commitment or that may entail a crime. Any Group employee or related person (subcontractors, partners, suppliers, etc.) must report any information or sign of a breach of the Code of Conduct or of an alleged crime of which they become aware.

Reports can be submitted by a named individual or anonymously, ensuring at all times the confidentiality of the identity of the reporting person, of any other person involved, as well as of any information provided, the protection of personal data, the right of defence, the right to presumption of innocence and honour of all persons involved, whilst also guaranteeing the absence of any reprisals when the channel is used in good faith.

In accordance with the Procedure for the Internal Reporting System and Protection of Reporting Persons, all the reports received were duly handled and managed. This procedure sets out all the stages of the process for handling whistleblowing reports, such as:

- Receipt, acknowledgement of receipt to the reporting person, recording and decision on admissibility or inadmissibility.
- Information provided to the parties: reporting person and reported person.
- Opening of the case file and appointment of the investigator.
- Issuance of internal investigation report and proposed resolution (archiving or adoption of corrective measures/application of the internal penalties regime) and closure of the case file.

In 2023, 30 reports were lodged, of which 20 were admitted for processing and investigated, and 10 were rejected (8 because they were outside the material or personal scope of the channel, and the remaining 2 because they lacked enough information). Broken down by type of report, those related to workplace harassment had the highest number of reports (6), followed by breaches to the code of conduct and internal regulations (6) and sexual harassment (3).

Of the 20 reports processed, the investigations carried out concluded that in 6 cases a breach had occurred, resulting in disciplinary actions on 4 occasions.

As at 31 December 2023, 3 of the reports processed were still under internal investigation.

None of the reports received in 2023 concerned a human rights violation at Banco Sabadell Group.

In accordance with that set forth in the Equality Plan, any report aimed at exposing a possible act of discrimination, workplace and/or sexual harassment or gender-based harassment is channelled through the whistleblowing channel. Once the report has been admitted for processing, the Harassment Prevention Committee will run point and lead the investigation.

The Committee reports every six months to the Equality Plan Monitoring and Assessment Committee on the whistleblowing reports managed and the resolution of case files. 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 Banco Sabadell Group's 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.

The Institution promotes transparent information and responsible, straightforward and friendly communication with all stakeholders aiming.

In this regard, the Institution promotes transparent information and responsible, straightforward and friendly 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 Conduct⁸⁹.
- 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 legislation⁹⁰.

In addition, the Bank fosters transparency in the disclosure of information, at all times adopting responsible communication practices that prevent the tampering of data and protect the company's integrity

⁸⁹ The scope, principles and measures provided in this Code are indicated in section 7.8 Outsourcing and suppliers.

⁹⁰ The principles on which the Tax Strategy is based are indicated in section 7.9 Tax information.

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 best suited to the characteristics and needs of customers, by analysing their experience, knowledge and preferences in relation to sustainability.

The information provided to customers, following the guidelines of those 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 Sustainable Finance Disclosure Regulation (SFDR).

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 of 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 (RDL 6/2012 and RDL 19/2022), updated and made more flexible in 2023 to respond to the needs of mortgage borrowers with lower levels of income, thus fulfilling 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 website⁹¹ and in the existing guidance for customers.

Since 2021, Banco de Sabadell, S.A. has been running a mortgage product communication 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 anxiety that taking out a mortgage can generate. That is why, in recent years, the Bank has based its value proposition on the provision of support, through specialised relationship managers, to help customers throughout the process. In 2023, the concept of the campaign was further developed, going one step further and seeking to empathise with people from all walks of life. As a result, the "Hipoteca Con Todo" product ('the mortgage that has it all') was launched.

The reasoning was that the pressure people feel when signing a mortgage is very real:

- On one hand, the customer is in a rush to sign.
- On the other, the customer wants and needs time to understand it.

That is why Sabadell's Hipoteca Con Todo has all the advantages that the best of online banking has to offer:

- Instant and personalised pricing.
- Online calculation of monthly instalments in just one minute.
- Online exchange of documents.
- Pre-approved mortgage process.

In addition to aspects that only expert banks can offer:

- The best specialist relationship managers to support customers throughout the entire process.

As for TSB, the UK subsidiary is committed to producing and publishing responsible advertising and communications across the full range of propositions offered both as TSB and its associated third party suppliers. In this way, it meets the information needs of customers by ensuring that information is presented in a balanced, fair, clear and unambiguous way. TSB's Customer Communications and Product Promotion Policy is a reflection of the UK and (where appropriate) EU regulatory environment. The purpose of the Policy is to set out key processes, controls, and responsibilities enabling TSB to meet all relevant regulatory requirements including in acting to deliver good outcomes when communicating to/with its customers, across all channels and customer communications, including financial promotions. TSB has no appetite for unfair customer outcomes and this Policy and associated controls are designed to mitigate conduct risk and the occurrence of customer harm arising from its communications or any other dealing they may have with TSB.

Banco Sabadell Mexico, on the other hand, in accordance with Mexican banking regulations, is transparent in its publication of product-related information disclosed via:

⁹¹ <https://www.bancsabadell.com/cs/Satellite/SabAtl/Vulnerable-actions/6000080941749/en/>

- Banco Sabadell Mexico's official website:
 - 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 processing takes place 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. Every year, the DPO reports to the Board of Directors, providing relevant information about the existing data protection risks.

Following the management model built around three lines of defence, the Bank has the following action framework:

First line of defence

Centralised Operations:	Unit responsible for designing and executing procedures concerning data subjects' rights in relation to data protection.. Designs the procedure for obtaining consent and a legitimate basis for data processing and traceability.
ICT Security Management:	Designs security measures commensurate with the risks associated with personal data processing. Performs impact assessments of personal data processing activities. Keeps a record of security breaches and defines criteria and
Data:	Enters all data processing activities declared by accountable units in the Data Processing Activities Log. Keeps information about international data transfers and their publication on the appropriate channel, where applicable, up to date.
Supplier Management:	Ensures that management units wishing to engage the services of a third-party supplier adequately identify the associated personal data processing requirements and coordinates and manages the adaptation of contracts to prevailing legislation.
Contract-Related Legal Advice:	Writes clauses related to data protection for both contracts entered into with suppliers and those entered into with customers and data subjects. Assesses the regulatory impacts on the organisation of potential sector-specific regulations.
Marketing/Product:	Ensures that commercial data processing activities take place based on suitable legitimate grounds. Seeks the consent of data subjects and determines legitimate interest.
Data controllers:	Lead the design and implementation of training and awareness-raising plans on the topic of data protection, requiring the involvement of each accountable unit.

Second line of defence

Compliance:	Determines the controls needed to ensure compliance with data protection legislation.
Data Protection Officer (DPO):	Liaises with the Control Board and represents the Institution in various data protection forums.. Determines the need to give notice and, where applicable, gives notice in the event of a security breach. Deals with queries and complaints submitted by data subjects. Provides information and advice to the data controllers and their employees regarding the obligations established in data protection legislation. Defines the data protection policy. Advises and oversees the correct implementation of the data protection regulation.
Internal Control:	Receives information from Compliance regarding the effectiveness of the controls implemented by the first line of defence to mitigate compliance risks and any instances of non-compliance, together with the corrective measures taken, in order to carry out a joint assessment to be submitted to the corresponding governing bodies, and to align the controls with the established risk tolerance levels.

Third line of defence

Internal Audit:	Supervises the activities of the first and second lines of defence. Reviews the control environment. Reviews the fulfilment and effectiveness of policies and procedures.
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The aforementioned mechanisms are set out in the Personal Data Protection and Privacy Policy designed by the Institution as an internal

organisational instrument to ensure the protection of natural persons in connection with personal data processing.

The aforesaid document indicates the policies and related procedures and defines the management and control model established in relation to data protection. The Personal Data Protection and Privacy Policy 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 (DPO). 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 visually pleasing way, which are used to convey short and direct messages to remind employees of their obligations in relation to data protection. This year, specifically, the Bank decided to launch a video series, comprising six chapters in all, in which the Bank's DPO directly addressed employees to remind them of certain data protection obligations.

The Bank publishes information relating to its "privacy policy" and "privacy notice" on its website, in the section on customer information. This document, called "Annex of detailed information on personal data protection"⁹², which contains mandatory information about the various personal data processing activities carried out by the Institution, is published in all of Spain's official languages and also 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. The Personal Data Protection and Privacy Policy also applies to the engagement of services from third-party suppliers and the instructions that those suppliers receive are in line with the Bank's own Privacy Policy.

The Institution has a procedure for analysing and evaluating security incidents to determine whether an incident concerns personal data and should therefore be considered a security breach. These security breach assessments are carried out by the Data Protection Officer and are duly documented and made available to the Control Board.

The findings of the security breach assessment may require the Control Board and even the data subjects themselves to be notified in cases where the rights and freedoms of the data subjects could be at risk. 11 security incidents were recorded in 2023, but it was not necessary to inform either the Control Board or the data subjects.

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 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).

Furthermore, TSB carries out annual training dedicated 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.

⁹² 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

In line with the UK Data Protection Act, TSB complies with the following:

- The legal framework, which mainly comprises:
 - The Data Protection Act of 2018; and
 - The UK's GDPR.
- The codes of good practice and the guidelines of the Information Commissioner's Office, or ICO (the UK's independent body set up to uphold information rights and to regulate data protection in the United Kingdom). Periodic meetings are held with that body to discuss complaints it has received.
- The designation of a Data Protection Officer.
- The establishment of an internal Policy and Technical Standards (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 Portal where all employees can access relevant materials in a single place.
 - Regular submission of reports to risk committees and other governance forums.

As for Banco Sabadell Mexico, in accordance with Mexican personal data protection legislation, this subsidiary 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.

10.3 Cybersecurity

In 2023, cyberthreats and cyber risks have become an increasing cause for concern. In this context, effective and responsible management of those risks is now more important than ever.

Banco Sabadell Group, in line with its internal security control framework, continuously monitors the cybersecurity risks to which it is exposed, in order to protect its information systems and corporate information, as well as information pertaining to customers, employees and other stakeholders.

This control framework, which is updated and expanded on a regular basis, includes the updated Information Systems Security Policy, the definition of cybersecurity responsibilities across the three lines of defence and in governing bodies, and the need to protect corporate, customer and employee data and systems, including payment systems.

The Information Security function sends regular reports on the cybersecurity status to governing bodies, such as the Management Committee, the Board Strategy and Sustainability Committee and the Board of Directors, which are the bodies responsible for overseeing the Institution's cybersecurity, along with the Board Risk Committee, which oversees 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 cyberthreats and their development, enhancement of controls and assessment of risks.
- Review and execution of ongoing checks on 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 for staff and partners that include awareness-raising communications and regular drills.
- Awareness-raising communications regarding cybersecurity risks and digital fraud for customers, which can be distributed by email, using digital channels or ATMs, or through social media campaigns.
- Annual training courses 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 cyberthreats. These measures include:

- Role-based access control and regular recertification of these permissions.
- Two-factor authentication for remote access.
- Malware protection systems.
- Systems for monitoring and correlating security events.
- Security incident response team, available 24 hours a day, 7 days a week, recognised as an official Computer Emergency Response Team (CERT).

With these capabilities for protection, detection and response to cyberthreats, the Institution has not suffered any major cybersecurity incidents in 2023, adequately mitigating any cyber-related incidents affecting suppliers.

Banco Sabadell Group engages third-party specialists to run advanced cybersecurity tests, which evaluate the effectiveness of the key controls by simulating realistic cyberattacks. These verifications, which consider commonly used cyberattack techniques, prepare and train teams responsible for cyber defence, thus improving the levels of protection.

These tests also use well-renowned automated verification tools that simulate multiple cyberattacks. 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 in the top spots 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.

In addition, every quarter, Banco Sabadell Group carries out drills that simulate cyber incidents, training the Institution's teams to detect and contain cybersecurity events and to recover operating services to minimise potential impacts.

Its financial statements are also subject to annual statutory audits and an external audit takes place, focusing on the design, implementation and operational effectiveness of its cybersecurity controls, 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 documents⁹³

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 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.

⁹³ This list includes documents not directly mentioned in the Non-Financial Disclosures Report.

- 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.
- Banco Sabadell Plan for Effective Equality between Women and Men.
- Green Bonds Report 2023 (and previous).
- 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.

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.
- 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).
- 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 McCuista 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.
- Certification of transparency and fiscal accountability (“T for Transparent” seal) awarded by the Haz Foundation.
- 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 in five corporate buildings.
- Signatory of the Carbon Disclosure Project (CDP) for action against climate change.
- Awarded once again the “Equality in the Workplace” Seal of — Distinction by the Ministry of the Presidency, Relations with the Courts and Equality.
- Signatory of the CEOs supporting diversity (“CEO por la diversidad”) initiative promoted by the Adecco Foundation and CEOE.
- General Protocol for “More Women, Better Companies” (Protocolo General de Más Mujeres, Mejores Empresas) promoted by the Women’s Institute, which establishes the commitment to boost internal diversity.
- Membership of the Business Network Association for LGBTI Diversity and Inclusion (REDI by its Spanish acronym), which works to promote safe and respectful workplace environments.
- Membership of “Empowering Women’s Talent”, launched by Equipos&Talento, focused on empowering women in business.
- Membership of “Women in Banking” (WIB), an initiative dedicated to promoting the role of women in Spanish banks.
- 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.
- Through TSB, Member of Prompt Payment Code.
- Through TSB, signatory of HMT Mortgage Charter.
- 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.

Annex 2

Table of contents Law 11/2018

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	Page	GRI disclosure number	GRI description
Business model	Brief description of the Group's business model	DR 1 – BANCO SABADELL GROUP (Introduction)	DR 1	2-6	Activities, value chain and other business relationships
		DR 1.1 Mission, values and business model	DR 1.1		
	Markets in which it operates	DR 1 – BANCO SABADELL GROUP (Introduction) 1. Introduction	DR 005-006	2-1	Organisational details
	Organisation's objectives and strategies	DR 1 – BANCO SABADELL GROUP (Introduction)	DR 1	3-3	Management of material topics
		DR 1.1 Mission, values and business model	DR 1.1		
		2. Governance	008-011		
		3. Sabadell's Commitment to Sustainability	013-026		
		4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy)	028-081		
		4.4 Environmental management and impact	064-081		
		5. Commitment to sustainable finance	083-101		
		6.2 Commitment to talent	108-115		
		6.3 Training	115-118		
		6.4 Diversity	119-127		
		6.5 Remuneration policy	127-134		
		6.6 Workplace environment and organisation	135-143		
		6.7 Dialogue with employees: more connected than ever	144-146		
		7. Commitment to society	148-182		
		8. Commitment against corruption and bribery	184-186		
		9. Commitment to Human Rights	188-193		
		10. Commitment to information	195-204		
	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	013-026 028-081 064-081 083-101	3-1	Process to determine material topics
General	Reporting framework	1. Introduction	005-006	GRI (2021)	
	Materiality principle	1. Introduction	005-006	2-2	Entities included in sustainability reporting
		3.3 Materiality	018-026	3-2	List of material topics
	Description of applicable policies	DR 1 – BANCO SABADELL GROUP (Introduction)	DR 1	3-3	Management of material topics
		DR 1.1 Mission, values and business model	DR 1.1		
		2. Governance	008-011		
		3. Sabadell's Commitment to Sustainability	013-026		
		4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy)	028-081		
		4.4 Environmental management and impact	064-081		
		5. Commitment to sustainable finance	083-101		
		6.2 Commitment to talent	108-115		
		6.3 Training	115-118		
		6.4 Diversity	119-127		
		6.5 Remuneration policy	127-134		
		6.6 Workplace environment and organisation	135-143		
		6.7 Dialogue with employees: more connected than ever	144-146		
		7. Commitment to society	148-182		
		8. Commitment against corruption and bribery	184-186		
		9. Commitment to Human Rights	188-193		
		10. Commitment to information	195-204		

Note: The pages referred to in this Annex 2 correspond to the Non-Financial Disclosures Report available on the website.

		Response	Page	GRI disclosure number	GRI description
Management approach	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	008-011 013-026 028-081 064-081 083-101 108-115 115-118 119-127 127-134 135-143 144-146 148-182 184-186 188-193 195-204	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	035-063 184-186 188-193 DR 5	3-1	Process to determine material topics

Environmental matters

		Response	Page	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	018-026 035-063 064-081	3-1	Process to determine material topics
	Environmental assessment or certification procedures	4.4 Environmental management and impact	064-081	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	008-011 035-063 064-081	3-3	Management of material topics
	Application of the precautionary principle	4.3 Environmental risk management 4.4 Environmental management and impact	035-063 064-081	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	035-063	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	Banco Sabadell does not consider this issue to be material in relation to its activity		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	080-081	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

		Response	Page	GRI disclosure number	GRI description
Sustainable use of resources	Water consumption and water supply in accordance with local restrictions	4.4 Environmental management and impact	064-081	303-5 (2018) in relation to total	Water consumption
	Consumption of raw materials and measures adopted to make their use more efficient	4.4 Environmental management and impact	064-081	301-1	Materials used by weight or volume
	Direct and indirect energy consumption	4.4 Environmental management and impact	064-081	302-1	Energy consumption within the organisation
	Measures taken to improve energy efficiency	4.4 Environmental management and impact	064-081	3-3 302-4	Management of material topics
	Use of renewable energies	4.4 Environmental management and impact	064-081	302-1	Reduction of energy consumption
Cambio climático	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	064-081	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		3-3 201-2	Management of material topics 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	4.4 Environmental management and impact	064-081	305-5	Reduction of GHG emissions
Protection of biodiversity	Measures taken to preserve or restore biodiversity	Banco Sabadell considers this to be a material issue. 4.3.4 Equator Principles		3-3 063-063	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			

Corporate and staff-related matters

		Response	Page	GRI disclosure number	GRI description
Employment	Total number and breakdown of employees by country, sex, age and professional category	6.1 Workforce information	103-107	2-7 405-1	Employees Diversity of governance bodies and employees
	Número total y distribución de modalidades de contrato de trabajo	6.4.1 Gender	120-125	2-7	Employees
	Total number and breakdown of types of employment contract	6.1 Workforce information	103-107	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		3-3	Management of material topics

		Response	Page	GRI disclosure number	GRI description
	Number and breakdown of dismissals by sex, age	6.1 Workforce information	103-107	3-3 405-2	Management of material topics Ratio of basic salary and remuneration of women to men
	Average remuneration and its evolution, broken down by sex, age and professional category or its equivalent	6.5 Remuneration policy	127-134	3-3 405-2	Management of material topics Ratio of basic salary and remuneration of women to men
	Pay gap	6.5 Remuneration policy (pay gap)	127-134	305 en lo que respecta a la remuneración de mujeres frente a hombres por categoría profesional	Management of material topics
	Implementation of policies safeguarding employees' right to disconnect	6.6.1 Work-life balance	136-138	3-3	Management of material topics
	Employees with disabilities	6.4.2 Functional diversity	125-125	405-1	Diversity of governance bodies and employees
Workplace organisation	Organisation of working hours	6.6 Workplace environment and organisation	135-143	3-3	Management of material topics
	Number of hours of employee absence	6.6.2 Health and safety	138-142	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	6.6.1 Work-life balance	136-138	3-3	Management of material topics
Health and safety	Health and safety conditions in the workplace	6.6.2 Health and safety	138-142	3-3	Management of material topics
		6.6 Workplace environment and organisation	135-143	403-1 (2018)	Occupational health and safety
		6.6.2 Health and safety	138-142	403-2 (2018)	Hazard identification, risk assessment and incident investigation
		6.6.2 Health and safety	138-142		Occupational health services
				403-3 (2018)	
	Workplace accidents, in particular their frequency and severity, broken down by sex	6.6.2 Health and safety	138-142	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	142-143	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	142-143	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	142-143	403-4 (2018) 3-3	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.	6.6.3 Trade union rights and right of association 6.7 Dialogue with employees: more connected than ever	142-143 144-146	3-3	Management of material topics

		Response	Page	GRI disclosure number	GRI description
	consultation and participation				
Training	Policies implemented in relation to training	6.2 Compromiso con el talento 6.4 Diversidad	108-115 119-127	3-3 404-2	Gestión de los temas materiales Programas para mejorar las aptitudes de los empleados y programas de ayuda a la transición
	Total hours of training, broken down by professional category	6.3 Training	115-118	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	125-125	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	119-127 120-125	3-3	Management of material topics
	Planes de igualdad (Capítulo III de la Ley Orgánica 3/2007, de 22 de marzo, para la igualdad efectiva de mujeres y hombres)	6.4 Diversity	119-127	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 6.4.1 Gender	119-127 120-125	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	119-127 120-125	3-3	Management of material topics

Disclosures on respecting human rights

		Response	Page	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 9.2 Whistleblowing channel	188-191 192-193	2-27 2-26 2-23	Compliance with laws and regulations Mechanisms for seeking advice and raising concerns Commitments and policies
	Denuncias por casos de vulneración de derechos humanos	No reports have been made in relation to human rights in 2023. 9.2 Whistleblowing channel	192-193	3-3 406-1	Management of material topics Incidents of discrimination and corrective actions taken
	Promoción y cumplimiento de las disposiciones de los convenios fundamentales de la Organización Internacional del Trabajo relacionadas con el respeto por la libertad de asociación y el derecho a la negociación colectiva, la eliminación de la discriminación en el empleo y la ocupación, la eliminación del trabajo forzoso u obligatorio, la abolición efectiva del trabajo infantil	9. Commitment to Human Rights	188-193	3-3 407-1 408-1 409-1	Management of material topics Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk Operations and suppliers at significant risk for incidents of child labour Operations and suppliers at significant risk for incidents of forced or compulsory labour

Information regarding the fight against corruption and bribery

		Response	Page	GRI disclosure number	GRI description
Corruption and bribery	Measures adopted to prevent corruption and bribery	8. Commitment against corruption and bribery	184-186	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	180-182	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	167-167	2-28	Membership associations
		7.3 Social housing management	164-165	201-1 in relation to community investments	Direct economic value generated and distributed
		8. Commitment against corruption and bribery	184-186		
			415-1		Political contributions

Information regarding society

		Response	Page	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	148-182	3-3	Management of material topics
		7. Commitment to society	148-182	405-1	Significant indirect economic impacts
	Impact of the company's activities on local communities and in the area	7.1 Commitment to education	149-157	413-1	Operations with local community engagement, impact assessments, and development programs
		7.2 Social and volunteering activities	158-163		
		7.3 Social housing management	164-165		
	Relationships with key members of local communities and the different forms of dialogue with the same	7.1 Commitment to education	149-157	2-29	Approach to stakeholder engagement
		7.2 Social and volunteering activities	158-163	413-1	Operations with local community engagement, impact assessments, and development programs
		7.3 Social housing management	164-165		
	Association and sponsorship activities	7.1 Commitment to education	149-157	3-3	Management of material topics
		7.4 Sponsorship	165-165	201-1 en lo relativo a inversiones en la comunidad	Direct economic value generated and distributed
		7.5 Patronage	166-166		
		7.2 Social and volunteering activities	158-163		
Outsourcing and suppliers	Inclusion in the procurement policy of social, gender equality and environmental matters	7.8 Outsourcing and suppliers	171-174	3-3	Management of material topics
	Consideration in relationships with suppliers and subcontractors of their social and environmental responsibilities	7.8 Outsourcing and suppliers	171-174	2-6	Activities, value chain and other business relationships
				414-1	Supplier Social Assessment
	Sistemas de supervisión y auditorías y resultados de las mismas	7.8 Outsourcing and suppliers	171-174	2-6	Activities, value chain and other business relationships
				308-1	Supplier Environmental Assessment
Consumers	Consumer health and safety measures	10. Commitment to information	195-204	3-3	Management of material topics
		6.6.2 Health and safety	138-142		
	Whistleblowing systems, complaints received and their resolution	7.7 Consumers	167-171	3-3	Management of material topics
		DR - 1.5. Customers	DR 1.5		
		AFS, Note 42 – Other information			

		Response	Page	GRI disclosure number	GRI description
Tax information	Country-by-country earnings obtained	7.9 Tax information	175-180	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	175-180	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	175-180	201-4	Financial assistance received from government

Regulation (EU) 2020/852 - Taxonomy

		Response	Page	GRI disclosure number	GRI description
Requirements of the Regulation		4.2 Climate-related and environmental strategy	030-034	Criterio compañía	
		4.3.3 Integration in management arrangements – EU Taxonomy	055-062		
		5. Commitment to sustainable finance	083-101		

GRI content index

Statement of use	Banco Sabadell has presented the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 using the GRI Standards as a reference.
GRI 1 used	GRI 1: Foundation 2021
GRI Sector Standards	N/A

General disclosures

GRI Standard / Other	Content	Location
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 2023 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	Marco de Gobierno Interno de Banco Sabadell
	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

GRI Standard / Other	Content	Location
	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
	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
	2-24 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 Standard / Other	Content	Location
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

Gobierno corporativo

GRI Standard / Other	Content	Location
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 4.1 Environmental risk 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/memoria2023/en (Chairman's message)

Transparency and data management

GRI Standard / Other	Content	Location
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 Standard / Other	Content	Location
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 Standard / Other	Content	Location
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	IG 5 Riesgos 10.3 Cybersecurity

Customer satisfaction and digitisation

GRI Standard / Other	Content	Location
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 Standard / Other	Content	Location
GRI 3: Material topics 2021	3-3 Management of material topics	6. Commitment to people
Otros: GRI 102 Contenidos Generales 2016	102-16 Values, principles, standards and norms of behaviour	6. Commitment to people

Ethics and integrity

GRI Standard / Other	Content	Location
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 Standard / Other	Content	Location
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 Standard / Other	Content	Location
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 Standard / Other	Content	Location
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	201-1 Direct economic value generated and distributed	7.2 Social and volunteering activities 7.3 Social housing management 7.9 Tax information

Sustainable finance and investment

GRI Standard / Other	Content	Location
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 Standard / Other	Content	Location
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 Standard / Other	Content	Location
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 Standard / Other	Content	Location
GRI 3: Material topics 2021	3-3 Management of material topics	3.2 Initiatives and alliances 4.4. Environmental management and impact
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 Standard / Other	Content	Location
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 2023 9.1 Information regarding Human Rights 9.2 Whistleblowing channel

Quality employment and talent management

GRI Standard / Other	Content	Location
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 Standard / Other	Content	Location
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 4.1 Environmental risk governance
	b) Describe Management's role in assessing and managing climate-related risks and opportunities.	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.	4.2 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 loans and lines of credit 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.	4.3 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 loans and lines of credit 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.	4.2 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.	4.3 Environmental risk management
	b) Describe the organization's processes for managing climate-related risks.	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.	4.2 Climate-related and environmental strategy; 4.3.3 Integration in management arrangements; 4.3.4 Equator Principles
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.	4.3.1 Risk identification; 4.3.2. Assessment and measurement; 4.3.4 Equator Principles ⁹⁴ 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 loans and lines of credit with multilateral development banks in Mexico Annex 4 - Taxonomy indicators ⁹⁵
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	4.3.2. Assessment and measurement (Emissions of the financed portfolio); 4.4. Environmental management and impact ⁹⁶
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	4.2 Climate and environmental strategy (Portfolio alignment); 4.4. Environmental management and impact (Reduction targets) 5. Commitment to sustainable finance

⁹⁴ The indicators mentioned in section 4.3.2 Assessment and measurement, specifically in the subsection on "Physical climate risks", correspond to the EC-G8 indicator of the supplement on reporting climate-related information (2019/C 209/01) of the European Commission.

⁹⁵ The indicators mentioned in this section correspond to indicators EC-G9 and EC-SC3 of the supplement on reporting climate-related information (2019/C 209/01) of the European Commission.

⁹⁶ The indicators mentioned in this section correspond to indicators EC-G1, EC-G2, EC-G3, EC-G4 and EC-G5 of the supplement on reporting climate-related information (2019/C 209/01) of the European Commission.

Annex 3

Principles for Responsible Banking. Reporting and Self-Assessment.

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 Institution's business model is geared towards profitable growth that generates value for shareholders. This is achieved through a strategy of business diversification based on criteria related to 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 by adopting an initiative-based, proactive approach to the relationship. The Bank has a comprehensive range of products and services, qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.

Over the last twelve 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 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 finance for productive activities, 6% in mutual funds, 5% in securities trading and 17% in PoS turnover.

Sustainable financing is one of the main levers to facilitate energy transition, specifically, to mitigate global warming by promoting an economic model that helps to protect the environment.

Regarding individuals and SMEs, Banco Sabadell remains firm in its purpose of supporting and accelerating the important economic and social transformations that contribute to sustainable development and the fight against climate change.

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

Directors' Report 2023: 1.1 Mission, values and business model: Business model, main objectives achieved and actions carried out

5.1.3 Sustainable financing solutions for retail customers and businesses

10.1 Transparency

1. Introduction

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.

Directors' Report 2023: 1.1 Mission, values and business model: Business model, main objectives achieved and actions carried out

5.1.3 Sustainable financing solutions for retail customers and businesses

10.1 Transparency

1. Introduction

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.

Banco Sabadell continues to forge alliances with other sectors and is part of major international initiatives designed to fight climate change and improve social development, showing its continued support:

- Signatory of 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, since 2005.
- Signatory of the Carbon Disclosure Project (CDP) for action against climate change since 2009.
- 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.
- Since 2019, it has adhered 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.
- In 2019, it ratified the Collective Commitment to Climate Action, whose goals serve to further reduce the carbon footprint of balance sheets.
- Since 2020, it became a member of the Task Force on Climate-related Financial Disclosures (TCFD) for the disclosure of risks and opportunities related to climate change.
- Since 2021, it became a member of the Net-Zero Banking Alliance (NZBA), an international alliance convened by the United Nations Environment

4. Commitment to climate and the environment

3.2 Initiatives and alliances

4.3.3 Integration into management procedures

4.3.4 Equator Principles

- Programme Finance Initiative (UNEPFI), through which the Bank is committed to aligning its lending portfolios with net-zero emissions by 2050 at the latest, in line with the targets of the Paris Agreement.
- Adherence in 2022 to the Partnership for Carbon Accounting Financials (PCAF), in order to measure and disclose emissions financed through loans and investments in a standardised way.

In addition to the above alliances, all of which are implicit in the ESG framework called Sabadell's Commitment to Sustainability, other transformation and promotion actions are included, both those taken by the Group and those expected to be taken in the future, with the aim of accelerating green transition actions, the fight against climate change, and social development, reinforcing and at the same time addressing the topics considered to be a priority based on their materiality. This framework is aligned with the UN SDGs and focuses on those where it has the greatest capacity to influence due to 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 action guidelines, targets and limits required at different points of the credit approval workflow.

The Bank has created the ESG Guidelines, which are the framework that consolidates the ESG commitments and standards currently applied when authorising the Bank's credit transactions. Specifically, the ESG Guidelines comprise the Environmental and Social Risk Framework, the IRCA (for more details, see section 4.3.2. Assessment and measurement. Heading "Climate-related and environmental performance of the loan book") and decarbonisation pathways. The verification of ESG Guidelines has been embedded into the IRCA evaluation process, meaning that, when ESG analysts receive a loan application from a customer who is subject to the IRCA, they conduct an additional evaluation of their fulfilment of the Environmental and Social Risk Framework and of their decarbonisation pathways.

The Group has an Environmental and Social Risk Framework that establishes the Group's position, designed to restrict activities with 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) and whose main references are the EU Taxonomy and the best practices in the market such as the Green Loan Principles and the Social Bond Principles

In parallel, as part of the financial sector, the Group measures ESG performance using the IRCA to promote the transition of companies and businesses, steering the financing according to the nature of the activities and helping agents in polluting industries who work to improve their ESG performance to transition to a more sustainable model, or limiting its exposure in the case of those not transitioning.

At the same time, the Bank has a decarbonisation strategy for the four first sectors (Electricity, Oil & Gas, Cement and Coal) and it has published its commitment in a second phase for three new sectors (Iron & Steel, Car manufacture and Air transport). The assessment of the level of fulfilment of pathways is currently embedded into day-to-day management arrangements. Therefore, all significant transactions affected by them are evaluated, thus ensuring achievement of the established targets.

In addition, since 2011, the Group has adhered to the Equator Principles, an international voluntary framework of policies, standards and guidelines 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 standards of the Equator Principles, 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.

In 2022, Banco Sabadell 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 took place using the Portfolio Impact Analysis Tool for Banks for the use of the Holistic Impact Methodology devised by UNEP FI.

The tool allows identifying 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 results of this analysis prompted Banco Sabadell to prioritise two areas of impact on account of their materiality rating assigned in both analyses: Climate and environment, and Financial inclusion and education.

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 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 did not consider TSB's Business Banking portfolio in the UK, nor the Bank's exposure 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. On the other hand, 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 Banco Sabadell's 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 the 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.

In addition, for better comprehension of the local context of the countries in which the Group operates, several renowned sources of information have been

3.3.4 Engagement with Principles for Responsible Banking

consulted. The main indicators of financial concerns in households and businesses are the following:

- 19-26% of the poorest within society are worried about their monthly income or concerned that they might not be able to save enough for retirement (source: World Bank - DataBank: Global Financial Inclusion)
- 24% of Spanish people feel they lack sufficient financial literacy to deal with their day-to-day finances (European average: 19%) and 61% feel economically worse off than one year before (source: Intrum “European Consumer Payment Report 2022 (Spain))
- 62.2% of micro-enterprises in Spain need finance and 36.5% declared that they are in a worse financial situation now than one year before (source: CESGAR (XII Report on SME finance in Spain “La Financiación de la Pyme en España”))
- In the UK, SMEs declared that their profits have improved and that there is a growing tendency to use overdrafts (source: “Small Business Finance Markets 2022/23” report by the British Business Bank).

In relation to climate stability, stakeholders are more concerned about climate change and there is also increasing supervisory pressure in this area.

In 2015, faced with one of humanity’s greatest challenges – climate change – all of the United Nations Member States agreed to create the foundations to ensure a future for everyone. This ultimately resulted in the 2030 Agenda for Sustainable Development, which lays down the Sustainable Development Goals (SDGs): Planet, People, Prosperity, Peace and Partnerships. A roadmap to achieve a common social goal: sustainable human and global development, which was strengthened with the Paris Agreement against climate change and the European Green Deal to move towards a carbon-neutral economy.

Based on these first three 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).

Both areas of impact that were prioritised are aligned with the results obtained in the materiality analysis. In this respect, the areas prioritised in the impact analysis in relation to Climate and environment, and Financial inclusion and education, each relate directly to at least three of the material topics for which positive and negative impacts were identified according to the double materiality perspective (i.e. impacts of the environment on the Institution and of the Institution on stakeholders). The areas of impact in relation to Climate and environment is closely related to the material 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 material topics of Social commitment and Human Rights, Sustainable finance and investment, and Customer satisfaction and digitisation.

3.3.4 Engagement with Principles for Responsible Banking

3.3.4 Engagement with Principles for Responsible Banking

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 can 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 has established a series of indicators.

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 financial 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 the most efficient EPCs.

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-enterprises 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).

In addition, the Institution has been developing indicators in relation to Financial Health and Inclusion in order to evaluate how customers are impacted by the finance granted. In this respect, new indicators have been added that measure changes in the workforce and sales of micro-enterprises to which finance has been granted.

3.3.4 Engagement with Principles for Responsible Banking

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: ☒ Yes ☐ In progress ☐ No

Portfolio composition: ☒ Yes ☐ In progress ☐ No

Context: ☒ Yes ☐ In progress ☐ No

Performance measurement: ☒ Yes ☐ In progress ☐ 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).

H. 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 together 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.

Emissions of the financed portfolio account for the largest proportion of the Group's emissions. Therefore, since 2021, Banco Sabadell Group has calculated the carbon footprint of its financed portfolio using the Partnership for Carbon Accounting Financials (PCAF) methodology.

It is worth mentioning that PCAF has two methodological approaches for listed stocks and corporate bonds. In this case, the Bank uses the same methodology that it does for business loans and unlisted stocks, in which values are attributed considering counterparties' balance sheet data.

Based on this methodology, the Group has calculated its carbon footprint (Scope 1 and 2) for approximately 96% of its financed portfolio. The portfolios not calculated are those for which no calculation or estimation standards or methodologies exist, such as portfolios of consumer loans for purposes other than vehicle purchase or private banking, among others.

It is worth noting that in 2023 the Group has continued to improve its calculation model to obtain more reliable and complete results, which have been submitted to the Sustainability Committee. The main improvements are the following:

- Calculation of the new Sovereign Bonds segment of the portfolio within the model used to calculate the carbon footprint, following the new methodology published in the guidance to banks for calculating financed emissions issued by the PCAF. In line with the PCAF recommendations, the calculation of Scope 1 financed emissions is available, both including the emissions factors of countries' Land Use, Land-Use Change and Forestry (LULUCF) and without them.
- Inclusion of the PCAF's new emission factors in the calculation of emissions stemming from the financed business portfolio, amending the Bank's reports, both public and internal, from 2024 onwards. In 2023, the PCAF updated the emission factors that it recommends for use when calculating the carbon footprint of the financed portfolio. The new factors provided are at a regional and sectoral level (understood as two-digit NACE codes), the latter of the two being the recommended option. This change will produce less granular emission factors than the previous version, as before emissions factors were available at the activity level (four-digit NACE codes).
- Inclusion of fixed-income contracts for corporate bonds in the business segment.
- Incorporation of actual emissions data with regard to business risk, floor area and EPC ratings, both actual and estimated by appraisal firms, and of the value and type of vehicles, leading to an improved data quality (DQ) estimate.

Since 2020, Banco Sabadell has been developing a Sustainable Finance Plan, affecting all of its business lines and units, which will allow it to deliver the Institution's sustainability commitments. In 2021, the volume of financial products and services mobilised through sustainable finance solutions was over €10,700m. 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, more than €2,900m of finance was granted to micro-enterprises 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 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 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

7.1 Commitment to education

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 prioritised areas of impact:

Sabadell's Commitment to Sustainability

Climate and environment:

4.2 Climate-related and environmental strategy: Portfolio Alignment

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 its balance sheet by reducing 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 and for customers where there is sufficient information to make this calculation.

Sector	Value chain stage	Emissions scope	Reference scenario	Metric	Base year	Base year metric	2030 target	% reduction
Electricity	Electricity generation	1 and 2	IEA Net Zero 2050	Physical intensity Kg CO ₂ e / MWh	2020	61	85-45	-
Oil & Gas	Upstream & Downstream ¹	1, 2 and 3	IEA Net Zero 2050	Absolute emissions Kt CO ₂ e	2020	6,300	4,851	-23% vs 2020
Cement	Production	1 and 2	IEA Net Zero 2050	Physical intensity Kg CO ₂ e / tonne cement	2020	660	510	-23% vs 2020
Coal	Mining activity	Not applicable	IEA Net Zero 2050	Exposure in Million euros	2020	3	~0	-100% vs 2020
Iron & Steel	Manufacturing	1 and 2	IEA Net Zero 2050	Physical intensity KgCO ₂ e / tonne steel	2022	1,593	1,172	-26% vs 2022
Automotive	Manufacture / OEMs ²	3	IEA Net Zero 2050	Physical intensity gCO ₂ e / vkm ³	2022	211	124	-41% vs 2022
Aviation	Airlines	1 and 2	IEA Net Zero 2050 ⁴	Physical intensity gCO ₂ e / rpkm ⁵	2022	94	65	-31% vs 2022

Notes about methodology applied: Base year (2020) data and 2030 targets 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 attributed output 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.

Note 1: Includes refining.

Note 2: OEM: Original Equipment Manufacturer. Scope 3 emissions are those linked to the use of sold vehicles (category 11 - Use of sold products).

Note 3: vkm: vehicle kilometre.

Note 4: A correction factor has been added to the scenario to remove the distortion caused by Covid-19 in the forecast data for the 2019-2030 period, due to the reduced aircraft occupancy rate during the pandemic.

Note 5: rpkm: revenue passenger kilometre

- Mobilise €65bn in financial products and services, in cumulative terms, in sustainable finance solutions between 2021 and 2025.

Inclusion Financial 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 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.

Sabadell's Commitment to Sustainability

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.

To make progress on the achievement of climate-related and environmental targets, among other actions taken, Banco Sabadell has:

- Measured the carbon footprint of the financed portfolio, using the Partnership for Carbon Accounting Financials (PCAF) methodology
- Advised corporate customers in their transition to more sustainable models which, as a whole, enables the attainment of international decarbonisation targets.
- Trained and deployed a team of specialists in European Funds and Sustainability to offer support to the branch network in the development of sustainable operations.
- Developed 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, among other actions, Banco Sabadell has:

- Developed basic accounts for vulnerable customers and those at risk of financial exclusion
- Developed volunteer programmes, mainly made up of pre-retirees of the Institution for the financial and digital training of senior groups
- Granted finance to micro-enterprises for the purpose of promoting and maintaining employment
- Developed 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

Alignment:	<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
SMART targets:	<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

— 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
Baseline:	<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
Action plan:	<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.

In 2021, the Bank committed to mobilise 65 billion euros in sustainable finance by 2025. As at December 2023, and following a review of the criteria relating to consideration as sustainable mobilisation, more than €38.6bn have been mobilised, including over €15bn in 2023.

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 this respect, during 2023, more than 9,100 people have benefited from the workshops held by Banco Sabadell volunteers, representing a 91% of the target set for 2025.

In the area of social loans, it is worth highlighting those granted to micro-entities for the purpose of promoting and maintaining employment.

During 2023, the focus has remained on financing activities that promote employment and the development and progression of the business and industrial fabric of each territory.

Funding for micro-enterprises in 2023, mainly through loans and credits, reached more than 3 billion euros, compared with 2.9 and 2.75 billion euros in 2021 and 2022.

It is worth noting that, of the micro-entities that received finance in 2021, two-thirds of them maintained or increased the number of employees (data 2022 vs 2021). In addition, over 74% of the micro-entities that received finance improved their sales volume.⁹⁷

5. Commitment to sustainable finance

7.1 Commitment to education



⁹⁷ Calculations based on public information contained in annual accounts, corresponding to 88.9% of financed enterprises.

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 levers to facilitate the energy transition, specifically, to mitigate global warming by promoting an economic model that helps to protect the environment.

Regarding individuals and SMEs, Banco Sabadell remains firm in its purpose of supporting and accelerating the important economic and social transformations that contribute to sustainable development and the fight against climate change. It also offers its customers a set of solutions designed with energy saving in mind, as well as solutions for the purchase and rehabilitation of housing, sustainable mobility and the installation of renewable energies.

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 €65bn in sustainable finance by 2025. As at December 2023, and following a review of the criteria relating to consideration as sustainable mobilisation, more than €38.6bn have been mobilised, including over €15bn in 2023.

To fulfil this commitment and in order to promote social and financial inclusion, contribute to environmental preservation and climate change mitigation, the Bank is strengthening its awareness-raising and advisory activities in all business sectors, providing solutions to fund the investments needed for this transition. To that end, all of its capabilities are being made available:

Financing solutions in the various business lines:

To bring processes for loan approval, portfolio management and reporting tasks in line with international standards on sustainable financing (the 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 criteria 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 references are the EU Taxonomy and the best practices in the market such as the Green Loan Principles, and to the green bonds issued by the Bank in recent years under the SDG Bond Framework.

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 2023: 1.5 Customers

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 is expected to significantly boost this type of finance (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”).

Work has been undertaken to create a single framework to manage ESG credit risk that incorporates all rules on this topic that are currently applied when authorising the Bank’s credit transactions. For this reason, the ESG risk management guidelines were created, which include:

- Environmental and Social Risk Framework at customer level, to identify from the outset whether a new transaction could be associated with any of the restricted activities (see subheading on Environmental and Social Risk Framework).
- IRCA: indicator that allows the Institution to screen the ESG risk of the companies to which it provides finance whilst at the same time considering their performance in relation to the management of climate-related and environmental risks. It is used to define credit risk management policies and to identify potential opportunities for investment to support emissions-intensive companies in their transition towards more sustainable activities”).
- Decarbonisation pathways: for borrowers operating in sectors affected by the decarbonisation pathways defined by the Group (see section on “Portfolio Alignment”), the Bank evaluates everything about significant transactions to which pathways are applied on a continuous basis, starting as soon as they are originated. At present, a specific workflow has been established in order to identify, evaluate and monitor transactions subject to pathways.

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 courses 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 to a sustainable economy: to do so, the Bank is making progress by setting 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 opportunities for savings and investment that contribute to sustainability, rolling out a wide range of social, ethical, green and sustainability 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 Institution believes that it is imperative to take an active role to improve financial education, drive forward inclusion, minimise vulnerabilities and ensure secure transactions and exchanges of information.

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 2023: 1.5
Customers

Knowing customers at every stage of their relationship with Banco Sabadell is crucial. That is why new methodologies are continuously being developed that allow the Bank to listen to what customers are saying, to measure and determine the main reasons for customer satisfaction and dissatisfaction and how near or far it is from meeting customers' expectations. This measurement involves understanding the market, consumers and customers, using a number of different qualitative and quantitative analytical methodologies 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 of 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 at 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.

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 2023: 1.5 Customers

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 one of the key factors 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 (GSLs) and Sustainability-Linked Loans (SLLs).
- Offering specialised advice and responding to the transition challenges of all customers (large enterprises and corporations, SMEs and individuals) by:
 - 1) Offering strategic advice, 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 activities with larger knowledge and specialisation, leveraging the internal training of teams specialised in sustainability through the certification in sustainable finance attended by the Carlos III University in Madrid, along with other internal training schemes.

4.2 Climate-related and environmental strategy

5. Commitment to sustainable finance

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:

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 high-category energy certification, in accordance with the national certification system and in line with the Institution's Eligibility Guide.

In 2023, the volume of mortgages with sustainable certification was more than 437 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 energy saving capacity of a primary 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 energy efficient household appliances, specifically, those rated A or higher.

ECO car loan

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 suited 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 continues to proactively offer 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 (CGP), with the aim of helping these customers to meet their obligations, relieve their financial burden and avoid default situations.

Green loans:

In 2023, more than 2.5 billion euros were mobilised to fund companies engaged in green operations or projects, mainly through loans, leasing and rentals. These do not include Renewable Energies Project Finance transactions, which are described individually in section 5.1.2.

Social loans:

In the area of social loans, it is worth highlighting those granted to micro-entities for the purpose of promoting and maintaining employment.

Funding for micro-enterprises in 2023, mainly through loans and credits, reached more than 3 billion euros, compared with 2.9 and 2.75 billion euros in 2021 and 2022, respectively.

Sinia Renovables:

As at 2023 year-end, 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 1368,2 MW, equivalent to the electricity consumption of about 979,742 household. Of this capacity, the portion attributable to Sinia through its direct shareholding is 246.3 MW, equivalent to the generation of 516.1 GWh of sustainable electricity every year. This power generation, assuming all projects are in operation, would be equivalent to the average annual consumption of approximately 157,738 households.

Renewable electricity attributable to Sinia, based on the entirety of its portfolio in operation, in which it holds a direct equity interest, is 262,7 GWh/year. a 67% increase in production compared to 2022. This renewable energy prevents the emission of around 36778 tonnes of CO₂ equivalent per year, equivalent to the average annual consumption of approximately 80287 households.

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 was carried out of the materiality analysis performed in 2021, which established a list of material topics for the Group. This review was carried out in order to update 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 material topics based on their importance was 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.

3.3 Materiality

In addition, during the second half of 2023, work got underway to update Banco Sabadell Group's materiality analysis according to the guidelines of the European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG).

The objective of this analysis is to identify and prioritise the material topics of relevance to the Group and its stakeholders, with three aims:

- Ascertain the ESG priorities on which Banco Sabadell Group should focus its attention, taking into consideration risks, opportunities, impacts and trends.
- Strengthen the relationship with the various stakeholders when identifying and outlining the impacts and expectations with regard to ESG.
- Address the disclosure needs arising from legal requirements and from analysts and indices, as well as the demands of shareholders, investors, rating agencies and other stakeholders, with a language that is easy to understand.

In 2021, priority stakeholders whose demands and requirements were included in the materiality assessment were identified, namely: employees, suppliers, customers, investors, rating agencies, society, regulators and supervisory authorities, and economic operators. Following this interaction with the various stakeholders, the materiality of all topics related to ESG was analysed, from the perspective of both internal and external stakeholders. The material topics and their definition are set out in section 3.3.1. of this document.

In a second phase of the materiality assessment process, carried out in 2021 and updated in 2022, Banco Sabadell combined 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 the environmental and social environment on the Group, and of the Group on its stakeholders, assessing these to obtain a holistic view of the extent to which sustainability issues are impacted by each material topic.

Based on these identified impacts, and with the aim of prioritising them, the Group carried out a quantitative assessment in which it sent questionnaires to different areas of the Bank to consult them on these impacts, determining their extent using pre-defined scales.

The results of the analysis made it possible to complete the double materiality approach, which is explained in section “3.3.2 Double materiality”, and to update the materiality matrix, which is set out in section “3.3.3. Materiality matrix”. Concerning the results, three levels of priority were established, level 1 representing the greatest impact for the Group and in which the following material topics were included: (i) Corporate governance, (ii) Value creation and solvency, (iii) Ethics and integrity, (iv) Climate-related and environmental risks, and (v) Sustainable finance and investment.

3.3 Materiality



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 reserved to the Annual General Meeting, Banco Sabadell's Board of Directors is the most senior decision-making body of the company as it is responsible, by law and pursuant to 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, delegating the management of ordinary business matters to the Chief Executive Officer. 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 2023. When defining the general strategy, the business objectives and the risk management framework of the Institution, the Board of Directors considers environmental aspects, including climate-related, environmental, social and governance risks, and it also effectively oversees them.

Board Committees

The Board Strategy and Sustainability Committee was set up in 2021 and is chaired by the Chairman of the Board of Directors, in the capacity of Other External Director. It is formed of five Directors: three Independent, one Other External and its Chair. This Board Committee met 12 times in 2023.

On matters of strategy, the Chief Executive Officer takes part in the meetings, with full voting and speaking privileges, meaning that on such matters the Committee has six members.

With regard to sustainability, the Board Committee has the following duties:

- Analyse and inform the Board of Directors about the Institution's sustainability and environmental policies.
- Inform the Board of Directors of any modifications or regular updates of the sustainability strategy.
- Analyse the definition and, where applicable, amendment of policies on diversity and integration, human rights, equal opportunities and work-life balance and evaluate the level of compliance therewith on a regular basis.
- Review the Bank's social action strategy and its sponsorship and patronage plans.
- Review and update the Institution's Non-Financial Disclosures Report prior to its review and update by the Board Audit and Control Committee and its subsequent sign-off by the Board of Directors.
- Receive information in connection with reports, documents or communications from external supervisory bodies within the scope of responsibility of this Board Committee.

Other Board Committees are involved to various degrees in the sustainability governance arrangements.

In 2021, the Board Appointments and Corporate Governance Committee also took on duties in relation to the disclosure of internal corporate policies and rules, the oversight of rules on corporate governance, and relations with shareholders and investors, proxy advisers and other stakeholders.

The Board Audit and Control Committee oversees the process for preparing and submitting regulated financial and non-financial information and gives recommendations or proposals to the Board of Directors, aimed at safeguarding its integrity, and reports to the Board of Directors, prior to its publication, on the financial information and the directors' report, which include mandatory non-financial information that the Institution must regularly disclose. When necessary and in coordination with the Board Risk Committee, it oversees and assesses the effectiveness of policies and internal risk management and control systems as a whole, covering the Institution's financial and non-financial risks, including operational, IT, legal, social, environmental, political and reputational risks or those related to corruption, and supervises that the main direct or indirect risks are reasonably identified, measured and controlled.

The Board Risk Committee monitors the implementation of the Global Risk Framework Policy of the Institution and is responsible for advising and supporting the Board of Directors in overseeing the Bank's risk appetite and overall strategy, taking into account all kinds of risks to ensure that they are in line with the Institution's business strategy, objectives, corporate culture and values.

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, created in 2020 and chaired since 2021 by the General Manager and head of the Sustainability and Efficiency Division, is the body responsible for establishing the Bank's Sustainable Finance Plan and for monitoring its execution, for defining and disclosing the general action principles in the area of sustainability and for promoting the development of projects and initiatives, as well as 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 12 members (ensuring the representation of several areas, including Sustainability, Risk, Finance, Business, Communication, Research Service and Regulation) 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 11 times in 2023.

2. Governance

Remuneration linked to Sustainability.

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 vital information to evaluate the exposure to climate-related and environmental risks, their evolution, 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.

2. Governance

Remuneration linked to Sustainability.

Remuneration linked to sustainability

The commitment to sustainability and the involvement of the Bank's staff in the Institution's ESG performance are reflected in the attainment of the Group's targets. 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, making them part of the Group targets with a weight of 10%.

Category	Indicator
ESG (cross-cutting)	Degree of progress in the achievement of actions set out in the Sustainable Finance Plan.
E (Environmental)	Channelling of resources through the volume of sustainable financing (applied and linked).
S (Social)	Diversity: increased presence of women in various management positions.
G (Governance)	A market-led assessment, carried out by ESG rating agencies, of the information disclosed.

In addition, in 2023, the commitment of the Group's Senior Management and its Identified Staff has been further reinforced by adding this synthetic sustainability indicator to the multi-year targets, weighted at 20% and linked directly to their long-term remuneration.

Further details provided in section "6.5 Remuneration policy".

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 training for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Banco Sabadell Group's training model 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

In 2023, 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.

96.7% of employees received training in 2023, with 862,752 total hours of training completed at the Group level (equivalent to an average of 46 hours per employee).

The area of sustainability continues to have its own place on Campus, with self-guided training content for the Bank's employees. Introductory content is still

featured on the platform, such as the Introduction to Sustainability course, the Sustainable Borrowing course and the Sustainable Finance Certification.

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 Carlos III University of Madrid, a certification in sustainable finance is issued, which includes materials about the environment and the fight against climate change, among other materials on financial and social matters. In 2023, the certification in sustainable finance was obtained by 430 employees. In addition, during 2023, specific on-site training sessions took 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.

It is worth highlighting the fact that, since 2023, employees at the subsidiaries in Mexico and the USA (Miami) have also had the opportunity to obtain the certification in sustainable finance issued by the Carlos III University in Madrid.

In Campus, the online training space for Group employees, in addition to the certification in sustainable finance programme, there is a specific space for Sustainability, with a wide range of training modules available in relation to environmental matters, which also connects with web tools for use by relationship managers (the internal Sustainability site), which includes content related to business activity, the ESG vision and the trade narrative. In addition, the available training modules are supplemented with webinars held by Sabadell's Companies Hub. Training-related aspects are detailed in section "6.3 Training".

6.3 Training

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 April 2023, the Board of Directors updated the Sustainability Policy, which aims to provide a framework for all of the Institution's activities and organisation within ESG parameters. The Policy incorporates environmental, social and governance factors into decision-making processes and ensures that the needs and concerns of all its stakeholders are addressed taking these factors into account. The Sustainability Policy sets out the core principles on which Banco Sabadell Group bases its approach to tackling the challenges of sustainability, and defines the corresponding management parameters, as well as the organisation and governance structure required for their 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, designed to restrict activities with 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), whose main references are the EU Taxonomy and the best practices in the market such as the Green Loan Principles and the Social Bond Principles.

In parallel, as part of the financial sector, the Group promotes the transition of companies, 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 or limiting its exposure in the case of those not transitioning. With this aim in mind, the ESG Risk Management Guidelines 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.

2. Governance

4.3.3 Integration into management procedures

9.1 Information regarding Human Rights

The Group has a Human Rights Policy and a related Due Diligence Procedure, both approved in 2021, and reviewed annually and are applicable to all Group companies. They establish 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 the Bank's activities and procedures may entail, in particular, with regard to granting of financing to companies, or in its human resources management model or supplier engagement processes. They also establish the need for employees to receive training in all of these areas.

The principles heading 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 operates its business activity.

The Group also has a reviewed version of the Group Code of Conduct, first approved in 2021 by the Board of Directors, after 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 whole Group's workforce was required to read and expressly accept the new version of the Group's Code of Conduct.

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 ☐ Partially ☐ 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:

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Annex 2

6.3 Outlooks

What are the next steps your bank will undertake in next 12 monthreporting 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.

During 2023, it monitored the interim targets for the first four carbon-intensive sectors (electricity, oil & gas, cement and coal) identified by the Net-Zero Banking Alliance (NZBA) and it established new decarbonisation pathways for three additional sectors (iron & steel, automotive and aviation).

In addition, the Institution continues to monitor the established targets and to report on its progress in relation to the Principles for Responsible Banking. It also plans to continue setting additional interim targets for the rest of the carbon-intensive sectors identified by the Net-Zero Banking Alliance (NZBA).

PBR 2 Impact and Target Setting

Portfolio Alignment

In relation to financial health and inclusion, the impact on employment and sales volumes of the social finance granted to micro-entities during 2021 was evaluated (once the necessary data became available) and the impacts of finance granted in subsequent years will continue to be monitored once the requisite information becomes available.

PBR 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)

- ☐ Embedding PRB oversight into governance
- ☐ Gaining or maintaining momentum in the bank
- ☐ Getting started: where to start and what to focus on in the beginning
- ☐ Conducting an impact analysis
- ☒ Assessing negative environmental and social impacts
- ☐ Choosing the right performance measurement methodology/ies
- ☒ Setting targets
- ☐ Customer engagement
- ☐ Stakeholder engagement
- ☒ Data availability
- ☐ Data quality
- ☐ Access to resources
- ☐ Reporting
- ☐ Assurance
- ☐ Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

Annex 4

Taxonomy indicators

Indicator	2023
1- Proportion in their total assets of exposures to EU Taxonomy-eligible economic activities (climate targets, not including new activities)	36.4 %
1-bis- Proportion in their total assets of exposures to EU Taxonomy-eligible economic activities (non-climate targets and new climate target activities)	3.9 %
2- Proportion in their total assets of exposures to central governments, central banks and supranational issuers	25.9 %
3- Proportion in their total assets of derivatives exposures	1.0 %
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	17.3 %
5- Proportion in their total assets of trading book and interbank sight loans	1.4 %

Details are provided here below regarding the components of the indicators, which have been calculated based on the exposures set out later on in the GAR calculation templates:

- This indicator has been calculated based on total taxonomy-eligible assets, set out in Template 1, relative to total assets.
 - For the new environmental objectives and the new activities included for the two climate targets, the eligibility percentage has been estimated as the exposure to sectors deemed eligible according to these new activities based on their NACE codes relative to total assets.
- Exposures to central governments, central banks and supranational issuers accounted for a proportion of 25.9% of total assets as at 2023 year-end.
This indicator was 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.
- The exposure to derivatives accounted for a proportion of 1.0% of total assets as at 2023 year-end.
This indicator was calculated taking into consideration total derivative assets relative to the Group's total assets.
- Exposures to companies not obliged to disclose non-financial information pursuant to Article 19(a) or 29(a) of Directive 2013/34/EU accounted for a proportion of 17.3% of total assets as at 2023 year-end.
This indicator was calculated taking into account the exposure⁹⁸ 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 and Non-EU country counterparties not subject to NFRD disclosure obligations.
- Trading book and on-demand interbank loans accounted for a proportion of 1.4% of total assets as at 2023 year-end.
This indicator was 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, information about the strategy is given in section "3. Sabadell's Commitment to Sustainability" and "4.2 Climate-related and environmental strategy". As for the products and weights of the finance granted, the information is set out in section "5. Commitment to sustainable finance".

⁹⁸ Risk drawn down.

Key Performance Indicators in the Taxonomy Regulation – Green Asset Ratio (GAR)

Regulation (EU) 2020/852, commonly known as the European Union Taxonomy (hereinafter, the Taxonomy), lays down criteria to determine which economic activities qualify as environmentally sustainable. In addition, Article 8 of this Regulation establishes the obligation for any undertaking which is subject to the Non-Financial Reporting Directive (NFRD) to publish information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under the Taxonomy. Specifically, for non-financial undertakings, it establishes the requirement that they shall disclose the proportion of their turnover, capital expenditure (CapEx) and operating expenditure (OpEx) derived from this type of activity. In the case of financial institutions for which indicators of this type would not be appropriate to measure their economic activity's degree of alignment, this disclosure obligation translates into various indicators, one relating to the main off-balance sheet items (assets under management and guarantees), another relating to the turnover and fees deriving from activities other than asset management and simple credit financing, and a third, central, indicator known as the green asset ratio (GAR).

The GAR measures the Institution's assets that finance or are invested in economic activities that meet the Taxonomy's technical screening criteria as a proportion of the total eligible balance (the total balance excludes sovereign exposures, exposures to central banks and the trading book). An activity is deemed to be Taxonomy-aligned where it is an eligible activity, in the sense that it could potentially contribute to one or more of the six environmental objectives set out in the Taxonomy and where, additionally, it meets the following technical screening criteria: it contributes substantially to one or more of the six environmental objectives, the activity does not significantly harm (DNSH) any of the environmental objectives, and the activity is carried out in compliance with the minimum social safeguards (MSS) in relation to human rights.

The Group determines whether the contribution of the specific finance in question qualifies as substantial according to the technical screening criteria set out in the European Taxonomy. The Group is also making every effort to ensure compliance with the DNSH and MSS criteria. Available information and market practices in relation to alignment with DNSH and MSS are constantly changing, making it difficult to provide evidence of its full compliance in accordance with prevailing legislation. That is why the Group, unable to ensure strict compliance with the DNSH and MSS principles, has not included a portion of the finance in the taxonomy-aligned values in certain cases. However, for the retail mortgage portfolios, in accordance with Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022, the alignment of those exposures is determined following a simplified approach based on high energy efficiency, in turn established based on each property's respective energy performance certificate.

The perimeter used to calculate the GAR, in accordance with Commission Delegated Regulation (EU) 2021/2178, is the prudential scope of the consolidated Group, such that intragroup exposures outside of the prudential scope of consolidation are considered third-party exposures. In addition, the GAR is calculated for the existing stock as at a specific disclosure reference date and also for the flow of new exposures acquired over a 12-month period, which gives an idea of how the Institution is transitioning towards sustainable economic activities and also of how it is helping its counterparties in their transition and adaptation journey.

The numerator considers the gross carrying amount of the assets aligned with the Taxonomy's environmental objectives concerning climate change mitigation and climate change adaptation; these include loans and advances, debt securities, as well as equity instruments not held for trading or sale, making a distinction between:

- Exposures to financial corporations, including exposures to credit institutions and other financial corporations within the European Union (EU).
- Exposures to non-financial (EU) corporations subject to the NFRD disclosure requirements, i.e. with over 500 employees considering, in the case of firms that belong to a group, the number of employees in their corporate group.
- Households, which include home equity loans, building renovation loans and consumer loans for vehicle purchase. In relation to properties, for those that are Taxonomy-aligned, a simplified approach may be followed to measure their contribution to climate change mitigation based on the energy efficiency of the collateral. In the case of mortgages granted to retail customers, the

Bank's total perimeter is considered, regardless of whether or not the property is located in the EU, and irrespective of whether or not the obligor is a citizen of an EU Member State.

- Local governments, including finance for public housing and other specialised lending.

In addition, the purpose of the finance granted to the counterparty should be considered, making a distinction between whether the purpose is to finance their general activity or whether the finance is being sought for a specific purpose:

- Finance for generic purposes or for unknown purposes, where exposures are included provided the counterparty's activity is aligned with the economic activities defined in the Taxonomy. This is in turn determined based on the key performance indicators published by the counterparties in relation to their turnover, capital expenditure (CapEx) and operating expenditure (OpEx).
- Finance for specific purposes, where exposures are included based on the information provided by the counterparties concerning the project or activities that meet the defined environmental standards and for which the funds will be used.

The denominator considers the gross carrying amount of the Institution's total assets, excluding exposures to central governments and central banks and the trading book. This way, in addition to the numerator's total exposure, the denominator includes several types of exposures that are excluded from the numerator, such as non-financial corporations not subject to the NFRD and based both inside and outside the EU (the vast majority of SMEs), non-financial corporations and financial corporations based outside the EU, derivatives, interbank deposits, cash and other assets (goodwill, tangible assets, tax assets, etc.). It is important to note that this asymmetrical perimeter between the assets eligible for inclusion in the ratio's numerator and those eligible for its denominator means, in practice, that the GAR is defined as though all exposures not eligible to be considered in the numerator had 0% alignment with the Taxonomy.

Calculation approach

The Group, following the established guidelines, has included those exposures that make a substantial contribution (SC) to the climate change mitigation and climate change adaptation objectives and are aligned with the European Taxonomy's requirements in the GAR.

To that end, a distinction is made between two allocation or tagging methodologies:

- **Finance for specific purposes or uses:** the reported exposure corresponds exclusively to households since, as mentioned previously, given that the Group is unable to ensure strict compliance with the DNSH and MSS principles, in certain cases, it has decided not to include a portion of its Taxonomy-eligible finance. Within finance granted to households, only properties with the highest EPC ratings are considered.
- **Finance for generic purposes or for unknown purposes:** where the Institution grants finance to counterparties for generic purposes, i.e. without the funds having a specific goal other than to manage the company's liquidity, cash or usual activities. As indicated in Annex V of Royal Decree 2021/2178, credit institutions should in this case use the key performance indicators related to CapEx and turnover disclosed by the counterparties themselves for each environmental objective, with no need for any additional verifications to ensure alignment with the SC, DNSH and MSS criteria.

This way, the exposure reported as being EU Taxonomy-aligned corresponds solely and exclusively to the exposure with counterparties that have not disclosed the degree of their activity's alignment with the EU Taxonomy in terms of either turnover or CapEx in their non-financial disclosure reports.

To that end, it is worth noting that the Institution has gathered counterparties' eligibility and alignment information by means of a project, conducted in a coordinated manner and at a sectoral level with a reputable third party, which compiled and unified the information of counterparties subject to the NFRD that have disclosed information in their corporate reports, NFDRs or equivalent (data of firms that have not published their KPIs have not been reported, in other words, the counterparties with no reported KPIs are considered to have 0% alignment in terms of both their turnover and CapEx). The data obtained, mainly at the level of consolidated groups, has been applied to their generic exposures, for both the parent companies and their subsidiaries, always provided the

intended use of the funds is for generic purposes, weighting counterparties' exposure by their degree of alignment in percentage terms (turnover or CapEx, depending on the reporting template).

Based on the foregoing, the following templates are included here below:

- **Summary of GAR KPIs in relation to turnover and CapEx KPIs:** This table gives a summary of the GAR's key performance indicators, in terms of both stock and flow, as well as its coverage ratio.
- **Assets used to calculate the GAR in relation to turnover and CapEx KPIs:** This table gives details of the assets considered in the GAR (indicating the type of counterparty and asset class), of the assets that are considered in the numerator and those that are only considered in the denominator, and of those that have been excluded from the calculation. For the different asset breakdowns, their eligibility and alignment with each of the climate-related environmental objectives is shown.
- **GAR (%) in terms of both flow and stock in relation to turnover and CapEx KPIs:** Lastly, this table shows the results of the GAR calculation, in percentage terms, based on the amounts shown in the previous table.
- **Assets of non-financial corporations used to calculate the GAR in relation to turnover and CapEx KPIs, broken down by activity sector:** Banking book exposures relative to sectors covered (eligible) by the Taxonomy, using the corresponding NACE codes based on the counterparty's economic activity and broken down by environmental objective (climate change mitigation and climate change adaptation).
- **Ratio of taxonomy-aligned off-balance sheet exposures in relation to turnover and CapEx KPIs:** Details of the balance sheet exposures aligned with each of the environmental objectives, in percentage terms, relative to total off-balance sheet exposures, distinguishing between financial guarantees and assets under management.
- **Activities related to nuclear energy and fossil gas.**
- **Amount and proportion of taxonomy-aligned exposures reported in the GAR's denominator and numerator for nuclear and gas activities, mainly, in terms of both CapEx and turnover for each environmental objective.**

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

Summary of GAR KPIs in relation to turnover KPIs

	Total environmentally sustainable assets	KPI ⁹⁹	I KPI ¹⁰⁰	% coverage (over total assets) ¹⁰¹	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V) ¹⁰²	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V) ¹⁰³
Green asset ratio (GAR) stock	7,706.10	4.41 %		47.29 %	25.70%	27.01 %
GAR (flow)	2,149.70	6.30 %				
Trading book						
Financial guarantees	13.51	14.00 %				
Assets under management	78.78	86.00 %				
Fees and commissions income						

Summary of GAR KPIs in relation to CapEx KPIs

	Total environmentally sustainable assets	KPI	KPI	% coverage (over total assets) ¹⁰¹	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Green asset ratio (GAR) stock	7,636.06	4.37 %		47.29 %	25.70%	27.01 %
GAR (flow)	2,019.75	6.12 %				
Trading book						
Financial guarantees	13.51	8.00 %				
Assets under management	145.54	92.00 %				
Fees and commissions income						

⁹⁹ Based on the Turnover KPI of the counterparty.

¹⁰⁰ Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

¹⁰¹ % of assets covered by the KPI over banks' total assets. Gross carrying amount of exposures eligible for GAR calculation (numerator) relative to gross carrying amount of total assets.

¹⁰² Gross carrying amount of exposures not eligible for GAR calculation relative to gross carrying amount of total assets.

¹⁰³ Gross carrying amount of exposures not covered by GAR calculation relative to gross carrying amount of total assets.

1. Assets for the calculation of GAR

Assets used to calculate the GAR in relation to turnover KPIs

Million EUR		Disclosure reference date T														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling						
GAR - Covered assets in both numerator and																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	113,202.8	86,880.9	7,557.8	—	113.6	233.1	316.3	126.9	—	10.1	87,114.0	7,706.1	—	230.4	243.2
2	Financial undertakings	7,684.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	Credit institutions	6,588.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	Loans and advances	5,607.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	Debt securities, including UoP	970.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Equity instruments	10.5	—	—		—	—	—	—		—	—	—		—	—
7	Other financial corporations	1,095.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	of which investment firms	1,063.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Loans and advances	951.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Debt securities, including UoP	61.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Equity instruments	50.9	—	—		—	—	—	—		—	—	—		—	—
12	of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
16	of which insurance undertakings	32.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Loans and advances	10.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
19	Equity instruments	21.3	—	—		—	—	—	—		—	—	—		—	—
20	Non-financial undertakings	14,829.1	2,068.7	909.8	—	112.5	233.1	316.3	126.9	—	10.1	2,301.8	1,058.0	—	229.3	243.2
21	Loans and advances	14,637.8	1,979.2	845.1	—	112.3	169.4	311.2	126.1	—	9.3	2,197.0	992.5	—	229.1	178.7
22	Debt securities, including UoP	191.3	89.5	64.7	—	0.1	63.7	5.1	0.8	—	0.8	104.9	65.5	—	0.2	64.4
23	Equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
24	Households	89,143.5	84,812.2	6,648.1	—	1.1	—	—	—	—	—	84,812.2	6,648.1	—	1.1	—
25	of which loans collateralised by residential immovable	75,576.4	75,576.4	6,646.9	—	—	—	—	—	—	—	75,576.4	6,646.9	—	—	—
26	of which building renovation loans	1,316.4	1,316.4	0.8	—	0.8	—	—	—	—	—	1,316.4	0.8	—	0.8	—
27	of which motor vehicle loans	1,824.6	381.6	—	—	—	—					381.6	—	—	—	—
28	Local governments financing	1,545.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
29	Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
30	Other local government financing	1,545.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
31	Collateral obtained by taking possession: residential and commercial immovable properties	1,267.7	1,267.7	89.0	—	—	—	—	—	—	—	1,267.7	89.0	—	—	—

		Disclosure reference date T													
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
Million EUR			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	61,510.4													
33	Financial and Non-financial undertakings	41,413.8													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	30,121.2													
35	Loans and advances	29,946.2													
36	of which loans collateralised by commercial immovable property	4,899.9													
37	of which building renovation loans	—													
38	Debt securities	62.7													
39	Equity instruments	112.4													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	11,292.6													
41	Loans and advances	11,286.1													
42	Debt securities	—													
43	Equity instruments	6.5													
44	Derivatives	2,424.6													
45	On demand interbank loans	693.0													
46	Cash and cash-related assets	726.1													
47	Other assets (e.g. Goodwill, commodities etc.)	16,252.8													
48	Total GAR assets	174,713.2													
49	Other assets not covered for GAR calculation	64,649.0													
50	Sovereigns	33,219.3													
51	Central banks exposure	28,723.2													
52	Trading book	2,706.5													
53	Total assets	239,362.2													
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	914.2	506.5	13.5	—	—	—	—	—	—	506.5	13.5	—	—	—
55	Assets under management	3,007.0	78.8	78.8	—	—	—	4.5	4.5	—	235.7	84.2	—	3.9	42.7
56	Of which debt securities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
57	Of which equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Assets used to calculate the GAR in relation to CapEx KPIs

Million EUR		Disclosure reference date T																
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Mitigation (CCM)				TOTAL (CCM + CCA)						
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)						
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)						
						Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling				Of which Use of Proceeds	Of which transitional
GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	113,202.8	87,160.3	7,495.5	—	113.9	381.7	292.4	121.1	—	6.7	87,364.8	7,636.1	—	228.3	388.5		
2	Financial undertakings	7,684.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
3	Credit institutions	6,588.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
4	Loans and advances	5,607.5	—	—		—	—	—	—	—	—	—	—	—	—	—		
5	Debt securities, including UoP	970.5	—	—		—	—	—	—	—	—	—	—	—	—	—		
6	Equity instruments	10.5	—	—		—	—	—	—		—	—	—		—	—		
7	Other financial corporations	1,095.8	—	—		—	—	—	—	—	—	—	—		—	—		
8	of which investment firms	1,001.1	—	—		—	—	—	—	—	—	—	—		—	—		
9	Loans and advances	889.0	—	—		—	—	—	—	—	—	—	—		—	—		
10	Debt securities, including UoP	61.7	—	—		—	—	—	—	—	—	—	—		—	—		
11	Equity instruments	50.9	—	—		—	—	—		—	—	—	—		—	—		
12	of which management companies	—	—	—		—	—	—	—	—	—	—	—		—	—		
13	Loans and advances	—	—	—		—	—	—	—	—	—	—	—		—	—		
14	Debt securities, including UoP	—	—	—		—	—	—	—	—	—	—	—		—	—		
15	Equity instruments	—	—	—		—	—	—		—	—	—	—		—	—		
16	of which insurance undertakings	32.1	—	—		—	—	—	—	—	—	—	—		—	—		
17	Loans and advances	10.8	—	—		—	—	—	—	—	—	—	—		—	—		
18	Debt securities, including UoP	—	—	—		—	—	—	—	—	—	—	—		—	—		
19	Equity instruments	21.3	—	—		—	—	—		—	—	—	—		—	—		
20	Non-financial undertakings	14,829.1	2,348.1	847.5	—	112.8	381.7	292.4	121.1	—	6.7	2,552.6	988.0	—	227.2	388.5		
21	Loans and advances	14,637.8	2,240.0	824.5	—	112.8	359.0	288.0	120.4	—	6.1	2,429.7	964.3	—	227.1	365.1		
22	Debt securities, including UoP	191.3	108.2	23.0	—	—	22.7	4.3	0.7	—	0.7	122.9	23.7	—	—	23.4		
23	Equity instruments	—	—	—		—	—	—	—	—	—	—	—		—	—		
24	Households	89,143.5	84,812.2	6,648.1	—	1.1	—	—	—	—	—	84,812.2	6,648.1	—	1.1	—		
25	of which loans collateralised by residential immovable property	75,576.4	75,576.4	6,646.9	—	—	—	—	—	—	—	75,576.4	6,646.9	—	—	—		
26	of which building renovation loans	1,316.4	1,316.4	0.8	—	0.8	—	—	—	—	—	1,316.4	0.8	—	0.8	—		
27	of which motor vehicle loans	1,824.6	381.6	—	—	—	—					381.6	—	—	—	—		
28	Local governments financing	1,545.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
29	Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
30	Other local government financing	1,545.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—		

Million EUR		Disclosure reference date T														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Mitigation (CCM)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
31	Collateral obtained by taking possession: residential and commercial immovable properties	1,267.7	1,267.7	89.0	—	—	—	—	—	1,267.7	89.0	—	—	—		
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	61,510.4	—	—	—	—	—	—	—	—	—	—	—	—		
33	Financial and Non-financial undertakings	41,413.8														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	30,121.2														
35	Loans and advances	29,946.2														
36	of which loans collateralised by commercial immovable property	4,899.9														
37	of which building renovation loans	—														
38	Debt securities	62.7														
39	Equity instruments	112.4														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	11,292.6														
41	Loans and advances	11,286.1														
42	Debt securities	—														
43	Equity instruments	6.5														
44	Derivatives	2,424.6														
45	On demand interbank loans	693.0														
46	Cash and cash-related assets	726.1														
47	Other assets (e.g. Goodwill, commodities etc.)	16,252.8														
48	Total GAR assets	174,713.2														
49	Other assets not covered for GAR calculation	64,649.0														
50	Central governments and Supranational issuers	33,219.3														
51	Central banks exposure	28,723.2														
52	Trading book	2,706.5														
53	Total assets	239,362.2														
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	914.2	506.5	13.5	—	—	—	—	—	506.5	13.5	—	—	—		
55	Assets under management	3,007.0	145.5	145.5	—	—	—	—	—	350.0	157.3	—	5.7	69.8		
56	Of which debt securities	—	—	—	—	—	—	—	—	—	—	—	—	—		
57	Of which equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—		

2. GAR sector information

Assets of non-financial corporations used to calculate the GAR in relation to turnover KPIs, broken down by activity sector

Breakdown by sector - NACE 4 digits level (code and label)			Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
			Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
			Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
			Mn EUR	Of which environmental y sustainable (CCM)	Mn EUR	Of which environmental y sustainable (CCM)	Mn EUR	Of which environmental y sustainable (CCM)	Mn EUR	Of which environmental y sustainable (CCM)	Mn EUR	Of which environmental y sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmental y sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	111	Growing of cereals (except rice), leguminous crops and oil seeds	7.5	—			—	—			7.5	—		
2	113	Growing of vegetables and melons, roots and tubers	15.7	—			—	—			15.7	—		
3	119	Growing of other nonperennial crops	—	—			—	—			—	—		
4	123	Growing of citrus fruits	7.6	—			—	—			7.6	—		
5	124	Growing of pome fruits and stone fruits	1.6	—			—	—			1.6	—		
6	125	Growing of other tree and bush fruits and nuts	9.4	—			—	—			9.4	—		
7	126	Growing of oleaginous fruits	—	—			—	—			—	—		
8	130	Plant propagation	2.9	1.1			—	—			2.9	1.1		
9	142	Raising of other cattle and buffaloes	—	—			—	—			—	—		
10	143	Raising of horses and other equines	—	—			—	—			—	—		
11	145	Raising of sheep and goats	0.2	—			—	—			0.2	—		
12	146	Raising of swine/pigs	23.3	—			—	—			23.3	—		
13	147	Raising of poultry	26.5	—			—	—			26.5	—		
14	149	Raising of other animals	3.4	—			—	—			3.4	—		
15	150	Mixed farming	—	—			—	—			—	—		
16	161	Support activities for crop production	2.2	—			—	—			2.2	—		
17	162	Support activities for animal production	0.3	—			—	—			0.3	—		
18	210	Silviculture and other forestry activities	4.9	—			—	—			4.9	—		
19	311	Marine fishing	1.0	—			—	—			1.0	—		
20	321	Marine aquaculture	0.6	—			—	—			0.6	—		
21	322	Freshwater aquaculture	—	—			—	—			—	—		
22	510	Mining of hard coal	0.2	—			—	—			0.2	—		
23	610	Extraction of crude petroleum	39.4	—			—	—			39.4	—		
24	729	Mining of other nonferrous metal ores	20.5	—			—	—			20.5	—		
25	811	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate	0.9	—			—	—			0.9	—		
26	812	Operation of gravel and sand pits; mining of clays and kaolin	0.2	—			—	—			0.2	—		
27	891	Mining of chemical and fertiliser minerals	3.6	—			—	—			3.6	—		
28	893	Extraction of salt	0.2	—			—	—			0.2	—		
29	899	Other mining and quarrying n.e.c.	22.2	—			—	—			22.2	—		
30	1011	Processing and preserving of meat	73.4	—			—	—			73.4	—		
31	1012	Processing and preserving of poultry meat	1.7	—			—	—			1.7	—		
32	1013	Production of meat and poultry meat products	101.9	—			—	—			101.9	—		
33	1020	Processing and preserving of fish, crustaceans and molluscs	36.2	—			—	—			36.2	—		
34	1032	Manufacture of fruit and vegetable juice	12.1	—			—	—			12.1	—		
35	1039	Other processing and preserving of fruit and vegetables	23.8	—			—	—			23.8	—		
36	1041	Manufacture of oils and fats	25.4	—			—	—			25.4	—		
37	1051	Operation of dairies and cheese making	69.4	—			—	—			69.4	—		

38	1052	Manufacture of ice cream	11.5	—			—	—			11.5	—		
39	1061	Manufacture of grain mill products	10.4	—			—	—			10.4	—		
40	1071	Manufacture of bread; manufacture of fresh pastry goods and cakes	73.9	—			—	—			73.9	—		
41	1072	Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes	22.2	—			—	—			22.2	—		
42	1073	Manufacture of macaroni, noodles, couscous and similar farinaceous products	22.6	—			—	—			22.6	—		
43	1082	Manufacture of cocoa, chocolate and sugar confectionery	2.3	—			—	—			2.3	—		
44	1083	Processing of tea and coffee	0.1	—			—	—			0.1	—		
45	1084	Manufacture of condiments and seasonings	0.7	—			—	—			0.7	—		
46	1085	Manufacture of prepared meals and dishes	2.1	—			—	—			2.1	—		
47	1086	Manufacture of homogenised food preparations and dietetic food	1.5	—			—	—			1.5	—		
48	1089	Manufacture of other food products n.e.c.	31.8	—			—	—			31.8	—		
49	1091	Manufacture of prepared feeds for farm animals	77.9	—			—	—			77.9	—		
50	1092	Manufacture of prepared pet foods	0.6	—			—	—			0.6	—		
51	1101	Distilling, rectifying and blending of spirits	0.1	—			—	—			0.1	—		
52	1102	Manufacture of wine from grape	62.0	—			—	—			62.0	—		
53	1105	Manufacture of beer	73.0	—			—	—			73.0	—		
54	1106	Manufacture of malt	—	—			—	—			—	—		
55	1107	Manufacture of soft drinks; production of mineral waters and other bottled waters	70.8	—			—	—			70.8	—		
56	1310	Preparation and spinning of textile fibres	3.3	—			—	—			3.3	—		
57	1320	Weaving of textiles	3.8	—			—	—			3.8	—		
58	1330	Finishing of textiles	0.6	—			—	—			0.6	—		
59	1391	Manufacture of knitted and crocheted fabrics	—	—			—	—			—	—		
60	1392	Manufacture of madeup textile articles, except apparel	—	—			—	—			—	—		
61	1396	Manufacture of other technical and industrial textiles	1.2	—			—	—			1.2	—		
62	1399	Manufacture of other textiles n.e.c.	—	—			—	—			—	—		
63	1412	Manufacture of workwear	0.3	—			—	—			0.3	—		
64	1413	Manufacture of other outerwear	7.8	—			—	—			7.8	—		
65	1419	Manufacture of other wearing apparel and accessories	6.0	—			—	—			6.0	—		
66	1431	Manufacture of knitted and crocheted hosiery	0.1	—			—	—			0.1	—		
67	1511	Tanning and dressing of leather; dressing and dyeing of fur	5.5	—			—	—			5.5	—		
68	1512	Manufacture of luggage, handbags and the like, saddlery and harness	—	—			—	—			—	—		
69	1520	Manufacture of footwear	1.3	—			—	—			1.3	—		
70	1610	Sawmilling and planing of wood	2.5	—			—	—			2.5	—		
71	1621	Manufacture of veneer sheets and woodbased panels	34.7	—			—	—			34.7	—		
72	1623	Manufacture of other builders' carpentry and joinery	9.2	—			—	—			9.2	—		
73	1629	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	0.9	—			—	—			0.9	—		
74	1711	Manufacture of pulp	38.2	6.6			—	7.3			38.2	13.9		
75	1712	Manufacture of paper and paperboard	63.8	—			—	—			63.8	—		
76	1721	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	21.4	—			—	—			21.4	—		
77	1722	Manufacture of household and sanitary goods and of toilet requisites	16.7	—			—	—			16.7	—		
78	1723	Manufacture of paper stationery	0.6	—			—	—			0.6	—		
79	1811	Printing of newspapers	0.7	—			—	—			0.7	—		
80	1812	Other printing	—	—			—	—			—	—		
81	1814	Binding and related services	0.1	—			—	—			0.1	—		
82	1920	Manufacture of refined petroleum products	67.3	—			—	—			67.3	—		
83	2011	Manufacture of industrial gases	—	—			—	—			—	—		
84	2012	Manufacture of dyes and pigments	1.9	—			—	—			1.9	—		
85	2013	Manufacture of other inorganic basic chemicals	13.0	—			—	1.6			13.0	1.6		
86	2014	Manufacture of other organic basic chemicals	10.7	—			—	—			10.7	—		

87	2015	Manufacture of fertilisers and nitrogen compounds	29.7	—			—	—			29.7	—		
88	2016	Manufacture of plastics in primary forms	12.3	—			—	—			12.3	—		
89	2017	Manufacture of synthetic rubber in primary forms	21.8	0.1			—	—			21.8	0.1		
90	2020	Manufacture of pesticides and other agrochemical products	15.0	—			—	—			15.0	—		
91	2030	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	47.9	—			—	—			47.9	—		
92	2041	Manufacture of soap and detergents, cleaning and polishing preparations	15.0	—			—	—			15.0	—		
93	2042	Manufacture of perfumes and toilet preparations	12.9	—			—	—			12.9	—		
94	2051	Manufacture of explosives	16.2	—			—	—			16.2	—		
95	2052	Manufacture of glues	—	—			—	—			—	—		
96	2059	Manufacture of other chemical products n.e.c.	15.5	—			—	—			15.5	—		
97	2060	Manufacture of manmade fibres	0.1	—			—	—			0.1	—		
98	2110	Manufacture of basic pharmaceutical products	181.6	—			—	—			181.6	—		
99	2120	Manufacture of pharmaceutical preparations	58.1	—			—	—			58.1	—		
100	2211	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	1.7	—			—	—			1.7	—		
101	2219	Manufacture of other rubber products	7.3	—			—	—			7.3	—		
102	2222	Manufacture of plastic packing goods	12.7	—			—	—			12.7	—		
103	2223	Manufacture of builders' ware of plastic	7.2	—			—	—			7.2	—		
104	2229	Manufacture of other plastic products	76.0	—			—	—			76.0	—		
105	2312	Shaping and processing of flat glass	0.2	—			—	—			0.2	—		
106	2314	Manufacture of glass fibres	0.1	—			—	—			0.1	—		
107	2320	Manufacture of refractory products	2.9	—			—	—			2.9	—		
108	2331	Manufacture of ceramic tiles and flags	66.7	—			—	—			66.7	—		
109	2332	Manufacture of bricks, tiles and construction products, in baked clay	1.0	—			—	—			1.0	—		
110	2344	Manufacture of other technical ceramic products	3.3	—			—	—			3.3	—		
111	2349	Manufacture of other ceramic products	3.7	—			—	—			3.7	—		
112	2351	Manufacture of cement	59.0	0.6			—	—			59.0	0.6		
113	2352	Manufacture of lime and plaster	4.9	—			—	—			4.9	—		
114	2361	Manufacture of concrete products for construction purposes	0.3	—			—	—			0.3	—		
115	2363	Manufacture of readymixed concrete	4.9	0.2			—	—			4.9	0.2		
116	2364	Manufacture of mortars	—	—			—	—			—	—		
117	2369	Manufacture of other articles of concrete, plaster and cement	—	—			—	—			—	—		
118	2370	Cutting, shaping and finishing of stone	3.4	—			—	—			3.4	—		
119	2399	Manufacture of other nonmetallic mineral products n.e.c.	6.7	—			—	—			6.7	—		
120	2410	Manufacture of basic iron and steel and of ferroalloys	106.1	—			—	—			106.1	—		
121	2420	Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	19.4	3.5			—	—			19.4	3.5		
122	2431	Cold drawing of bars	0.2	—			—	—			0.2	—		
123	2432	Cold rolling of narrow strip	17.9	—			—	—			17.9	—		
124	2433	Cold forming or folding	—	—			—	—			—	—		
125	2434	Cold drawing of wire	11.1	—			—	—			11.1	—		
126	2442	Aluminium production	54.7	—			—	—			54.7	—		
127	2445	Other nonferrous metal production	274.1	93.6			—	93.6			274.1	187.1		
128	2446	Processing of nuclear fuel	48.4	—			—	—			48.4	—		
129	2451	Casting of iron	3.0	—			—	—			3.0	—		
130	2452	Casting of steel	13.0	—			—	—			13.0	—		
131	2453	Casting of light metals	5.1	—			—	—			5.1	—		
132	2454	Casting of other nonferrous metals	1.8	—			—	—			1.8	—		
133	2511	Manufacture of metal structures and parts of structures	45.2	—			—	—			45.2	—		
134	2512	Manufacture of doors and windows of metal	2.9	—			—	—			2.9	—		
135	2521	Manufacture of central heating radiators and boilers	—	—			—	—			—	—		
136	2529	Manufacture of other tanks, reservoirs and containers of metal	3.7	—			—	—			3.7	—		

137	2540	Manufacture of weapons and ammunition	2.2	—			—	—			2.2	—		
138	2550	Forging, pressing, stamping and rollforming of metal; powder metallurgy	42.6	—			—	—			42.6	—		
139	2561	Treatment and coating of metals	13.5	—			—	—			13.5	—		
140	2562	Machining	1.5	—			—	—			1.5	—		
141	2571	Manufacture of cutlery	—	—			—	—			—	—		
142	2572	Manufacture of locks and hinges	0.6	—			—	—			0.6	—		
143	2573	Manufacture of tools	—	—			—	—			—	—		
144	2592	Manufacture of light metal packaging	14.3	—			—	—			14.3	—		
145	2593	Manufacture of wire products, chain and springs	2.3	—			—	—			2.3	—		
146	2594	Manufacture of fasteners and screw machine products	5.8	—			—	—			5.8	—		
147	2599	Manufacture of other fabricated metal products n.e.c.	17.0	—			—	—			17.0	—		
148	2611	Manufacture of electronic components	12.3	—			—	—			12.3	—		
149	2612	Manufacture of loaded electronic boards	0.8	—			—	—			0.8	—		
150	2630	Manufacture of communication equipment	—	—			—	—			—	—		
151	2651	Manufacture of instruments and appliances for measuring, testing and navigation	0.1	—			—	—			0.1	—		
152	2652	Manufacture of watches and clocks	2.0	—			—	—			2.0	—		
153	2660	Manufacture of irradiation, electromedical and electrotherapeutic equipment	1.7	—			—	—			1.7	—		
154	2670	Manufacture of optical instruments and photographic equipment	2.1	—			—	—			2.1	—		
155	2711	Manufacture of electric motors, generators and transformers	24.8	—			—	—			24.8	—		
156	2712	Manufacture of electricity distribution and control apparatus	6.1	—			—	—			6.1	—		
157	2720	Manufacture of batteries and accumulators	—	—			—	—			—	—		
158	2732	Manufacture of other electronic and electric wires and cables	15.0	—			—	—			15.0	—		
159	2740	Manufacture of electric lighting equipment	—	—			—	—			—	—		
160	2751	Manufacture of electric domestic appliances	6.8	—			—	—			6.8	—		
161	2790	Manufacture of other electrical equipment	8.9	—			—	—			8.9	—		
162	2813	Manufacture of other pumps and compressors	—	—			—	—			—	—		
163	2815	Manufacture of bearings, gears, gearing and driving elements	7.3	—			—	—			7.3	—		
164	2821	Manufacture of ovens, furnaces and furnace burners	—	—			—	—			—	—		
165	2822	Manufacture of lifting and handling equipment	4.7	—			—	—			4.7	—		
166	2825	Manufacture of nondomestic cooling and ventilation equipment	5.5	—			—	—			5.5	—		
167	2829	Manufacture of other generalpurpose machinery n.e.c.	5.2	—			—	—			5.2	—		
168	2830	Manufacture of agricultural and forestry machinery	2.3	—			—	—			2.3	—		
169	2841	Manufacture of metal forming machinery	12.4	—			—	—			12.4	—		
170	2849	Manufacture of other machine tools	—	—			—	—			—	—		
171	2891	Manufacture of machinery for metallurgy	0.3	—			—	—			0.3	—		
172	2892	Manufacture of machinery for mining, quarrying and construction	7.3	—			—	—			7.3	—		
173	2894	Manufacture of machinery for textile, apparel and leather production	0.1	—			—	—			0.1	—		
174	2895	Manufacture of machinery for paper and paperboard production	0.3	—			—	—			0.3	—		
175	2896	Manufacture of plastics and rubber machinery	2.3	—			—	—			2.3	—		
176	2899	Manufacture of other specialpurpose machinery n.e.c.	40.3	—			—	—			40.3	—		
177	2910	Manufacture of motor vehicles	72.7	4.3			—	—			72.7	4.3		
178	2920	Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semitrailers	2.7	—			—	—			2.7	—		
179	2931	Manufacture of electrical and electronic equipment for motor vehicles	0.8	—			—	—			0.8	—		
180	2932	Manufacture of other parts and accessories for motor vehicles	270.8	—			—	—			270.8	—		
181	3011	Building of ships and floating structures	4.7	3.5			—	—			4.7	3.5		
182	3020	Manufacture of railway locomotives and rolling stock	35.7	25.1			—	1.2			35.7	26.3		
183	3030	Manufacture of air and spacecraft and related machinery	0.4	—			—	—			0.4	—		
184	3092	Manufacture of bicycles and invalid carriages	0.1	—			—	—			0.1	—		
185	3099	Manufacture of other transport equipment n.e.c.	2.1	—			—	—			2.1	—		
186	3101	Manufacture of office and shop furniture	6.0	—			—	—			6.0	—		

187	3102	Manufacture of kitchen furniture	—	—			—	—			—	—		
188	3109	Manufacture of other furniture	1.2	—			—	—			1.2	—		
189	3250	Manufacture of medical and dental instruments and supplies	2.0	—			—	—			2.0	—		
190	3299	Other manufacturing n.e.c.	8.5	—			—	—			8.5	—		
191	3312	Repair of machinery	0.5	—			—	—			0.5	—		
192	3314	Repair of electrical equipment	—	—			—	—			—	—		
193	3315	Repair and maintenance of ships and boats	—	—			—	—			—	—		
194	3317	Repair and maintenance of other transport equipment	1.3	0.2			—	—			1.3	0.2		
195	3320	Installation of industrial machinery and equipment	3.0	—			—	—			3.0	—		
196	3511	Production of electricity	341.7	11.3			—	—			341.7	11.3		
197	3512	Transmission of electricity	1.7	1.4			—	—			1.7	1.4		
198	3513	Distribution of electricity	257.8	28.2			—	—			257.8	28.2		
199	3514	Trade of electricity	36.2	3.4			—	1.2			36.2	4.6		
200	3521	Manufacture of gas	50.0	—			—	—			50.0	—		
201	3522	Distribution of gaseous fuels through mains	195.6	6.5			—	0.6			195.6	7.1		
202	3523	Trade of gas through mains	0.6	—			—	—			0.6	—		
203	3600	Water collection, treatment and supply	107.5	32.0			—	—			107.5	32.0		
204	3700	Sewerage	37.9	9.5			—	—			37.9	9.5		
205	3811	Collection of nonhazardous waste	36.0	1.2			—	—			36.0	1.2		
206	3812	Collection of hazardous waste	—	—			—	—			—	—		
207	3821	Treatment and disposal of nonhazardous waste	26.2	0.1			—	—			26.2	0.1		
208	3822	Treatment and disposal of hazardous waste	0.2	0.1			—	—			0.2	0.1		
209	3831	Dismantling of wrecks	1.8	—			—	—			1.8	—		
210	3832	Recovery of sorted materials	12.3	—			—	—			12.3	—		
211	3900	Remediation activities and other waste management services	4.0	—			—	—			4.0	—		
212	4110	Development of building projects	188.2	—			—	—			188.2	—		
213	4120	Construction of residential and nonresidential buildings	50.3	2.6			—	0.2			50.3	2.7		
214	4211	Construction of roads and motorways	101.9	7.9			—	0.4			101.9	8.2		
215	4212	Construction of railways and underground railways	157.9	69.2			—	—			157.9	69.2		
216	4213	Construction of bridges and tunnels	15.2	3.0			—	—			15.2	3.0		
217	4221	Construction of utility projects for fluids	2.0	0.4			—	—			2.0	0.4		
218	4222	Construction of utility projects for electricity and telecommunications	25.9	8.2			—	—			25.9	8.2		
219	4291	Construction of water projects	0.6	—			—	—			0.6	—		
220	4299	Construction of other civil engineering projects n.e.c.	126.1	14.6			—	0.9			126.1	15.5		
221	4311	Demolition	0.5	—			—	—			0.5	—		
222	4312	Site preparation	39.0	—			—	—			39.0	—		
223	4321	Electrical installation	121.9	4.5			—	—			121.9	5.2		
224	4322	Plumbing, heat and airconditioning installation	50.8	—			—	—			50.8	—		
225	4329	Other construction installation	0.1	—			—	—			0.1	—		
226	4331	Plastering	—	—			—	—			—	—		
227	4332	Joinery installation	—	—			—	—			—	—		
228	4333	Floor and wall covering	1.6	—			—	—			1.6	—		
229	4339	Other building completion and finishing	0.3	—			—	—			0.3	—		
230	4399	Other specialised construction activities n.e.c.	86.1	3.6			—	0.2			86.1	3.8		
231	4511	Sale of cars and light motor vehicles	52.0	—			—	—			52.0	—		
232	4519	Sale of other motor vehicles	3.5	—			—	—			3.5	—		
233	4520	Maintenance and repair of motor vehicles	0.6	—			—	—			0.6	—		
234	4531	Wholesale trade of motor vehicle parts and accessories	3.1	—			—	—			3.1	—		
235	4532	Retail trade of motor vehicle parts and accessories	2.2	—			—	—			2.2	—		
236	4540	Sale, maintenance and repair of motorcycles and related parts and accessories	3.1	0.8			—	—			3.1	0.8		

237	4611	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semifinished goods	0.2	—			—	—			0.2	—		
238	4612	Agents involved in the sale of fuels, ores, metals and industrial chemicals	0.5	—			—	—			0.5	—		
239	4613	Agents involved in the sale of timber and building materials	4.4	—			—	—			4.4	—		
240	4614	Agents involved in the sale of machinery, industrial equipment, ships and aircraft	1.5	0.1			—	—			1.5	0.1		
241	4615	Agents involved in the sale of furniture, household goods, hardware and ironmongery	9.7	—			—	—			9.7	—		
242	4617	Agents involved in the sale of food, beverages and tobacco	7.0	—			—	—			7.0	—		
243	4618	Agents specialised in the sale of other particular products	4.7	—			—	—			4.7	—		
244	4619	Agents involved in the sale of a variety of goods	6.9	—			—	—			6.9	—		
245	4621	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	41.6	—			—	—			41.6	—		
246	4622	Wholesale of flowers and plants	—	—			—	—			—	—		
247	4623	Wholesale of live animals	1.2	—			—	—			1.2	—		
248	4631	Wholesale of fruit and vegetables	83.8	—			—	—			83.8	—		
249	4632	Wholesale of meat and meat products	19.8	—			—	—			19.8	—		
250	4633	Wholesale of dairy products, eggs and edible oils and fats	35.5	—			—	—			35.5	—		
251	4634	Wholesale of beverages	9.8	—			—	—			9.8	—		
252	4635	Wholesale of tobacco products	—	—			—	—			—	—		
253	4636	Wholesale of sugar and chocolate and sugar confectionery	2.2	—			—	—			2.2	—		
254	4637	Wholesale of coffee, tea, cocoa and spices	1.9	—			—	—			1.9	—		
255	4638	Wholesale of other food, including fish, crustaceans and molluscs	35.3	—			—	—			35.3	—		
256	4639	Nonspecialised wholesale of food, beverages and tobacco	37.3	—			—	—			37.3	—		
257	4641	Wholesale of textiles	4.5	—			—	—			4.5	—		
258	4642	Wholesale of clothing and footwear	46.2	—			—	—			46.2	—		
259	4643	Wholesale of electrical household appliances	7.4	—			—	—			7.4	—		
260	4644	Wholesale of china and glassware and cleaning materials	8.2	—			—	—			8.2	—		
261	4645	Wholesale of perfume and cosmetics	341.1	—			—	—			341.1	—		
262	4646	Wholesale of pharmaceutical goods	35.0	—			—	—			35.0	—		
263	4647	Wholesale of furniture, carpets and lighting equipment	—	—			—	—			—	—		
264	4648	Wholesale of watches and jewellery	—	—			—	—			—	—		
265	4649	Wholesale of other household goods	6.6	—			—	—			6.6	—		
266	4651	Wholesale of computers, computer peripheral equipment and software	12.8	—			—	—			12.8	—		
267	4652	Wholesale of electronic and telecommunications equipment and parts	3.2	—			—	—			3.2	—		
268	4661	Wholesale of agricultural machinery, equipment and supplies	—	—			—	—			—	—		
269	4662	Wholesale of machine tools	—	—			—	—			—	—		
270	4663	Wholesale of mining, construction and civil engineering machinery	0.2	—			—	—			0.2	—		
271	4665	Wholesale of office furniture	2.1	—			—	—			2.1	—		
272	4666	Wholesale of other office machinery and equipment	9.8	—			—	—			9.8	—		
273	4669	Wholesale of other machinery and equipment	22.6	—			—	—			22.6	—		
274	4671	Wholesale of solid, liquid and gaseous fuels and related products	62.0	—			—	—			62.0	—		
275	4672	Wholesale of metals and metal ores	63.0	—			—	—			63.0	0.1		
276	4673	Wholesale of wood, construction materials and sanitary equipment	98.2	—			—	—			98.2	—		
277	4674	Wholesale of hardware, plumbing and heating equipment and supplies	44.4	—			—	—			44.4	—		
278	4675	Wholesale of chemical products	32.9	—			—	—			32.9	—		
279	4676	Wholesale of other intermediate products	51.3	—			—	—			51.3	—		
280	4677	Wholesale of waste and scrap	37.4	—			—	—			37.4	—		
281	4690	Nonspecialised wholesale trade	14.9	—			—	—			14.9	—		
282	4711	Retail sale in nonspecialised stores with food, beverages or tobacco predominating	507.5	0.1			—	—			507.5	0.1		
283	4719	Other retail sale in nonspecialised stores	198.8	—			—	—			198.8	—		
284	4721	Retail sale of fruit and vegetables in specialised stores	17.5	—			—	—			17.5	—		
285	4722	Retail sale of meat and meat products in specialised stores	3.5	—			—	—			3.5	—		

286	4725	Retail sale of beverages in specialised stores	—	—			—	—			—	—		
287	4729	Other retail sale of food in specialised stores	33.1	—			—	—			33.1	—		
288	4730	Retail sale of automotive fuel in specialised stores	2.1	—			—	—			2.1	—		
289	4741	Retail sale of computers, peripheral units and software in specialised stores	12.7	—			—	—			12.7	—		
290	4742	Retail sale of telecommunications equipment in specialised stores	6.9	—			—	—			6.9	—		
291	4751	Retail sale of textiles in specialised stores	4.1	—			—	—			4.1	—		
292	4752	Retail sale of hardware, paints and glass in specialised stores	37.2	—			—	—			37.2	—		
293	4754	Retail sale of electrical household appliances in specialised stores	1.1	—			—	—			1.1	—		
294	4759	Retail sale of furniture, lighting equipment and other household articles in specialised stores	20.0	—			—	—			20.0	—		
295	4761	Retail sale of books in specialised stores	0.1	—			—	—			0.1	—		
296	4764	Retail sale of sporting equipment in specialised stores	7.0	—			—	—			7.0	—		
297	4771	Retail sale of clothing in specialised stores	102.5	—			—	—			102.5	—		
298	4772	Retail sale of footwear and leather goods in specialised stores	2.2	—			—	—			2.2	—		
299	4773	Dispensing chemist in specialised stores	0.1	—			—	—			0.1	—		
300	4774	Retail sale of medical and orthopaedic goods in specialised stores	0.1	—			—	—			0.1	—		
301	4775	Retail sale of cosmetic and toilet articles in specialised stores	51.4	—			—	—			51.4	—		
302	4776	Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores	0.8	—			—	—			0.8	—		
303	4777	Retail sale of watches and jewellery in specialised stores	1.8	—			—	—			1.8	—		
304	4778	Other retail sale of new goods in specialised stores	83.0	—			—	—			83.0	—		
305	4781	Retail sale via stalls and markets of food, beverages and tobacco products	0.7	—			—	—			0.7	—		
306	4791	Retail sale via mail order houses or via Internet	—	—			—	—			—	—		
307	4799	Other retail sale not in stores, stalls or markets	2.6	—			—	—			2.6	—		
308	4910	Passenger rail transport, interurban	397.8	395.6			—	—			397.8	395.6		
309	4920	Freight rail transport	—	—			—	—			—	—		
310	4931	Urban and suburban passenger land transport	346.6	12.2			—	—			346.6	12.2		
311	4932	Taxi operation	0.7	—			—	—			0.7	—		
312	4939	Other passenger land transport n.e.c.	44.5	—			—	—			44.5	—		
313	4941	Freight transport by road	77.0	—			—	—			77.0	—		
314	4950	Transport via pipeline	30.0	—			—	—			30.0	—		
315	5010	Sea and coastal passenger water transport	32.9	—			—	—			32.9	—		
316	5020	Sea and coastal freight water transport	57.1	—			—	—			57.1	—		
317	5110	Passenger air transport	23.5	—			—	—			23.5	—		
318	5121	Freight air transport	—	—			—	—			—	—		
319	5210	Warehousing and storage	14.6	—			—	—			14.6	—		
320	5221	Service activities incidental to land transportation	747.5	6.3			—	0.4			747.5	21.2		
321	5222	Service activities incidental to water transportation	120.2	—			—	—			120.2	—		
322	5223	Service activities incidental to air transportation	151.6	55.2			—	—			151.6	55.2		
323	5224	Cargo handling	0.2	—			—	—			0.2	—		
324	5229	Other transportation support activities	42.9	—			—	—			42.9	—		
325	5310	Postal activities under universal service obligation	0.5	—			—	—			0.5	—		
326	5320	Other postal and courier activities	14.6	—			—	—			14.6	—		
327	5510	Hotels and similar accommodation	925.2	—			—	—			925.2	—		
328	5520	Holiday and other shortstay accommodation	31.3	—			—	—			31.3	—		
329	5530	Camping grounds, recreational vehicle parks and trailer parks	—	—			—	—			—	—		
330	5590	Other accommodation	2.5	—			—	—			2.5	—		
331	5610	Restaurants and mobile food service activities	116.2	—			—	—			116.2	—		
332	5621	Event catering activities	—	—			—	—			—	—		
333	5629	Other food service activities	7.4	—			—	—			7.4	—		
334	5630	Beverage serving activities	0.8	—			—	—			0.8	—		
335	5811	Book publishing	0.8	—			—	—			0.8	—		

336	5813	Publishing of newspapers	3.9	—			—	—			3.9	—		
337	5819	Other publishing activities	2.0	—			—	—			2.0	—		
338	5821	Publishing of computer games	20.0	—			—	—			20.0	—		
339	5829	Other software publishing	0.6	—			—	—			0.6	—		
340	5911	Motion picture, video and television programme production activities	19.2	—			—	—			19.2	—		
341	6010	Radio broadcasting	—	—			—	—			—	—		
342	6020	Television programming and broadcasting activities	8.7	—			—	—			8.7	—		
343	6110	Wired telecommunications activities	144.6	1.1			—	—			144.6	1.1		
344	6120	Wireless telecommunications activities	62.5	0.1			—	4.2			62.5	4.3		
345	6130	Satellite telecommunications activities	0.1	—			—	—			0.1	—		
346	6190	Other telecommunications activities	220.5	0.3			—	5.9			220.5	6.2		
347	6201	Computer programming activities	17.1	—			—	—			17.1	—		
348	6202	Computer consultancy activities	17.9	—			—	0.9			17.9	1.0		
349	6203	Computer facilities management activities	0.1	—			—	—			0.1	—		
350	6209	Other information technology and computer service activities	72.3	2.5			—	7.6			72.3	10.1		
351	6311	Data processing, hosting and related activities	1.0	—			—	—			1.0	—		
352	6312	Web portals	—	—			—	—			—	—		
353	6399	Other information service activities n.e.c.	—	—			—	—			—	—		
354	6419	Other monetary intermediation	—	—			—	—			—	—		
355	6420	Activities of holding companies	553.1	—			—	—			553.1	—		
356	6430	Trusts, funds and similar financial entities	14.2	—			—	—			14.2	—		
357	6492	Other credit granting	(0.8)	—			—	—			(0.8)	—		
358	6499	Other financial service activities, except insurance and pension funding n.e.c.	107.0	31.6			—	—			107.0	36.2		
359	6612	Security and commodity contracts brokerage	0.4	—			—	—			0.4	—		
360	6619	Other activities auxiliary to financial services, except insurance and pension funding	121.6	36.7			—	—			121.6	36.7		
361	6622	Activities of insurance agents and brokers	0.5	—			—	—			0.5	—		
362	6810	Buying and selling of own real estate	74.9	0.1			—	—			74.9	0.1		
363	6820	Renting and operating of own or leased real estate	393.9	1.7			—	—			393.9	1.7		
364	6831	Real estate agencies	0.1	—			—	—			0.1	—		
365	6832	Management of real estate on a fee or contract basis	42.4	—			—	—			42.4	—		
366	6910	Legal activities	39.9	0.1			—	—			39.9	0.1		
367	6920	Accounting, bookkeeping and auditing activities; tax consultancy	58.1	—			—	—			58.1	—		
368	7010	Activities of head offices	434.0	16.6			—	0.6			434.0	18.8		
369	7022	Business and other management consultancy activities	116.9	—			—	—			116.9	—		
370	7111	Architectural activities	—	—			—	—			—	—		
371	7112	Engineering activities and related technical consultancy	161.8	0.4			—	—			161.8	0.4		
372	7120	Technical testing and analysis	15.5	—			—	—			15.5	—		
373	7211	Research and experimental development on biotechnology	1.9	—			—	—			1.9	—		
374	7219	Other research and experimental development on natural sciences and engineering	1.4	—			—	—			1.4	—		
375	7220	Research and experimental development on social sciences and humanities	0.7	—			—	—			0.7	—		
376	7311	Advertising agencies	0.4	—			—	—			0.4	—		
377	7320	Market research and public opinion polling	0.6	—			—	—			0.6	—		
378	7410	Specialised design activities	—	—			—	—			—	—		
379	7490	Other professional, scientific and technical activities n.e.c.	24.0	—			—	—			24.0	0.1		
380	7500	Veterinary activities	—	—			—	—			—	—		
381	7711	Renting and leasing of cars and light motor vehicles	30.0	—			—	—			30.0	—		
382	7712	Renting and leasing of trucks	4.5	—			—	—			4.5	—		
383	7732	Renting and leasing of construction and civil engineering machinery and equipment	23.9	—			—	—			23.9	—		
384	7734	Renting and leasing of water transport equipment	0.8	—			—	—			0.8	—		

385	7735	Renting and leasing of air transport equipment	61.6	—			—	—			61.6	—		
386	7739	Renting and leasing of other machinery, equipment and tangible goods n.e.c.	13.4	—			—	—			13.4	—		
387	7740	Leasing of intellectual property and similar products, except copyrighted works	0.8	—			—	—			0.8	—		
388	7810	Activities of employment placement agencies	2.5	—			—	—			2.5	—		
389	7820	Temporary employment agency activities	9.8	—			—	—			9.8	—		
390	7830	Other human resources provision	—	—			—	—			—	—		
391	7911	Travel agency activities	24.4	—			—	—			24.4	—		
392	7912	Tour operator activities	6.0	—			—	—			6.0	—		
393	7990	Other reservation service and related activities	—	—			—	—			—	—		
394	8010	Private security activities	3.9	—			—	—			3.9	—		
395	8020	Security systems service activities	16.0	—			—	—			16.0	—		
396	8110	Combined facilities support activities	2.8	—			—	—			2.8	—		
397	8121	General cleaning of buildings	8.0	—			—	—			8.0	—		
398	8122	Other building and industrial cleaning activities	15.5	1.2			—	—			15.5	1.2		
399	8129	Other cleaning activities	2.7	—			—	—			2.7	—		
400	8130	Landscape service activities	0.2	—			—	—			0.2	—		
401	8211	Combined office administrative service activities	24.5	—			—	—			24.5	—		
402	8219	Photocopying, document preparation and other specialised office support activities	1.3	—			—	—			1.3	—		
403	8220	Activities of call centres	1.3	—			—	—			1.3	—		
404	8230	Organisation of conventions and trade shows	5.4	—			—	—			5.4	—		
405	8291	Activities of collection agencies and credit bureaus	3.0	—			—	—			3.0	—		
406	8292	Packaging activities	0.4	—			—	—			0.4	—		
407	8299	Other business support service activities n.e.c.	57.3	0.2			—	—			57.3	0.2		
408	8411	General public administration activities	447.3	0.1			—	—			447.3	0.1		
409	8412	Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security	0.7	—			—	—			0.7	—		
410	8413	Regulation of and contribution to more efficient operation of businesses	—	—			—	—			—	—		
411	8424	Public order and safety activities	—	—			—	—			—	—		
412	8520	Primary education	3.5	—			—	—			3.5	—		
413	8531	General secondary education	0.7	—			—	—			0.7	—		
414	8532	Technical and vocational secondary education	15.0	—			—	—			15.0	—		
415	8542	Tertiary education	0.2	—			—	—			0.2	—		
416	8559	Other education n.e.c.	4.5	—			—	—			4.5	—		
417	8560	Educational support activities	2.6	—			—	—			2.6	—		
418	8610	Hospital activities	111.4	—			—	—			111.4	—		
419	8621	General medical practice activities	2.3	—			—	—			2.3	—		
420	8622	Specialist medical practice activities	0.6	—			—	—			0.6	—		
421	8690	Other human health activities	19.4	—			—	—			19.4	—		
422	8710	Residential nursing care activities	4.3	—			—	—			4.3	—		
423	8720	Residential care activities for mental retardation, mental health and substance abuse	4.0	—			—	—			4.0	—		
424	8730	Residential care activities for the elderly and disabled	88.0	—			—	—			88.0	—		
425	8790	Other residential care activities	29.3	—			—	—			29.3	—		
426	8810	Social work activities without accommodation for the elderly and disabled	0.8	—			—	—			0.8	—		
427	8891	Child daycare activities	0.1	—			—	—			0.1	—		
428	8899	Other social work activities without accommodation n.e.c.	—	—			—	—			—	—		
429	9004	Operation of arts facilities	—	—			—	—			—	—		
430	9104	Botanical and zoological gardens and nature reserves activities	3.8	—			—	—			3.8	—		
431	9200	Gambling and betting activities	11.5	—			—	—			11.5	—		
432	9311	Operation of sports facilities	13.1	—			—	—			13.1	—		
433	9312	Activities of sport clubs	5.4	—			—	—			5.4	—		

434	9313	Fitness facilities	0.8	—			—	—			0.8	—		
435	9319	Other sports activities	0.8	—			—	—			0.8	—		
436	9321	Activities of amusement parks and theme parks	0.7	—			—	—			0.7	—		
437	9329	Other amusement and recreation activities	3.1	—			—	—			3.1	—		
438	9412	Activities of professional membership organisations	—	—			—	—			—	—		
439	9499	Activities of other membership organisations n.e.c.	2.0	—			—	—			2.0	—		
440	9511	Repair of computers and peripheral equipment	0.2	—			—	—			0.2	—		
441	9512	Repair of communication equipment	—	—			—	—			—	—		
442	9601	Washing and (dry)cleaning of textile and fur products	8.7	—			—	—			8.7	—		
443	9602	Hairdressing and other beauty treatment	2.9	—			—	—			2.9	—		
444	9603	Funeral and related activities	24.3	—			—	—			24.3	—		
445	9604	Physical wellbeing activities	—	—			—	—			—	—		
446	9609	Other personal service activities n.e.c.	20.9	—			—	—			20.9	—		

Assets of non-financial corporations used to calculate the GAR in relation to CapEx KPIs, broken down by activity sector

Breakdown by sector - NACE 4 digits level (code and label)			Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
			Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
			Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
			Mn EUR	Of which environmental y sustainable (CCM)	Mn EUR	Of which environmental y sustainable (CCM)	Mn EUR	Of which environmental y sustainable (CCM)	Mn EUR	Of which environmental y sustainable (CCM)	Mn EUR	Of which environmental y sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmental y sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	111	Growing of cereals (except rice), leguminous crops and oil seeds	7.5	—			—	—			7.5	—		
2	113	Growing of vegetables and melons, roots and tubers	15.7	—			—	—			15.7	—		
3	119	Growing of other nonperennial crops	—	—			—	—			—	—		
4	123	Growing of citrus fruits	7.6	—			—	—			7.6	—		
5	124	Growing of pome fruits and stone fruits	1.6	—			—	—			1.6	—		
6	125	Growing of other tree and bush fruits and nuts	9.4	—			—	—			9.4	—		
7	126	Growing of oleaginous fruits	—	—			—	—			—	—		
8	130	Plant propagation	2.9	2.4			—	—			2.9	2.4		
9	142	Raising of other cattle and buffaloes	—	—			—	—			—	—		
10	143	Raising of horses and other equines	—	—			—	—			—	—		
11	145	Raising of sheep and goats	0.2	—			—	—			0.2	—		
12	146	Raising of swine/pigs	23.3	—			—	—			23.3	—		
13	147	Raising of poultry	26.5	—			—	—			26.5	—		
14	149	Raising of other animals	3.4	—			—	—			3.4	—		
15	150	Mixed farming	—	—			—	—			—	—		
16	161	Support activities for crop production	2.2	—			—	—			2.2	—		
17	162	Support activities for animal production	0.3	—			—	—			0.3	—		
18	210	Silviculture and other forestry activities	4.9	—			—	—			4.9	—		
19	311	Marine fishing	1.0	—			—	—			1.0	—		
20	321	Marine aquaculture	0.6	—			—	—			0.6	—		
21	322	Freshwater aquaculture	—	—			—	—			—	—		
22	510	Mining of hard coal	0.2	—			—	—			0.2	—		
23	610	Extraction of crude petroleum	39.4	—			—	—			39.4	—		
24	729	Mining of other nonferrous metal ores	20.5	—			—	—			20.5	—		
25	811	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate	0.9	—			—	—			0.9	—		
26	812	Operation of gravel and sand pits; mining of clays and kaolin	0.2	—			—	—			0.2	—		
27	891	Mining of chemical and fertiliser minerals	3.6	—			—	—			3.6	—		
28	893	Extraction of salt	0.2	—			—	—			0.2	—		
29	899	Other mining and quarrying n.e.c.	22.2	—			—	—			22.2	—		
30	1011	Processing and preserving of meat	73.4	—			—	—			73.4	—		
31	1012	Processing and preserving of poultry meat	1.7	—			—	—			1.7	—		
32	1013	Production of meat and poultry meat products	101.9	—			—	—			101.9	—		
33	1020	Processing and preserving of fish, crustaceans and molluscs	36.2	—			—	—			36.2	—		
34	1032	Manufacture of fruit and vegetable juice	12.1	—			—	—			12.1	—		
35	1039	Other processing and preserving of fruit and vegetables	23.8	—			—	—			23.8	—		
36	1041	Manufacture of oils and fats	25.4	—			—	—			25.4	—		
37	1051	Operation of dairies and cheese making	69.4	—			—	—			69.4	—		
38	1052	Manufacture of ice cream	11.5	—			—	—			11.5	—		
39	1061	Manufacture of grain mill products	10.4	—			—	—			10.4	—		
40	1071	Manufacture of bread; manufacture of fresh pastry goods and cakes	73.9	—			—	—			73.9	—		

41	1072	Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes	22.2	—			—	—			22.2	—		
42	1073	Manufacture of macaroni, noodles, couscous and similar farinaceous products	22.6	—			—	—			22.6	—		
43	1082	Manufacture of cocoa, chocolate and sugar confectionery	2.3	—			—	—			2.3	—		
44	1083	Processing of tea and coffee	0.1	—			—	—			0.1	—		
45	1084	Manufacture of condiments and seasonings	0.7	—			—	—			0.7	—		
46	1085	Manufacture of prepared meals and dishes	2.1	—			—	—			2.1	—		
47	1086	Manufacture of homogenised food preparations and dietetic food	1.5	—			—	—			1.5	—		
48	1089	Manufacture of other food products n.e.c.	31.8	—			—	—			31.8	—		
49	1091	Manufacture of prepared feeds for farm animals	77.9	—			—	—			77.9	—		
50	1092	Manufacture of prepared pet foods	0.6	—			—	—			0.6	—		
51	1101	Distilling, rectifying and blending of spirits	0.1	—			—	—			0.1	—		
52	1102	Manufacture of wine from grape	62.0	—			—	—			62.0	—		
53	1105	Manufacture of beer	73.0	—			—	—			73.0	—		
54	1106	Manufacture of malt	—	—			—	—			—	—		
55	1107	Manufacture of soft drinks; production of mineral waters and other bottled waters	70.8	—			—	—			70.8	—		
56	1310	Preparation and spinning of textile fibres	3.3	—			—	—			3.3	—		
57	1320	Weaving of textiles	3.8	—			—	—			3.8	—		
58	1330	Finishing of textiles	0.6	—			—	—			0.6	—		
59	1391	Manufacture of knitted and crocheted fabrics	—	—			—	—			—	—		
60	1392	Manufacture of madeup textile articles, except apparel	—	—			—	—			—	—		
61	1396	Manufacture of other technical and industrial textiles	1.2	—			—	—			1.2	—		
62	1399	Manufacture of other textiles n.e.c.	—	—			—	—			—	—		
63	1412	Manufacture of workwear	0.3	—			—	—			0.3	—		
64	1413	Manufacture of other outerwear	7.8	—			—	—			7.8	0.7		
65	1419	Manufacture of other wearing apparel and accessories	6.0	—			—	—			6.0	—		
66	1431	Manufacture of knitted and crocheted hosiery	0.1	—			—	—			0.1	—		
67	1511	Tanning and dressing of leather; dressing and dyeing of fur	5.5	—			—	—			5.5	—		
68	1512	Manufacture of luggage, handbags and the like, saddlery and harness	—	—			—	—			—	—		
69	1520	Manufacture of footwear	1.3	—			—	—			1.3	—		
70	1610	Sawmilling and planing of wood	2.5	—			—	—			2.5	—		
71	1621	Manufacture of veneer sheets and woodbased panels	34.7	—			—	—			34.7	—		
72	1623	Manufacture of other builders' carpentry and joinery	9.2	—			—	—			9.2	—		
73	1629	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	0.9	—			—	—			0.9	—		
74	1711	Manufacture of pulp	38.2	8.7			—	8.7			38.2	17.5		
75	1712	Manufacture of paper and paperboard	63.8	—			—	—			63.8	—		
76	1721	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	21.4	—			—	—			21.4	—		
77	1722	Manufacture of household and sanitary goods and of toilet requisites	16.7	—			—	—			16.7	—		
78	1723	Manufacture of paper stationery	0.6	—			—	—			0.6	—		
79	1811	Printing of newspapers	0.7	—			—	—			0.7	—		
80	1812	Other printing	—	—			—	—			—	—		
81	1814	Binding and related services	0.1	—			—	—			0.1	—		
82	1920	Manufacture of refined petroleum products	67.3	3.0			—	—			67.3	3.0		
83	2011	Manufacture of industrial gases	—	—			—	—			—	—		
84	2012	Manufacture of dyes and pigments	1.9	—			—	—			1.9	—		
85	2013	Manufacture of other inorganic basic chemicals	13.0	—			—	1.3			13.0	1.3		
86	2014	Manufacture of other organic basic chemicals	10.7	0.4			—	—			10.7	0.4		
87	2015	Manufacture of fertilisers and nitrogen compounds	29.7	—			—	—			29.7	—		
88	2016	Manufacture of plastics in primary forms	12.3	—			—	—			12.3	—		
89	2017	Manufacture of synthetic rubber in primary forms	21.8	3.6			—	—			21.8	3.6		

90	2020	Manufacture of pesticides and other agrochemical products	15.0	—			—	—			15.0	—		
91	2030	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	47.9	—			—	—			47.9	—		
92	2041	Manufacture of soap and detergents, cleaning and polishing preparations	15.0	—			—	—			15.0	—		
93	2042	Manufacture of perfumes and toilet preparations	12.9	—			—	—			12.9	—		
94	2051	Manufacture of explosives	16.2	—			—	—			16.2	—		
95	2052	Manufacture of glues	—	—			—	—			—	—		
96	2059	Manufacture of other chemical products n.e.c.	15.5	—			—	—			15.5	—		
97	2060	Manufacture of manmade fibres	0.1	—			—	—			0.1	—		
98	2110	Manufacture of basic pharmaceutical products	181.6	—			—	—			181.6	—		
99	2120	Manufacture of pharmaceutical preparations	58.1	—			—	—			58.1	—		
100	2211	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	1.7	—			—	—			1.7	—		
101	2219	Manufacture of other rubber products	7.3	—			—	—			7.3	—		
102	2222	Manufacture of plastic packing goods	12.7	—			—	—			12.7	—		
103	2223	Manufacture of builders' ware of plastic	7.2	—			—	—			7.2	—		
104	2229	Manufacture of other plastic products	76.0	—			—	—			76.0	—		
105	2312	Shaping and processing of flat glass	0.2	—			—	—			0.2	—		
106	2314	Manufacture of glass fibres	0.1	—			—	—			0.1	—		
107	2320	Manufacture of refractory products	2.9	—			—	—			2.9	—		
108	2331	Manufacture of ceramic tiles and flags	66.7	—			—	—			66.7	—		
109	2332	Manufacture of bricks, tiles and construction products, in baked clay	1.0	—			—	—			1.0	—		
110	2344	Manufacture of other technical ceramic products	3.3	—			—	—			3.3	—		
111	2349	Manufacture of other ceramic products	3.7	—			—	—			3.7	—		
112	2351	Manufacture of cement	59.0	1.1			—	—			59.0	1.1		
113	2352	Manufacture of lime and plaster	4.9	—			—	—			4.9	—		
114	2361	Manufacture of concrete products for construction purposes	0.3	—			—	—			0.3	—		
115	2363	Manufacture of readymixed concrete	4.9	0.3			—	—			4.9	0.3		
116	2364	Manufacture of mortars	—	—			—	—			—	—		
117	2369	Manufacture of other articles of concrete, plaster and cement	—	—			—	—			—	—		
118	2370	Cutting, shaping and finishing of stone	3.4	—			—	—			3.4	—		
119	2399	Manufacture of other nonmetallic mineral products n.e.c.	6.7	—			—	—			6.7	—		
120	2410	Manufacture of basic iron and steel and of ferroalloys	106.1	—			—	—			106.1	—		
121	2420	Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	19.4	2.3			—	—			19.4	2.3		
122	2431	Cold drawing of bars	0.2	—			—	—			0.2	—		
123	2432	Cold rolling of narrow strip	17.9	—			—	—			17.9	—		
124	2433	Cold forming or folding	—	—			—	—			—	—		
125	2434	Cold drawing of wire	11.1	—			—	—			11.1	—		
126	2442	Aluminium production	54.7	—			—	—			54.7	—		
127	2445	Other nonferrous metal production	274.1	96.1			—	96.1			274.1	192.3		
128	2446	Processing of nuclear fuel	48.4	—			—	—			48.4	—		
129	2451	Casting of iron	3.0	—			—	—			3.0	—		
130	2452	Casting of steel	13.0	—			—	—			13.0	—		
131	2453	Casting of light metals	5.1	—			—	—			5.1	—		
132	2454	Casting of other nonferrous metals	1.8	—			—	—			1.8	—		
133	2511	Manufacture of metal structures and parts of structures	45.2	—			—	—			45.2	—		
134	2512	Manufacture of doors and windows of metal	2.9	—			—	—			2.9	—		
135	2521	Manufacture of central heating radiators and boilers	—	—			—	—			—	—		
136	2529	Manufacture of other tanks, reservoirs and containers of metal	3.7	—			—	—			3.7	—		
137	2540	Manufacture of weapons and ammunition	2.2	—			—	—			2.2	—		
138	2550	Forging, pressing, stamping and rollforming of metal; powder metallurgy	42.6	—			—	—			42.6	—		
139	2561	Treatment and coating of metals	13.5	—			—	—			13.5	—		

140	2562	Machining	1.5	—			—	—			1.5	—		
141	2571	Manufacture of cutlery	—	—			—	—			—	—		
142	2572	Manufacture of locks and hinges	0.6	—			—	—			0.6	—		
143	2573	Manufacture of tools	—	—			—	—			—	—		
144	2592	Manufacture of light metal packaging	14.3	—			—	—			14.3	—		
145	2593	Manufacture of wire products, chain and springs	2.3	—			—	—			2.3	—		
146	2594	Manufacture of fasteners and screw machine products	5.8	—			—	—			5.8	—		
147	2599	Manufacture of other fabricated metal products n.e.c.	17.0	—			—	—			17.0	—		
148	2611	Manufacture of electronic components	12.3	—			—	—			12.3	—		
149	2612	Manufacture of loaded electronic boards	0.8	—			—	—			0.8	—		
150	2630	Manufacture of communication equipment	—	—			—	—			—	—		
151	2651	Manufacture of instruments and appliances for measuring, testing and navigation	0.1	—			—	—			0.1	—		
152	2652	Manufacture of watches and clocks	2.0	—			—	—			2.0	—		
153	2660	Manufacture of irradiation, electromedical and electrotherapeutic equipment	1.7	—			—	—			1.7	—		
154	2670	Manufacture of optical instruments and photographic equipment	2.1	—			—	—			2.1	—		
155	2711	Manufacture of electric motors, generators and transformers	24.8	—			—	—			24.8	—		
156	2712	Manufacture of electricity distribution and control apparatus	6.1	—			—	—			6.1	—		
157	2720	Manufacture of batteries and accumulators	—	—			—	—			—	—		
158	2732	Manufacture of other electronic and electric wires and cables	15.0	0.1			—	—			15.0	0.1		
159	2740	Manufacture of electric lighting equipment	—	—			—	—			—	—		
160	2751	Manufacture of electric domestic appliances	6.8	0.2			—	—			6.8	0.2		
161	2790	Manufacture of other electrical equipment	8.9	—			—	—			8.9	—		
162	2813	Manufacture of other pumps and compressors	—	—			—	—			—	—		
163	2815	Manufacture of bearings, gears, gearing and driving elements	7.3	0.1			—	—			7.3	0.1		
164	2821	Manufacture of ovens, furnaces and furnace burners	—	—			—	—			—	—		
165	2822	Manufacture of lifting and handling equipment	4.7	—			—	—			4.7	—		
166	2825	Manufacture of nondomestic cooling and ventilation equipment	5.5	—			—	—			5.5	—		
167	2829	Manufacture of other generalpurpose machinery n.e.c.	5.2	—			—	—			5.2	—		
168	2830	Manufacture of agricultural and forestry machinery	2.3	—			—	—			2.3	—		
169	2841	Manufacture of metal forming machinery	12.4	—			—	—			12.4	—		
170	2849	Manufacture of other machine tools	—	—			—	—			—	—		
171	2891	Manufacture of machinery for metallurgy	0.3	—			—	—			0.3	—		
172	2892	Manufacture of machinery for mining, quarrying and construction	7.3	—			—	—			7.3	—		
173	2894	Manufacture of machinery for textile, apparel and leather production	0.1	—			—	—			0.1	—		
174	2895	Manufacture of machinery for paper and paperboard production	0.3	—			—	—			0.3	—		
175	2896	Manufacture of plastics and rubber machinery	2.3	—			—	—			2.3	—		
176	2899	Manufacture of other specialpurpose machinery n.e.c.	40.3	—			—	—			40.3	—		
177	2910	Manufacture of motor vehicles	72.7	15.9			—	—			72.7	15.9		
178	2920	Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semitrailers	2.7	—			—	—			2.7	—		
179	2931	Manufacture of electrical and electronic equipment for motor vehicles	0.8	—			—	—			0.8	—		
180	2932	Manufacture of other parts and accessories for motor vehicles	270.8	—			—	—			270.8	—		
181	3011	Building of ships and floating structures	4.7	3.1			—	—			4.7	3.1		
182	3020	Manufacture of railway locomotives and rolling stock	35.7	26.5			—	—			35.7	26.5		
183	3030	Manufacture of air and spacecraft and related machinery	0.4	—			—	—			0.4	—		
184	3092	Manufacture of bicycles and invalid carriages	0.1	—			—	—			0.1	—		
185	3099	Manufacture of other transport equipment n.e.c.	2.1	—			—	—			2.1	—		
186	3101	Manufacture of office and shop furniture	6.0	—			—	—			6.0	—		
187	3102	Manufacture of kitchen furniture	—	—			—	—			—	—		
188	3109	Manufacture of other furniture	1.2	—			—	—			1.2	—		
189	3250	Manufacture of medical and dental instruments and supplies	2.0	—			—	—			2.0	—		

190	3299	Other manufacturing n.e.c.	8.5	0.3			—	—			8.5	0.3		
191	3312	Repair of machinery	0.5	—			—	—			0.5	—		
192	3314	Repair of electrical equipment	—	—			—	—			—	—		
193	3315	Repair and maintenance of ships and boats	—	—			—	—			—	—		
194	3317	Repair and maintenance of other transport equipment	1.3	0.1			—	—			1.3	0.1		
195	3320	Installation of industrial machinery and equipment	3.0	—			—	—			3.0	—		
196	3511	Production of electricity	341.7	14.0			—	—			341.7	14.0		
197	3512	Transmission of electricity	1.7	1.3			—	—			1.7	1.3		
198	3513	Distribution of electricity	257.8	196.2			—	—			257.8	196.2		
199	3514	Trade of electricity	36.2	12.0			—	1.5			36.2	13.4		
200	3521	Manufacture of gas	50.0	—			—	—			50.0	—		
201	3522	Distribution of gaseous fuels through mains	195.6	58.8			—	0.6			195.6	59.4		
202	3523	Trade of gas through mains	0.6	—			—	—			0.6	—		
203	3600	Water collection, treatment and supply	107.5	44.9			—	—			107.5	44.9		
204	3700	Sewerage	37.9	13.1			—	—			37.9	13.1		
205	3811	Collection of nonhazardous waste	36.0	2.3			—	—			36.0	2.3		
206	3812	Collection of hazardous waste	—	—			—	—			—	—		
207	3821	Treatment and disposal of nonhazardous waste	26.2	—			—	—			26.2	—		
208	3822	Treatment and disposal of hazardous waste	0.2	0.1			—	—			0.2	0.1		
209	3831	Dismantling of wrecks	1.8	—			—	—			1.8	—		
210	3832	Recovery of sorted materials	12.3	—			—	—			12.3	—		
211	3900	Remediation activities and other waste management services	4.0	—			—	—			4.0	—		
212	4110	Development of building projects	188.2	—			—	—			188.2	—		
213	4120	Construction of residential and nonresidential buildings	50.3	1.3			—	—			50.3	1.3		
214	4211	Construction of roads and motorways	101.9	6.1			—	0.2			101.9	6.3		
215	4212	Construction of railways and underground railways	157.9	23.3			—	—			157.9	23.3		
216	4213	Construction of bridges and tunnels	15.2	6.4			—	—			15.2	6.4		
217	4221	Construction of utility projects for fluids	2.0	0.1			—	—			2.0	0.1		
218	4222	Construction of utility projects for electricity and telecommunications	25.9	6.3			—	—			25.9	6.3		
219	4291	Construction of water projects	0.6	—			—	—			0.6	—		
220	4299	Construction of other civil engineering projects n.e.c.	126.1	12.0			—	0.5			126.1	12.5		
221	4311	Demolition	0.5	—			—	—			0.5	—		
222	4312	Site preparation	39.0	—			—	—			39.0	—		
223	4321	Electrical installation	121.9	3.5			—	—			121.9	3.5		
224	4322	Plumbing, heat and airconditioning installation	50.8	—			—	—			50.8	—		
225	4329	Other construction installation	0.1	—			—	—			0.1	—		
226	4331	Plastering	—	—			—	—			—	—		
227	4332	Joinery installation	—	—			—	—			—	—		
228	4333	Floor and wall covering	1.6	—			—	—			1.6	—		
229	4339	Other building completion and finishing	0.3	—			—	—			0.3	—		
230	4399	Other specialised construction activities n.e.c.	86.1	3.4			—	0.1			86.1	3.5		
231	4511	Sale of cars and light motor vehicles	52.0	—			—	—			52.0	—		
232	4519	Sale of other motor vehicles	3.5	—			—	—			3.5	—		
233	4520	Maintenance and repair of motor vehicles	0.6	—			—	—			0.6	—		
234	4531	Wholesale trade of motor vehicle parts and accessories	3.1	—			—	—			3.1	—		
235	4532	Retail trade of motor vehicle parts and accessories	2.2	—			—	—			2.2	—		
236	4540	Sale, maintenance and repair of motorcycles and related parts and accessories	3.1	1.6			—	—			3.1	1.6		
237	4611	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semifinished goods	0.2	—			—	—			0.2	—		
238	4612	Agents involved in the sale of fuels, ores, metals and industrial chemicals	0.5	—			—	—			0.5	—		
239	4613	Agents involved in the sale of timber and building materials	4.4	—			—	—			4.4	—		

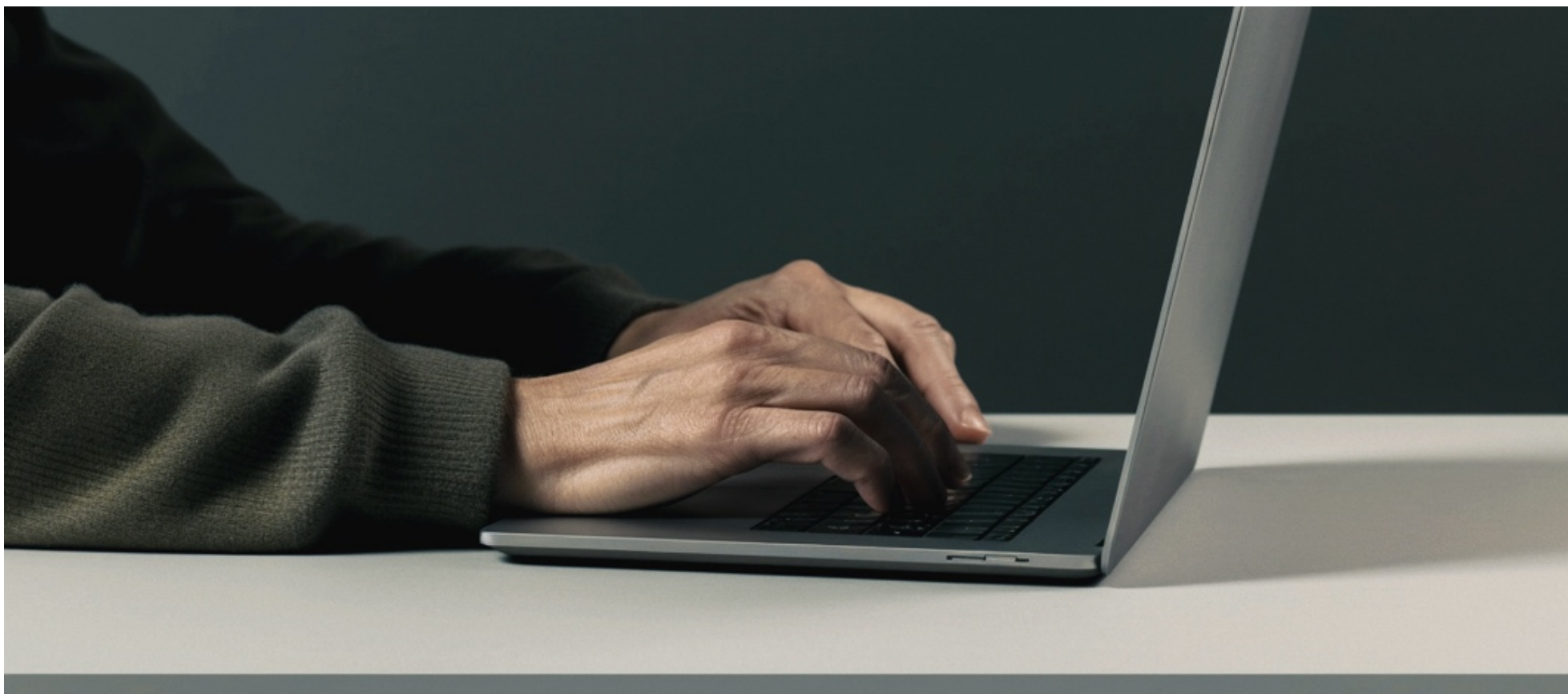
240	4614	Agents involved in the sale of machinery, industrial equipment, ships and aircraft	1.5	0.1			—	—			1.5	0.1		
241	4615	Agents involved in the sale of furniture, household goods, hardware and ironmongery	9.7	—			—	—			9.7	—		
242	4617	Agents involved in the sale of food, beverages and tobacco	7.0	—			—	—			7.0	—		
243	4618	Agents specialised in the sale of other particular products	4.7	—			—	—			4.7	—		
244	4619	Agents involved in the sale of a variety of goods	6.9	—			—	—			6.9	—		
245	4621	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	41.6	—			—	—			41.6	—		
246	4622	Wholesale of flowers and plants	—	—			—	—			—	—		
247	4623	Wholesale of live animals	1.2	—			—	—			1.2	—		
248	4631	Wholesale of fruit and vegetables	83.8	—			—	—			83.8	—		
249	4632	Wholesale of meat and meat products	19.8	—			—	—			19.8	—		
250	4633	Wholesale of dairy products, eggs and edible oils and fats	35.5	—			—	—			35.5	—		
251	4634	Wholesale of beverages	9.8	—			—	—			9.8	—		
252	4635	Wholesale of tobacco products	—	—			—	—			—	—		
253	4636	Wholesale of sugar and chocolate and sugar confectionery	2.2	—			—	—			2.2	—		
254	4637	Wholesale of coffee, tea, cocoa and spices	1.9	—			—	—			1.9	—		
255	4638	Wholesale of other food, including fish, crustaceans and molluscs	35.3	—			—	—			35.3	—		
256	4639	Nonspecialised wholesale of food, beverages and tobacco	37.3	—			—	—			37.3	—		
257	4641	Wholesale of textiles	4.5	—			—	—			4.5	—		
258	4642	Wholesale of clothing and footwear	46.2	—			—	—			46.2	—		
259	4643	Wholesale of electrical household appliances	7.4	—			—	—			7.4	—		
260	4644	Wholesale of china and glassware and cleaning materials	8.2	—			—	—			8.2	—		
261	4645	Wholesale of perfume and cosmetics	341.1	—			—	—			341.1	—		
262	4646	Wholesale of pharmaceutical goods	35.0	—			—	—			35.0	—		
263	4647	Wholesale of furniture, carpets and lighting equipment	—	—			—	—			—	—		
264	4648	Wholesale of watches and jewellery	—	—			—	—			—	—		
265	4649	Wholesale of other household goods	6.6	—			—	—			6.6	—		
266	4651	Wholesale of computers, computer peripheral equipment and software	12.8	—			—	—			12.8	—		
267	4652	Wholesale of electronic and telecommunications equipment and parts	3.2	—			—	—			3.2	—		
268	4661	Wholesale of agricultural machinery, equipment and supplies	—	—			—	—			—	—		
269	4662	Wholesale of machine tools	—	—			—	—			—	—		
270	4663	Wholesale of mining, construction and civil engineering machinery	0.2	—			—	—			0.2	—		
271	4665	Wholesale of office furniture	2.1	—			—	—			2.1	—		
272	4666	Wholesale of other office machinery and equipment	9.8	—			—	—			9.8	—		
273	4669	Wholesale of other machinery and equipment	22.6	—			—	—			22.6	—		
274	4671	Wholesale of solid, liquid and gaseous fuels and related products	62.0	1.2			—	—			62.0	1.2		
275	4672	Wholesale of metals and metal ores	63.0	—			—	—			63.0	0.1		
276	4673	Wholesale of wood, construction materials and sanitary equipment	98.2	—			—	—			98.2	—		
277	4674	Wholesale of hardware, plumbing and heating equipment and supplies	44.4	—			—	—			44.4	—		
278	4675	Wholesale of chemical products	32.9	—			—	—			32.9	—		
279	4676	Wholesale of other intermediate products	51.3	—			—	—			51.3	—		
280	4677	Wholesale of waste and scrap	37.4	—			—	—			37.4	—		
281	4690	Nonspecialised wholesale trade	14.9	—			—	—			14.9	—		
282	4711	Retail sale in nonspecialised stores with food, beverages or tobacco predominating	507.5	2.0			—	—			507.5	2.0		
283	4719	Other retail sale in nonspecialised stores	198.8	—			—	—			198.8	—		
284	4721	Retail sale of fruit and vegetables in specialised stores	17.5	—			—	—			17.5	—		
285	4722	Retail sale of meat and meat products in specialised stores	3.5	—			—	—			3.5	—		
286	4725	Retail sale of beverages in specialised stores	—	—			—	—			—	—		
287	4729	Other retail sale of food in specialised stores	33.1	0.1			—	—			33.1	0.1		
288	4730	Retail sale of automotive fuel in specialised stores	2.1	0.2			—	—			2.1	0.2		

289	4741	Retail sale of computers, peripheral units and software in specialised stores	12.7	—			—	—			12.7	—		
290	4742	Retail sale of telecommunications equipment in specialised stores	6.9	—			—	—			6.9	—		
291	4751	Retail sale of textiles in specialised stores	4.1	—			—	—			4.1	—		
292	4752	Retail sale of hardware, paints and glass in specialised stores	37.2	—			—	—			37.2	—		
293	4754	Retail sale of electrical household appliances in specialised stores	1.1	—			—	—			1.1	—		
294	4759	Retail sale of furniture, lighting equipment and other household articles in specialised stores	20.0	—			—	—			20.0	—		
295	4761	Retail sale of books in specialised stores	0.1	—			—	—			0.1	—		
296	4764	Retail sale of sporting equipment in specialised stores	7.0	—			—	—			7.0	—		
297	4771	Retail sale of clothing in specialised stores	102.5	—			—	—			102.5	—		
298	4772	Retail sale of footwear and leather goods in specialised stores	2.2	—			—	—			2.2	—		
299	4773	Dispensing chemist in specialised stores	0.1	—			—	—			0.1	—		
300	4774	Retail sale of medical and orthopaedic goods in specialised stores	0.1	—			—	—			0.1	—		
301	4775	Retail sale of cosmetic and toilet articles in specialised stores	51.4	—			—	—			51.4	—		
302	4776	Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores	0.8	—			—	—			0.8	—		
303	4777	Retail sale of watches and jewellery in specialised stores	1.8	—			—	—			1.8	—		
304	4778	Other retail sale of new goods in specialised stores	83.0	—			—	—			83.0	—		
305	4781	Retail sale via stalls and markets of food, beverages and tobacco products	0.7	—			—	—			0.7	—		
306	4791	Retail sale via mail order houses or via Internet	—	—			—	—			—	—		
307	4799	Other retail sale not in stores, stalls or markets	2.6	—			—	—			2.6	—		
308	4910	Passenger rail transport, interurban	397.8	395.6			—	—			397.8	395.6		
309	4920	Freight rail transport	—	—			—	—			—	—		
310	4931	Urban and suburban passenger land transport	346.6	12.7			—	—			346.6	12.7		
311	4932	Taxi operation	0.7	—			—	—			0.7	—		
312	4939	Other passenger land transport n.e.c.	44.5	—			—	—			44.5	—		
313	4941	Freight transport by road	77.0	—			—	—			77.0	—		
314	4950	Transport via pipeline	30.0	—			—	—			30.0	—		
315	5010	Sea and coastal passenger water transport	32.9	—			—	—			32.9	—		
316	5020	Sea and coastal freight water transport	57.1	—			—	—			57.1	—		
317	5110	Passenger air transport	23.5	—			—	—			23.5	—		
318	5121	Freight air transport	—	—			—	—			—	—		
319	5210	Warehousing and storage	14.6	—			—	—			14.6	—		
320	5221	Service activities incidental to land transportation	747.5	5.7			—	0.2			747.5	18.6		
321	5222	Service activities incidental to water transportation	120.2	—			—	—			120.2	—		
322	5223	Service activities incidental to air transportation	151.6	43.4			—	—			151.6	43.4		
323	5224	Cargo handling	0.2	—			—	—			0.2	—		
324	5229	Other transportation support activities	42.9	—			—	—			42.9	—		
325	5310	Postal activities under universal service obligation	0.5	—			—	—			0.5	—		
326	5320	Other postal and courier activities	14.6	—			—	—			14.6	—		
327	5510	Hotels and similar accommodation	925.2	—			—	—			925.2	—		
328	5520	Holiday and other shortstay accommodation	31.3	—			—	—			31.3	—		
329	5530	Camping grounds, recreational vehicle parks and trailer parks	—	—			—	—			—	—		
330	5590	Other accommodation	2.5	—			—	—			2.5	—		
331	5610	Restaurants and mobile food service activities	116.2	—			—	—			116.2	—		
332	5621	Event catering activities	—	—			—	—			—	—		
333	5629	Other food service activities	7.4	—			—	—			7.4	—		
334	5630	Beverage serving activities	0.8	—			—	—			0.8	—		
335	5811	Book publishing	0.8	—			—	—			0.8	—		
336	5813	Publishing of newspapers	3.9	—			—	—			3.9	—		
337	5819	Other publishing activities	2.0	—			—	—			2.0	—		
338	5821	Publishing of computer games	20.0	—			—	—			20.0	—		

339	5829	Other software publishing	0.6	—			—	—			0.6	—		
340	5911	Motion picture, video and television programme production activities	19.2	—			—	—			19.2	—		
341	6010	Radio broadcasting	—	—			—	—			—	—		
342	6020	Television programming and broadcasting activities	8.7	—			—	—			8.7	—		
343	6110	Wired telecommunications activities	144.6	0.5			—	—			144.6	0.5		
344	6120	Wireless telecommunications activities	62.5	0.1			—	—			62.5	4.3		
345	6130	Satellite telecommunications activities	0.1	—			—	—			0.1	—		
346	6190	Other telecommunications activities	220.5	0.1			—	—			220.5	0.2		
347	6201	Computer programming activities	17.1	—			—	—			17.1	—		
348	6202	Computer consultancy activities	17.9	—			—	0.1			17.9	0.1		
349	6203	Computer facilities management activities	0.1	—			—	—			0.1	—		
350	6209	Other information technology and computer service activities	72.3	6.7			—	6.5			72.3	13.3		
351	6311	Data processing, hosting and related activities	1.0	—			—	—			1.0	—		
352	6312	Web portals	—	—			—	—			—	—		
353	6399	Other information service activities n.e.c.	—	—			—	—			—	—		
354	6419	Other monetary intermediation	—	—			—	—			—	—		
355	6420	Activities of holding companies	553.1	—			—	—			553.1	—		
356	6430	Trusts, funds and similar financial entities	14.2	—			—	—			14.2	—		
357	6492	Other credit granting	(0.8)	—			—	—			(0.8)	—		
358	6499	Other financial service activities, except insurance and pension funding n.e.c.	107.0	67.5			—	—			107.0	71.5		
359	6612	Security and commodity contracts brokerage	0.4	—			—	—			0.4	—		
360	6619	Other activities auxiliary to financial services, except insurance and pension funding	121.6	87.2			—	—			121.6	87.2		
361	6622	Activities of insurance agents and brokers	0.5	—			—	—			0.5	—		
362	6810	Buying and selling of own real estate	74.9	1.5			—	—			74.9	1.5		
363	6820	Renting and operating of own or leased real estate	393.9	4.0			—	4.4			393.9	8.4		
364	6831	Real estate agencies	0.1	—			—	—			0.1	—		
365	6832	Management of real estate on a fee or contract basis	42.4	—			—	—			42.4	—		
366	6910	Legal activities	39.9	0.2			—	—			39.9	0.2		
367	6920	Accounting, bookkeeping and auditing activities; tax consultancy	58.1	—			—	—			58.1	—		
368	7010	Activities of head offices	434.0	39.9			—	0.4			434.0	42.0		
369	7022	Business and other management consultancy activities	116.9	—			—	—			116.9	—		
370	7111	Architectural activities	—	—			—	—			—	—		
371	7112	Engineering activities and related technical consultancy	161.8	0.1			—	—			161.8	0.1		
372	7120	Technical testing and analysis	15.5	—			—	—			15.5	—		
373	7211	Research and experimental development on biotechnology	1.9	—			—	—			1.9	—		
374	7219	Other research and experimental development on natural sciences and engineering	1.4	—			—	—			1.4	—		
375	7220	Research and experimental development on social sciences and humanities	0.7	—			—	—			0.7	—		
376	7311	Advertising agencies	0.4	—			—	—			0.4	—		
377	7320	Market research and public opinion polling	0.6	—			—	—			0.6	—		
378	7410	Specialised design activities	—	—			—	—			—	—		
379	7490	Other professional, scientific and technical activities n.e.c.	24.0	—			—	—			24.0	0.1		
380	7500	Veterinary activities	—	—			—	—			—	—		
381	7711	Renting and leasing of cars and light motor vehicles	30.0	—			—	—			30.0	—		
382	7712	Renting and leasing of trucks	4.5	—			—	—			4.5	—		
383	7732	Renting and leasing of construction and civil engineering machinery and equipment	23.9	—			—	—			23.9	—		
384	7734	Renting and leasing of water transport equipment	0.8	—			—	—			0.8	—		
385	7735	Renting and leasing of air transport equipment	61.6	—			—	—			61.6	—		
386	7739	Renting and leasing of other machinery, equipment and tangible goods n.e.c.	13.4	—			—	—			13.4	—		
387	7740	Leasing of intellectual property and similar products, except copyrighted works	0.8	—			—	—			0.8	—		

388	7810	Activities of employment placement agencies	2.5	—			—	—			2.5	—		
389	7820	Temporary employment agency activities	9.8	—			—	—			9.8	—		
390	7830	Other human resources provision	—	—			—	—			—	—		
391	7911	Travel agency activities	24.4	—			—	—			24.4	—		
392	7912	Tour operator activities	6.0	—			—	—			6.0	—		
393	7990	Other reservation service and related activities	—	—			—	—			—	—		
394	8010	Private security activities	3.9	—			—	—			3.9	—		
395	8020	Security systems service activities	16.0	—			—	—			16.0	—		
396	8110	Combined facilities support activities	2.8	—			—	—			2.8	—		
397	8121	General cleaning of buildings	8.0	—			—	—			8.0	—		
398	8122	Other building and industrial cleaning activities	15.5	2.5			—	—			15.5	2.5		
399	8129	Other cleaning activities	2.7	—			—	—			2.7	—		
400	8130	Landscape service activities	0.2	0.1			—	—			0.2	0.1		
401	8211	Combined office administrative service activities	24.5	—			—	—			24.5	—		
402	8219	Photocopying, document preparation and other specialised office support activities	1.3	—			—	—			1.3	—		
403	8220	Activities of call centres	1.3	—			—	—			1.3	—		
404	8230	Organisation of conventions and trade shows	5.4	—			—	—			5.4	—		
405	8291	Activities of collection agencies and credit bureaus	3.0	—			—	—			3.0	—		
406	8292	Packaging activities	0.4	—			—	—			0.4	—		
407	8299	Other business support service activities n.e.c.	57.3	0.3			—	—			57.3	0.3		
408	8411	General public administration activities	447.3	0.1			—	—			447.3	0.1		
409	8412	Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security	0.7	—			—	—			0.7	—		
410	8413	Regulation of and contribution to more efficient operation of businesses	—	—			—	—			—	—		
411	8424	Public order and safety activities	—	—			—	—			—	—		
412	8520	Primary education	3.5	—			—	—			3.5	—		
413	8531	General secondary education	0.7	—			—	—			0.7	—		
414	8532	Technical and vocational secondary education	15.0	—			—	—			15.0	—		
415	8542	Tertiary education	0.2	—			—	—			0.2	—		
416	8559	Other education n.e.c.	4.5	—			—	—			4.5	—		
417	8560	Educational support activities	2.6	—			—	—			2.6	—		
418	8610	Hospital activities	111.4	—			—	—			111.4	—		
419	8621	General medical practice activities	2.3	—			—	—			2.3	—		
420	8622	Specialist medical practice activities	0.6	—			—	—			0.6	—		
421	8690	Other human health activities	19.4	—			—	—			19.4	—		
422	8710	Residential nursing care activities	4.3	—			—	—			4.3	—		
423	8720	Residential care activities for mental retardation, mental health and substance abuse	4.0	—			—	—			4.0	—		
424	8730	Residential care activities for the elderly and disabled	88.0	—			—	—			88.0	—		
425	8790	Other residential care activities	29.3	—			—	—			29.3	—		
426	8810	Social work activities without accommodation for the elderly and disabled	0.8	—			—	—			0.8	—		
427	8891	Child daycare activities	0.1	—			—	—			0.1	—		
428	8899	Other social work activities without accommodation n.e.c.	—	—			—	—			—	—		
429	9004	Operation of arts facilities	—	—			—	—			—	—		
430	9104	Botanical and zoological gardens and nature reserves activities	3.8	—			—	—			3.8	—		
431	9200	Gambling and betting activities	11.5	—			—	—			11.5	—		
432	9311	Operation of sports facilities	13.1	—			—	—			13.1	—		
433	9312	Activities of sport clubs	5.4	—			—	—			5.4	—		
434	9313	Fitness facilities	0.8	—			—	—			0.8	—		
435	9319	Other sports activities	0.8	—			—	—			0.8	—		
436	9321	Activities of amusement parks and theme parks	0.7	—			—	—			0.7	—		

437	9329	Other amusement and recreation activities	3.1	—			—	—			3.1	—		
438	9412	Activities of professional membership organisations	—	—			—	—			—	—		
439	9499	Activities of other membership organisations n.e.c.	2.0	—			—	—			2.0	—		
440	9511	Repair of computers and peripheral equipment	0.2	—			—	—			0.2	—		
441	9512	Repair of communication equipment	—	—			—	—			—	—		
442	9601	Washing and (dry)cleaning of textile and fur products	8.7	—			—	—			8.7	—		
443	9602	Hairdressing and other beauty treatment	2.9	—			—	—			2.9	—		
444	9603	Funeral and related activities	24.3	—			—	—			24.3	—		
445	9604	Physical wellbeing activities	—	—			—	—			—	—		
446	9609	Other personal service activities n.e.c.	20.9	—			—	—			20.9	—		



3. GAR KPI stock

GAR (%) in terms of stock in relation to turnover KPIs

		Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
			Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling				Of which Use of Proceeds	Of which transitional	
% (compared to total covered assets in the denominator)																
GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	49.73 %	4.33 %	— %	0.07 %	0.13 %	0.18 %	0.07 %	— %	0.01 %	49.86 %	4.41 %	— %	0.13 %	0.14 %	64.79 %
2	Financial undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	4.40 %
3	Credit institutions	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	3.77 %
4	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	3.21 %
5	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.56 %
6	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.01 %
7	Other financial corporations	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.63 %
8	of which investment firms	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.61 %
9	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.54 %
10	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.04 %
11	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.03 %
12	of which management companies	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
13	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
14	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
15	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
16	of which insurance undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.02 %
17	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.01 %
18	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
19	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.01 %
20	Non-financial undertakings	1.18 %	0.52 %	— %	0.06 %	0.13 %	0.18 %	0.07 %	— %	0.01 %	1.32 %	0.61 %	— %	0.13 %	0.14 %	8.49 %
21	Loans and advances	1.13 %	0.48 %	— %	0.06 %	0.10 %	0.18 %	0.07 %	— %	0.01 %	1.26 %	0.57 %	— %	0.13 %	0.10 %	8.38 %
22	Debt securities, including UoP	0.05 %	0.04 %	— %	— %	0.04 %	— %	— %	— %	— %	0.06 %	0.04 %	— %	— %	0.04 %	0.11 %
23	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
24	Households	48.54 %	3.81 %	— %	— %	— %	— %	— %	— %	— %	48.54 %	3.81 %	— %	— %	— %	51.02 %
25	of which loans collateralised by residential immovable property	43.26 %	3.80 %	— %	— %	— %	— %	— %	— %	— %	43.26 %	3.80 %	— %	— %	— %	43.26 %
26	of which building renovation loans	0.75 %	— %	— %	— %	— %	— %	— %	— %	— %	0.75 %	— %	— %	— %	— %	0.75 %
27	of which motor vehicle loans	0.22 %	— %	— %	— %	— %	— %	— %	— %	— %	0.22 %	— %	— %	— %	— %	1.04 %
28	Local governments financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.88 %
29	Housing financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
30	Other local government financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.88 %
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.73 %	0.05 %	— %	— %	— %	— %	— %	— %	— %	0.73 %	0.05 %	— %	— %	— %	0.73 %
32	Total GAR assets	49.73 %	4.33 %	— %	0.07 %	0.13 %	0.18 %	0.07 %	— %	0.01 %	49.86 %	4.41 %	— %	0.13 %	0.14 %	64.79 %

GAR (%) in terms of stock in relation to CapEx KPIs

	Disclosure reference date T															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total assets covered	
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)						
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						
			Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling				Of which Use of Proceeds		Of which transitional
% (compared to total covered assets in the denominator)																
GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	49.89 %	4.29 %	— %	0.07%	0.22 %	0.17 %	0.07 %	— %	— %	50.00 %	4.37 %	— %	0.13 %	0.22 %	64.79 %
2	Financial undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	4.40 %
3	Credit institutions	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	3.77 %
4	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	3.21 %
5	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.56 %
6	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.01 %
7	Other financial corporations	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.63 %
8	of which investment firms	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.57 %
9	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.51 %
10	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.04 %
11	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.03 %
12	of which management companies	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
13	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
14	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
15	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
16	of which insurance undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.02 %
17	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.01 %
18	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
19	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.01 %
20	Non-financial undertakings	1.34 %	0.49 %	— %	0.06 %	0.22 %	0.17 %	0.07 %	— %	— %	1.46 %	0.57 %	— %	0.13 %	0.22 %	8.49 %
21	Loans and advances	1.28 %	0.47 %	— %	0.06 %	0.21 %	0.16 %	0.07 %	— %	— %	1.39 %	0.55 %	— %	0.13 %	0.21 %	8.38 %
22	Debt securities, including UoP	0.06 %	0.01 %	— %	— %	0.01 %	— %	— %	— %	— %	0.07 %	0.01 %	— %	— %	0.01 %	0.11 %
23	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
24	Households	48.54 %	3.81 %	— %	— %	— %	— %	— %	— %	— %	48.54 %	3.81 %	— %	— %	— %	51.02 %
25	of which loans collateralised by residential immovable property	43.26 %	3.80 %	— %	— %	— %	— %	— %	— %	— %	43.26 %	3.80 %	— %	— %	— %	43.26 %
26	of which building renovation loans	0.75 %	— %	— %	— %	— %	— %	— %	— %	— %	0.75 %	— %	— %	— %	— %	0.75 %
27	of which motor vehicle loans	0.22 %	— %	— %	— %	— %	— %	— %	— %	— %	0.22 %	— %	— %	— %	— %	1.04 %
28	Local governments financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.88 %
29	Housing financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
30	Other local government financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.88 %
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.73 %	0.05 %	— %	— %	— %	— %	— %	— %	— %	0.73 %	0.05 %	— %	— %	— %	0.73 %
32	Total de activos de la GAR	49.89 %	4.29 %	— %	0.07 %	0.22 %	0.17 %	0.07 %	— %	— %	50.00 %	4.37 %	— %	0.13 %	0.22 %	64.79 %

4. GAR (%) in terms of both flow in relation to turnover KPIs and CapEx KPIs

GAR (%) in terms of both flow in relation to turnover KPIs

		Disclosure reference data T																	
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)								
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)								
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)								
			Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling				Of which Use of Proceeds	Of which transitional		Of which enabling	Proportion of total new assets covered	
% (compared to total covered assets in the denominator)																			
GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	32.90 %		5.84 %	— %	0.04 %	0.22 %	0.17 %	0.04 %	— %	— %	33.15 %	6.30 %	— %	0.07 %	0.22 %	69.24 %		
2	Financial undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	15.48 %		
3	Credit institutions	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	14.94 %		
4	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	14.94 %		
5	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
6	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
7	Other financial corporations	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.54 %		
8	of which investment firms	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.54 %		
9	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.54 %		
10	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
11	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
12	of which management companies	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
13	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
14	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
15	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
16	of which insurance undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
17	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
18	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
19	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
20	Non-financial undertakings	2.02 %	0.75 %	— %	0.03 %	0.22 %	0.17 %	0.04 %	— %	— %	2.27 %	0.85 %	— %	0.07 %	0.22 %	16.82 %			
21	Loans and advances	2.02 %	0.75 %	— %	0.03 %	0.22 %	0.17 %	0.04 %	— %	— %	2.27 %	0.85 %	— %	0.07 %	0.22 %	16.82 %			
22	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
23	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
24	Households	30.88 %	5.09 %	— %	0.01 %	— %	— %	— %	— %	— %	30.88 %	5.45 %	— %	— %	— %	— %	36.71 %		
25	of which loans collateralised by residential immovable property	25.27 %	5.08 %	— %	— %	— %	— %	— %	— %	— %	25.27 %	5.45 %	— %	— %	— %	— %	25.27 %		
26	of which building renovation loans	0.28 %	— %	— %	— %	— %	— %	— %	— %	— %	0.28 %	— %	— %	— %	— %	— %	0.28 %		
27	of which motor vehicle loans	0.52 %	— %	— %	— %	— %	— %	— %	— %	— %	0.52 %	— %	— %	— %	— %	— %	4.73 %		
28	Local governments financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.23 %		
29	Housing financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %		
30	Other local government financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.23 %		
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.09 %	— %	— %	— %	— %	— %	— %	— %	— %	0.09 %	— %	— %	— %	— %	— %	0.09 %		
32	Total GAR assets	32.90 %	5.84 %	— %	0.04 %	0.22 %	0.17 %	0.04 %	— %	— %	33.15 %	6.30 %	— %	0.07 %	0.22 %	69.24 %			

GAR (%) in terms of flow in relation to CapEx KPIs

		Disclosure reference data T															
		Mitigación del cambio climático (CCM)					Adaptación del cambio climático (CCA)					TOTAL (CCM + CCA)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
			Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which transitional	
% (compared to total covered assets in the denominator)																	
GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	34.40 %	6.04 %	— %	0.03 %	0.43 %	0.08 %	0.03 %	— %	— %	34.63 %	6.12 %	— %	0.05 %	0.43 %	73.41 %	
2	Financial undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	16.02 %	
3	Credit institutions	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	15.46 %	
4	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	15.46 %	
5	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
6	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
7	Other financial corporations	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.56 %	
8	of which investment firms	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.56 %	
9	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.56 %	
10	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
11	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
12	of which management companies	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
13	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
14	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
15	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
16	of which insurance undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
17	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
18	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
19	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
20	Non-financial undertakings	2.44 %	0.78 %	— %	0.03 %	0.43 %	0.08 %	0.03 %	— %	— %	2.67 %	0.87 %	— %	0.05 %	0.43 %	19.16 %	
21	Loans and advances	2.44 %	0.78 %	— %	0.03 %	0.43 %	0.08 %	0.03 %	— %	— %	2.67 %	0.87 %	— %	0.05 %	0.43 %	19.16 %	
22	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
23	Equity instruments	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
24	Households	31.96 %	5.26 %	— %	— %	— %	— %	— %	— %	— %	31.96 %	5.26 %	— %	— %	— %	37.99 %	
25	of which loans collateralised by residential immovable property	26.15 %	5.26 %	— %	— %	— %	— %	— %	— %	— %	26.15 %	5.26 %	— %	— %	— %	26.15 %	
26	of which building renovation loans	0.29 %	— %	— %	— %	— %	— %	— %	— %	— %	0.29 %	— %	— %	— %	— %	0.29 %	
27	of which motor vehicle loans	0.54 %	— %	— %	— %	— %	— %	— %	— %	— %	0.54 %	— %	— %	— %	— %	4.89 %	
28	Local governments financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.24 %	
29	Housing financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	
30	Other local government financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.24 %	
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.09 %	— %	— %	— %	— %	— %	— %	— %	— %	0.09 %	— %	— %	— %	— %	0.09 %	
32	Total GAR assets	34.40 %	6.04 %	— %	0.03 %	0.43 %	0.08 %	0.03 %	— %	— %	34.63 %	6.12 %	— %	0.05 %	0.43 %	73.41 %	

5. Ratio of Taxonomy-aligned off-balance sheet exposures in relation to turnover and CapEx KPIs

Banco Sabadell uses a financial data supplier to compile, analyse and publish the various indicators. Given the types of products manufactured by Banco Sabadell, discretionary portfolio management, and the engagement of third parties to manage those assets, the supplier Bloomberg has been selected for their compilation and calculation. Bloomberg is a global leader in business and financial information and market news. For the calculation, every month the Institution discloses its AuM and Bloomberg applies several levels of data extraction to explore the final investment of those positions and report their various KPIs. The information is the actual data reported by companies in which that position is invested and no estimates are used.

As for eligibility data, the values indicated are equal to the eligibility values for CCM and CCA, as the values obtained were lower than the alignment values. This situation has been checked and confirmed with the supplier, and the reason is that these alignment targets have been disclosed to the market for longer, and the level of disclosure is greater than it is for eligibility in relation to the companies that make up our portfolio of instruments. Regarding the difference between the totals and the breakdown by objective, this is because part of the invested issuers make overall disclosures but are not yet providing the details for each objective, so there is a difference between the individual objectives and the total.

Indicators relating to transitional alignment and CCM & CCA enabler are not reported as the data supplier indicates that companies have not published that breakdown.



Ratio of Taxonomy-aligned off-balance sheet exposures in relation to turnover KPIs

		Disclosure reference date T										
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	87.00 %	15.00 %			— %	— %		68.00 %	14.00 %	— %	— %
2	Assets under management (AuM KPI)	13.00 %	85.00 %			100.00 %	100.00 %		32.00 %	86.00 %	100.00 %	100.00 %

Ratio of Taxonomy-aligned off-balance sheet exposures in relation to CapEx KPIs

		Disclosure reference date T										
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	78.00 %	8.00 %			— %	— %		59.00 %	8.00 %	— %	— %
2	Assets under management (AuM KPI)	22.00 %	92.00 %			100.00 %	100.00 %		41.00 %	92.00 %	100.00 %	100.00 %

Amount and proportion of taxonomy-aligned exposures reported in the GAR's denominator and numerator for nuclear and gas activities, mainly, in terms of both CapEx and turnover for each environmental objective.

Nuclear and fossil gas related activities in terms of turnover

Row Nuclear energy related activities

1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes

Fossil gas related activities

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No



Taxonomy-aligned economic activities (denominator) in terms of turnover

		Amount and proportion (Amounts presented in million euros)					
Row	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	24.1	9.69 %	24.1	10.04 %	—	— %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	24.1	9.69 %	24.1	10.04 %	—	— %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	24.1	9.69 %	24.1	10.04 %	—	— %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	176.1	70.92 %	167.6	69.89 %	8.5	100.00 %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	—	— %	—	— %	—	— %
8	Total applicable KPI	248,3	100.00 %	239,8	100.00 %	8,5	100.00 %



Taxonomy-aligned economic activities (numerator) in terms of turnover

Row Economic activities		Amount and proportion (Amounts presented in million euros)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	6.1	0.08 %	6.1	0.08 %	—	— %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	6.1	0.08 %	6.1	0.08 %	—	— %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	6.1	0.08 %	6.1	0.08 %	—	— %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	158.1	2.05 %	149.6	1.98 %	8.5	6.71 %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI.	7,529.8	97.71 %	7,390.1	97.78 %	118.4	93.29 %
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	7,706.1	100.00 %	7,557.8	100.00 %	126.9	100.00 %

Taxonomy-eligible but not taxonomy-aligned economic activities in terms of turnover

Row Economic activities		Amount and proportion (Amounts presented in million euros)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	31.4	5.10 %	31.4	5.24 %	—	— %
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	31.4	5.10 %	31.4	5.24 %	—	— %
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	31.4	5.10 %	31.4	5.24 %	—	— %
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	521.5	84.70 %	505.3	84.29 %	16.2	100.00 %
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	—	— %	—	— %	—	— %
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	615.7	100.00 %	599.5	100.00 %	16.2	100.00 %

Taxonomy non-eligible economic activities in terms of turnover

Row	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.4	0.19 %
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	182.2	99.81 %
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	—	— %
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	182.5	100.00 %

Nuclear and fossil gas related activities in terms of CapEx

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Taxonomy-aligned economic activities (denominator) in terms of CapEx

		Amount and proportion (Amounts presented in million euros)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.9	0.53 %	1.9	0.53 %	—	— %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %	—	— %	—	— %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.9	0.53 %	1.9	0.53 %	—	— %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	349.0	98.94 %	349.0	98.94 %	—	— %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	—	— %	—	— %	—	— %
8	Total applicable KPI	352.8	100.00 %	352.8	100.00 %	—	—

Taxonomy-aligned economic activities (numerator) in terms of CapEx

		Amount and proportion (Amounts presented in million euros)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1.9	0.02 %	1.9	0.02 %	—	— %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	— %	—	— %	—	— %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1.9	0.02 %	1.9	0.02 %	—	— %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	349.0	4.57 %	349.0	4.66 %	—	—
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	7,283.3	95.38 %	7,142.7	95.29 %	121.1	100.00 %
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	7,636.1	100.00 %	7,495.5	100.00 %	121.1	100.00 %

Taxonomy-eligible but not taxonomy-aligned economic activities in terms of CapEx

		Amount and proportion (Amounts presented in million euros)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	6.6	1.46 %	6.6	1.46 %	—	— %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	— %	—	— %	—	— %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	6.6	1.46 %	6.6	1.46 %	—	— %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	439.7	97.07 %	439.7	97.07 %	—	— %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	—	— %	—	— %	—	— %
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	452.9	100.00 %	452.9	100.00 %	—	— %

Taxonomy non-eligible economic activities in terms of CapEx

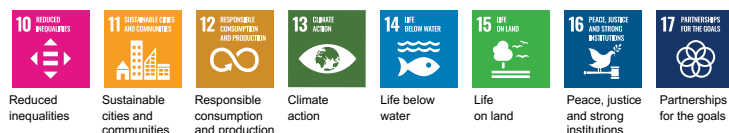
Row	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	183.0	100.00 %
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	—	— %
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	183.0	100.00 %

Annex 5

SDG alignment



1. Introduction									
2. Governance									
3. Sabadell's Commitment to Sustainability									
4. Commitment to climate and the environment						•	•		
5. Commitment to sustainable finance	•						•	•	•
6. Commitment to people			•		•			•	
7. Commitment to society	•	•	•	•	•			•	
8. Commitment against corruption and bribery									
9. Commitment to Human Rights								•	
10. Commitment to information									
Annex 1									
Annex 2									
Annex 3									
Annex 4									



1. Introduction									
2. Governance									
3. Sabadell's Commitment to Sustainability									
4. Commitment to climate and the environment		•	•	•	•	•			
5. Commitment to sustainable finance		•	•	•			•		
6. Commitment to people	•			•	•				
7. Commitment to society	•	•					•		
8. Commitment against corruption and bribery	•						•		
9. Commitment to Human Rights	•						•		
10. Commitment to information							•		
Annex 1								•	
Annex 2									
Annex 3									
Annex 4									



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Independent Assurance Report on the Consolidated Non-Financial Disclosures Report for Banco de Sabadell, S.A. and subsidiaries for 2023

(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 2023, of Banco de Sabadell, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the Group's 2023 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.

In addition, we have verified, with limited scope of security, the information related to the impact analysis, setting objectives, progress in the implementation of objectives, governance, structure and progress in the implementation of the Principles for Responsible Banking set out in Annex 3 "Principles of Responsible Banking. Report and self-assessment" of the NFDR, submitted in accordance with the "Guidance Document. Principles for Responsible Banking and Self-Assessment" published by UNEP FI in 2019 (hereinafter referred to as the PBRs).

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.

The formulation of the NFDR included in the Group's consolidated Management Report, as well as its content, is the responsibility of the Directors of the Parent. The NFDR has been prepared in accordance with the contents of the current commercial regulations and following the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards) selected in accordance with what is mentioned for each subject in the "Table of contents Law 11/2018" that appears in Annex 2 of the aforementioned NFDR. In addition, information relating to the impact analysis, setting of objectives, progress in the implementation of objectives, governance, structure and progress in the implementation of the Principles for Responsible Banking contained in the Annex 3, "Principles of Responsible Banking. Reporting and Self-Assessment" of the NFDR, has been submitted in accordance with the PBRs.

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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 the International Standard on Quality Management (ISQC) 1, which requires us to design, implement and operate a system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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). Likewise, for the verification of information related to PBRs, our work has been carried out in accordance with the requirements established in the Guide "Providing limited assurance for reporting" issued by UNEP FI.

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.

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- 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 2023.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFDR for 2023.
- 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 Annex 3, "Principles of 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 2023 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.

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 2023 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, and the delegated acts promulgated in accordance with this Regulation, stipulate the obligation to disclose information on how and to what extent the undertaking's investments are associated with eligible economic activities relating to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems (the other environmental objectives), and relating to certain new activities included in the objectives of climate change mitigation and climate change adaptation. This obligation applies for the first time for the 2023 fiscal year. This regulation also



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stipulates for the first time for the 2023 fiscal year the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities aligned to the activities included in the objectives of climate change mitigation and climate change adaptation, excluding the aforementioned new activities. Therefore, no comparative information on alignment with the objectives of climate change mitigation and climate change adaptation has been included in the NFDR, nor has comparative information on eligibility been included for the other environmental objectives or for the new activities included in the climate change mitigation and climate change adaptation objectives. Furthermore, inasmuch as the information on eligible activities in 2022 was not required to be as detailed as in 2023, the disclosures on eligibility included in the NFDR are not strictly comparable. In addition, the directors of Banco de Sabadell S.A. have included information on the criteria which, in their opinion, enables them to meet such obligation and which are defined in section "EU 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.

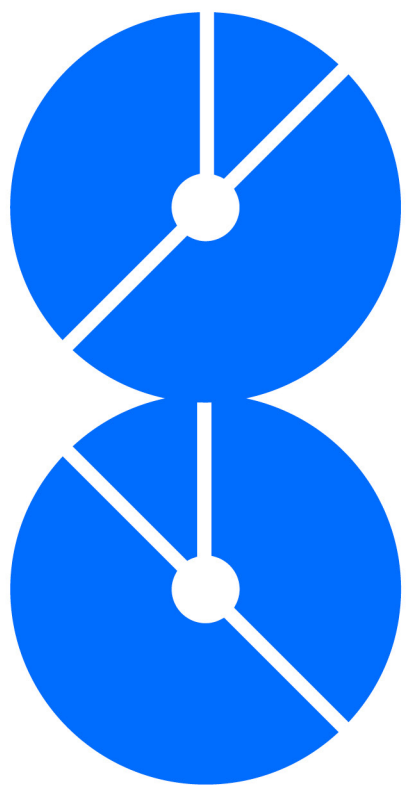
KPMG Asesores, S.L.

(Signed on the original in Spanish)

Patricia Reverter Guillot

22 February 2024

Annual Corporate Governance Report



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¹ The references alongside each section heading in this report refer to the sections of the standard form for the Annual Corporate Governance Report from 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.

The Bank reaffirms its 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 and challenges arising in the new environment, particularly, during 2023, in the monetary and financial areas.

The Annual Corporate Governance Report is drawn up with information on the Bank at 2023 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 22 February 2024 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. As in previous years, Banco Sabadell has decided to adopt the free PDF format in accordance with Circular 2/2018, of 12 June, in order to disclose and describe the main aspects of its corporate governance with the utmost transparency. This document is available in the "Corporate Governance and Remuneration Policy" section of the Bank's corporate website www.grupobancosabadell.com.

www.grupobancosabadell.com

**>Corporate Governance and
Remuneration Policy**

>Annual Corporate Governance Report

Corporate Governance of Banco Sabadell in 2023

In 2023, Banco Sabadell continued to enhance its corporate governance in line with best practices. In particular, the Bank was active in the following areas:

Strategy

Banco Sabadell stepped up its focus on strategic matters through continuous oversight by the Strategy and Sustainability Committee and by the Board of Directors.

The Bank also held offsite meetings that were attended by the members of the Boards of Directors of Banco Sabadell and its subsidiaries in the United Kingdom (TSB) and Mexico, together with Banco Sabadell's senior management in order to improve interpersonal relations and encourage strategic reflection.

Transparency and participation

The Bank maintained the highest standards of transparency and participation to improve and encourage shareholder participation in the General Meeting of Shareholders on 23 March 2023; shareholders were able, not only in person, as in 2022, but also by distance means via direct webcast, to attend, vote on the motions on the agenda, and submit their comments during the question and answer session.

To this end, the Bank again arranged the usual 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.

Integration of these channels with the Bank's website was also improved to enhance the experience of customers who are shareholders and of shareholders in general and to facilitate interaction. For further details on the means of participation in the General Meeting of Shareholders, see the section "Communications within the framework of the General Meeting of Shareholders" in the section "2.1.2 Shareholder participation in 2023" of the Annual Report on Corporate Governance.

In addition to the measures related to the General Meeting of Shareholders, the Bank increased the number of contacts with investors and proxy advisors in the Corporate Governance roadshows, and it held a mid-term session in October 2023, all of which enhanced transparency in engagement.

In pursuit of transparency, and in response to feedback from investors and proxy advisors at the Corporate Governance roadshows, last year, on the occasion of the approval of the new Director Remuneration Policy, the Bank unveiled, among other items, a new remuneration item for the Chief Executive Officer for performing executive duties. That Policy was approved by the General Meeting of Shareholders with 97.36% of votes in favour. The purpose of the Bank's engagement with proxy advisors is detailed under "Proxy Advisors" in section "2.1.2 Shareholder participation in 2023" of the Annual Corporate Governance Report.

Sustainability and diversity

The Bank maintains its Sustainable Commitment, which was adopted in 2022 and sets out 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.

For the third 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.

External assessment and other evaluations

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 2023. 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 checked the procedures established for preparing and holding the 2023 General Meeting of Shareholders. The external consultant checked that, from a technical, procedural and legal standpoint, the requirements, internal procedures and applicable standards were applied in Phase I (before the Meeting), Phase II (Meeting) and Phase III (after the Meeting). Greater details on the checks performed in connection with the General Meeting of Shareholders can be found in section "2.3 General Meeting of Shareholders 2023" of the Annual Corporate Governance Report.

With regard to the recommendations of the CNMV's Code of Good Governance, in 2023 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, in line with Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures.

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.

Accordingly, the Appointments and Corporate Governance Committee has resolved to propose to the Board of Directors, for referral to the 2024 General Meeting of Shareholders, the appointment of a female independent director in place of independent director Mr. José Manuel Martínez Martínez, who has tendered his resignation with effect on the date of the Ordinary General Meeting of Shareholders. This appointment will increase the percentage of women on the Board to 40% in 2024, fulfilling the Bank's commitment as expressed in the Sabadell Sustainable Commitment ahead of schedule.

A majority (75%) of the members of the Appointments and Corporate Governance Committee are women. Additionally, all other aspects of recommendation 15 are 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, which was completed in the first quarter of 2023 and concluded that, based on the analysis that was performed, Banco Sabadell fully complies with the applicable regulatory requirements and that it has a very high degree of compliance with corporate governance recommendations and best practices. The expert also rated the Chairman's performance very positively, describing it as brilliant and exemplary, in facilitating good performance by the Board and the participation of its members at all times.

Regarding the CEO, the expert rated his work positively in that he focused more on the development of Banco Sabadell's business. The analysis also highlighted the CEO's work to simplify the presentation of results and the way the Bank is run.

The analysis also gave a positive rating of the roles played by the Deputy Chairman and the Lead Independent Director, both by the other members and by the expert's team. All the directors had a very positive opinion of the role played by the Board Secretary, who is a key figure in the Board's composition and performance.

The expert concluded that the number, type and composition of the Board Committees are optimal. The Board Committees have the appropriate number of members to facilitate debate and the involvement of all members.

The independent expert also concluded that the Board and the Board Committees of Banco Sabadell have an optimum degree of interaction and operational performance in functional terms, with all matters that are to be dealt with by the Board being addressed beforehand in the Committees. They also pointed out that the minutes are complete, setting out both the details of each issue discussed at each meeting and the challenge and debate among the members.

It is also noteworthy that the motions on the agenda for the General Meeting of Shareholders obtained a high proportion of votes in favour. The items on the agenda were approved with more than 91% of votes in favour, the average vote in favour of all the items being 97.73%. By way of illustration, the motions to approve the financial statements and grant discharge were approved with 99.29 % of votes in favor, and the distribution of income and the dividend were approved with 99.84 % of votes in favor. The re-election of the Chairman, Mr. Josep Olliu Creus, was approved with 98.32 % of votes in favour, the Director Remuneration Policy was approved with 97.36 % of votes in favour, and the consultative vote on the Annual Report on Director Remuneration for the previous year obtained 92.20 % of votes in favour.

Board of Directors

The following changes were made in the Board of Directors in 2023:

- Mr. Anthony Frank Elliott Ball resigned as an independent director of Banco Sabadell with effect as of the date of the Ordinary General Meeting of Shareholders, which took place on 23 March 2023. Mr. Anthony Frank Elliott Ball held the position of Lead Independent Director.
- Mr. Pedro Viñolas Serra was appointed as an independent director to fill the vacancy produced by the resignation of Mr. Anthony Frank Elliott Ball, by means of a resolution by the General Meeting of Shareholders on 23 March 2023, and he attended his first Board meeting on 30 June 2023, once the pertinent regulatory authorizations had been received.
- Mr. George Donald Johnston III was appointed as Lead Independent Director at the Board of Directors' meeting held on 23 March 2023.

The appointment of Mr. Pedro Viñolas Serra increased and enhanced the diversity of banking knowledge and experience and, in particular, the degree of expert knowledge in financial and capital markets, with executive experience in boards of directors, planning and strategy, governance and risk control, human resources, governing and management bodies and the management of organizations, with solid business experience. All of this has contributed to strengthening the collective suitability of the Board of Directors and maintaining its collective capacity to challenge the Bank's executives and to exercise supervisory oversight. Priority was also given to the fact that the new director has experience in banking, providing the necessary specialization.

Additionally, in the appointment of Mr. George Donald Johnston III as the new Lead Independent Director, particular importance was attached to the fact that he has horizontal skills in governing bodies, management of organizations and business experience, as well as industry experience in banking, particularly retail and corporate banking, financial and capital markets, other financial competencies, risk management, planning and strategy, governance, risk control, prevention of money laundering and terrorist finance, and human resources, talent, culture and remuneration. The combination of those competencies and his specific experience in the position of lead independent director in other companies gives him exceptional knowledge and experience to perform the functions of Lead Independent Director on the Board of Directors. He also has international experience.

Following these changes, 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 2023, as reflected in the Articles of Association, which were last amended by the General Meeting of Shareholders in 2021.

At a meeting on 30 June 2023, the Board of Directors resolved, following a report from the Appointments and Corporate Governance Committee, to amend the composition of the Board of Directors' Committees. The changes were made after Mr. Pedro Viñolas Serra joined the Board as an independent director, after the analysis by the Appointments and Corporate Governance Committee of the composition of the Committees in pursuit of continuous improvement in the Bank's corporate governance performance.

In this regard, the time since the first appointment of the Chairman of the Remuneration Committee, in 2015, was analysed and it was considered appropriate to rotate the position, while recognizing the excellent work performed by Ms. Aurora Catá Sala in that position. Ms. Aurora Catá Sala, an independent director, was replaced by Ms. Mireya Giné Torrens, also an independent director. The new Chairman of the Remuneration Committee, who has skills in human resources, talent and culture and remuneration, is considered to be the appropriate person to replace Ms. Aurora Catá Sala and to hold that position. This also maintains the proportion of women, as the under-represented sex, and reinforces age diversity in committee positions.

Mr. Manuel Valls Morató, an independent director, was appointed Chairman of the Audit and Control Committee in place of Ms. Mireya Giné Torrens, also an independent director. Mr. Manuel Valls Morató is competent and knowledgeable in the functions of the Committee and has experience in the position, having held it previously.

Additionally, Mr. George Donald Johnston III, who is Lead Independent Director and Chairman of the Risk Committee, was appointed a member of the Strategy and Sustainability Committee in place of Mr. José Manuel Martínez Martínez, an independent director; Mr. Pedro Viñolas Serra, an independent director, was appointed a member of the Credit Delegated Committee in place of Ms. María José García Beato, who is an other external director and member of the Audit and Control Committee; Ms. María José García Beato, who is an other external director, was appointed a member of the Appointments and Corporate Governance Committee; and Mr. José Manuel Martínez Martínez, an independent director who is Chairman of the Appointments and Corporate Governance Committee, was appointed a member of the Remuneration Committee in place of Mr. George Donald Johnston III, who is Lead Independent Director and Chairman of the Risk Committee.

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
	George Donald Johnston III	Member
	Miquel Roca i Junyent	Non-member secretary
Credit Delegated	Pedro Fontana García	Chairman
	Lluís Deulofeu Fuguet	Member
	César González-Bueno Mayer Wittgenstein	Member
	Alicia Reyes Revuelta	Member
	Pedro Viñolas Serra	Member
	David Vegara Figueras	Permanent observer
	Gonzalo Barettino Coloma	Non-member secretary
Audit and Control	Manuel Valls Morató	Chairman
	Pedro Fontana García	Member
	Laura González Molero	Member
	Pedro Viñolas Serra	Member
	Miquel Roca i Junyent	Non-member secretary
Appointments and Corporate Governance	José Manuel Martínez Martínez	Chairman
	Aurora Catá Sala	Member
	María José García Beato	Member
	Mireya Giné Torrens	Member
	Miquel Roca i Junyent	Non-member secretary
Remuneration	Mireya Giné Torrens	Chairman
	Laura González Molero	Member
	José Manuel Martínez Martínez	Member
	Gonzalo Barettino Coloma	Non-member secretary
Risk	George Donald Johnston III	Chairman
	Aurora Catá Sala	Member
	Alicia Reyes Revuelta	Member
	Manuel Valls Morató	Member
	Gonzalo Barettino 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 following a favourable report from the Appointments and Corporate Governance Committee; it was last reviewed on 30 March 2023 on the occasion of the most recent appointment of a director (Mr. Pedro Viñolas Serra) and the replacement of the Lead Independent 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 organizations; business experience; governance and public policy; consulting; regulatory and supervisory bodies; academia; and communication and institutional relations.

Women represented 33% of the Board of Directors and 40% of the independent directors in 2023, 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.

As indicated above, the Appointments and Corporate Governance Committee has resolved to propose to the Board of Directors, for referral to the 2024 General Meeting of Shareholders, the appointment of a female independent director in place of independent director Mr. José Manuel Martínez Martínez, who has tendered his resignation with effect on the date of the Ordinary General Meeting of Shareholders. This appointment will increase the percentage of women on the Board to 40% in 2024, fulfilling the Bank's commitment as expressed in the Sabadell Sustainable Commitment ahead of schedule.

Knowledge, skills and experience were reinforced in the following areas: corporate banking, accounting and auditing, risk management, prevention of money laundering and terrorist financing, responsible business and sustainability, and academic skills.

Diversity and competencies



Organizational structure

As a continuation of the implementation of the new organizational structure approved by the Board of Directors in 2021 to address the execution of Banco Sabadell's current strategy, during 2023 the Board approved new appointments and organizational adjustments to ensure that it has the right management team.

On 30 March 2023, the Board of Directors approved the appointment as General Managers, previously Deputy General Managers, of Mr. Carlos Paz Rubio, Director of the Risk Division; Ms. Sònia Quibus Rodríguez, Director of the People Division; Mr. Marc Armengol Dulcet, Director of the Operations and Technology Division; and Ms. Elena Carrera Crespo, Director of the Sustainability and Efficiency Division.

At a meeting on 30 November 2023, the Board of Directors appointed Mr. Marcos Prat Rojo as General Manager of Banco Sabadell, with the role of Strategy Director, reporting to the CEO, subject to obtaining fit and proper clearance from the European Central Bank, at which point his appointment became effective; it also appointed him as a member of Banco Sabadell's Executive Committee.

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

Sustainability played an important role within Banco Sabadell's business purpose and strategy in 2023. Environmental, social and governance factors are considered when making decisions and in responding to the needs and concerns of all stakeholders. To this end, Banco Sabadell, TSB and Banco Sabadell Mexico have made their own commitments in this regard. In 2022, the Bank had already reinforced the ESG dimensions that it applies to strategy, governance and its business model with the launch of the Sabadell Sustainable Commitment framework, which includes specific objectives for 2025-2050 along four strategic axes. It can be viewed in the "Sustainability" section of the Bank's website www.grupobancosabadell.com. Banco Sabadell also aims to frame the Group's activity and organization within ESG parameters through its Sustainability Policy and Environmental and Social Risk Framework and, from 2023, by reinforcing the involvement of senior management and the group's Identified Staff by including sustainability in their multi-year objectives linked to long-term remuneration.

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 April 2023, the Board of Directors updated its sustainability policy, which is aimed at framing all of the Banco Sabadell Group's business and organization within ESG parameters. The Policy incorporates environmental, social and governance factors into decision-making and, on that basis, responds to the needs and concerns of all 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 organization 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 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 2023 Non-Financial Disclosures Report, which forms part of the 2023 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 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 2023, the share capital of Banco Sabadell was €680,027,680.875, represented by 5,440,221,447 registered shares, with a par value of €0.125 each, all fully subscribed and paid up, representing 5,440,221 voting rights, at a ratio of one voting right for every 1,000 shares. The share capital was last modified on 11 December 2023 as a result of the capital reduction approved by the General Meeting of Shareholders on 23 March 2023, 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.

According to CNMV data, at 2023 year-end, three investor groups within the Bank's ownership structure reported a shareholding of over 3%; together those three shareholders represented 10.10% of the total share capital. 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 3.75% of the Bank's share capital.

There were 213.560 shareholders at 31 December 2023, distributed as follows:

680,027,680.875

Euro

5,440,221,447

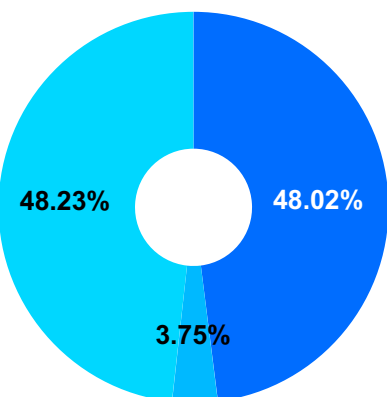
Registered shares

5,440,221

Voting rights

3

Investor groups that reported holdings of more than 3%. 2023



- Retail investors
- Board of Directors
- Institutional investors

213,560

Number of shareholders at 31 December 2023

No. of shares	No. of shareholders	Shares	% of capital
1 to 12,000	168.843	531.041.462	9,76
12,001 to 120,000	41.967	1.305.324.842	24,00
120,001 to 240,000	1.656	275.264.990	5,06
240,001 to 1,200,000	930	415.699.219	7,64
1,200,001 to 15,000,000	137	514.826.662	9,46
More than 15,000,000	27	2.398.064.272	44,08
Total	213.560	5.440.221.447	100,00%

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

At 31 December 2023, the direct and indirect owners of significant stakes in Banco Sabadell, including directors with significant stakes, were:

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	3.43	0.00	0.67	4.10
Dimensional Fund Advisors LP	0.00	3.11	0.00	0.00	3.11
David Martínez Guzmán	0.00	3.56	0.00	0.00	3.56

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.Ä.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.

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:

Name of shareholder	Transaction date	Description of change
Blackrock Inc.	07/02/2023	Fell below 3% of voting rights attributed to shares
	13/02/2023	Exceeded 3% of voting rights attributed to shares
	18/08/2023	Fell below 3% of voting rights attributed to shares
	21/08/2023	Exceeded 3% of voting rights attributed to shares
The Goldman Sachs Group, INC	28/03/2023	Exceeded 5% of voting rights attributed to shares and through financial instruments
	30/03/2023	Fell below 3% of voting rights attributed to shares and through financial instruments

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 3.75 % 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.

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	Voting rights attributed to the shares (%)		Voting rights through financial instruments (%)		Total voting rights (%)	Voting rights that may be transferred through financial instruments (%)	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Josep Oliu Creus	0.09	0.04	0.00	0.00	0.13	0.00	0.00
Pedro Fontana García	0.00	0.00	0.00	0.00	0.00	0.00	0.00
César González-Bueno Mayer Wittgenstein	0.02	0.00	0.00	0.00	0.02	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
Pedro Viñolas Serra	0.00	0.00	0.00	0.00	0.00	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 23 March 2023, under item eight on the agenda, which revoked the power granted by motion eight adopted by the General Meeting of Shareholders on 28 March 2019 with respect to the part not yet executed (that power was in force through 23 March 2023 in the same terms as the current authorization) and authorized Banco Sabadell, within a maximum period of five years as from the date of the resolution, so that, directly or through subsidiaries, subject to obtaining prior authorization 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 2023 year-end, Banco Sabadell directly held 37.177.542 own shares, representing 0.683 % of share capital. The Bank reported the following changes in treasury stock to the CNMV:

Transaction date	Total number of direct shares	Total number of indirect shares	Total % of share capital
22/02/2023	36,683,410	—	0.652
17/07/2023	67,149,156	—	1.193
08/08/2023	124,931,186	—	2.220
15/09/2023	183,706,060	—	3.265
11/12/2023	32,517,311	—	0.598

Share Repurchase Programme

During 2023, Banco Sabadell carried out a share repurchase programme (the Repurchase Programme) within the framework of Banco Sabadell's Shareholder Remuneration Policy approved by the Board of Directors at a meeting on 25 January 2023.

On 23 March 2023, the General Meeting of Shareholders, under item four on the agenda, approved, with 99.30% of the votes in favour, the reduction of Banco Sabadell's share capital by the nominal amount of own shares that may be acquired by the Bank by virtue of the share repurchase programme that the Board of Directors planned to establish, for a maximum monetary amount of €204 million, subject to not exceeding 10% of the share capital on the date of adoption of the related resolution and to obtaining any pertinent regulatory authorizations. In accordance with the resolution, the capital reduction was to be executed by cancelling own shares acquired under the authorization granted by that General Meeting of Shareholders under item eight on the agenda or any other General Meeting of Shareholders resolution relating to the acquisition of own shares for cancellation in accordance with the provisions of the applicable legislation and regulations. The Board of Directors was also empowered to specify and elaborate upon that capital reduction resolution, establishing the terms and conditions of the capital reduction in all matters not provided for, including, in particular, establishing the date on which to perform the capital reduction and the number of shares to be cancelled. The Board was also empowered to decide not to execute the resolution in certain events due to unforeseen

circumstances. The term of execution of the resolution was established as until the date of the next Ordinary General Meeting of Shareholders.

On 30 June 2023, once the requisite authorization had been received from the European Central Bank, Banco Sabadell informed the market, by means of a regulatory disclosure of inside information with CNMV registration number 1909, of the establishment and execution of a temporary share repurchase programme for a maximum monetary amount of €204 million. The Repurchase Programme was carried out in accordance with the provisions of Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) No. 2016/1052 of 8 March 2016.

On 13 November 2023, Banco Sabadell announced that execution of the Repurchase Programme had concluded upon reaching the maximum monetary amount of €204 million provided for in the Repurchase Programme, entailing the acquisition of a total of 186,743,254 own shares representing approximately 3.32% of Banco Sabadell's share capital as of that date.

On 30 November 2023, the Board of Directors resolved to execute the share capital reduction, setting the amount of the reduction at €23,342,906.75, through cancellation of all the shares acquired under the Repurchase Programme. The share capital of Banco Sabadell was thus set at €680,027,680.875, represented by 5,440,221,447 registered shares, each with a par value of €0.125, all belonging to the same class and series.

The capital reduction and the amendment of Article 7 of the Articles of Association relating to share capital were registered with the Alicante Mercantile Registry on 11 December 2023, as a result of which the reduction was executed and the repurchased shares were delisted.

1.5. Estimated free float (A.11)

At 2023 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 89.022 %.

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 attainment 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 per cent, 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 neutralization 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 allows shareholders to cooperate among themselves. 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 organizational structure, establishing the roles and responsibilities of the Board of Directors, the Board committees and internal committees, as well as the areas and units involved.
- The reporting, communication, contact and participation channels to safeguard the above principles.

2.1.2 Shareholder participation in 2023

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, inside and other relevant information 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, 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 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. The Bank provides all shareholders with a range of resources to enable them to participate in and attend the Meeting, such as the ability to grant proxy, vote and attend by means of distance communication through the corporate website www.grupbancsabadell.com using an electronic national ID document or a recognized electronic certificate, through the Banco Sabadell Group remote banking services (BS Online and BS Mòvil) 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 and investors**

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 investors, 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.

— **Specialized industry events**

The Bank attends specialized 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 that includes an introduction to the macroeconomic situation and a review of the Bank's results, as well as a question and answer session.

2.1.3 Shareholder remuneration policy

The economic rights of all shareholders include the right to share in the Institution's profits by receiving dividends and any other distributions (issue premium refunds, repayment of contributions) that the Institution's competent bodies (General Meeting of Shareholders, based on a proposal by the Board of Directors, or the latter in the case of payment of interim dividends) resolve to distribute among the shareholders.

Pursuant to Article 529 ter of the Capital Companies Law, the Boards of Directors of capital companies have the power, which not be delegated, to approve the dividend policy in order to establish a transparent and predictable framework for decisions regarding shareholder remuneration. Banco Sabadell's policy in this respect aims to reconcile maintaining appropriate levels of capital and liquidity at all times such as to have a comfortable margin over the applicable requirements, while offering shareholders attractive remuneration in line with earnings performance.

The CNMV requires that listed companies make their shareholder remuneration policy available to shareholders and investors. Both the CNMV and the European Securities Markets Authority, as well as the stock market regulations, stress the need to disclose, transparently and with sufficient advance notice, any decisions that are adopted or submitted for approval by the competent bodies in this area in order to contribute to proper price formation of shares and derivative financial instruments in the market.

For these purposes, Banco Sabadell has a Shareholder Remuneration Policy that was approved by the Board of Directors at a meeting on 25 January 2023 and reviewed at a meeting on 31 January 2024.

The purpose of the Policy is to establish the principles that will govern the decisions regarding shareholder remuneration that the Board of Directors submits to the General Meeting of Shareholders for approval or that the latter adopts directly in the exercise of its powers regarding the distribution of interim dividends.

The principles governing shareholder remuneration comply with current legislation, Banco Sabadell's corporate governance rules and the good governance recommendations and principles adopted by the Bank, particularly those contained in the Good Governance Code for listed companies approved by the CNMV (June 2020 revision). They must also conform to the prudential and supervisory framework applicable to financial institutions and the recommendations and considerations by national and European supervisory authorities.

These principles also take consideration of best practices observed by domestic listed companies and by financial institutions listed in Europe and in the main capital markets.

Accordingly, the Bank's shareholder remuneration and dividend distribution decisions must comply with the following principles:

- Conformity to current legislation
- Proportionality to the number of shares
- Equal treatment
- Transparency
- Tied to profit
- Solvency and sustainability over time
- Value creation and profit enhancement
- Shareholder return
- Observed best practices

The Policy sets out the essential parameters established as a framework for executing this proposal. These are:

- The annual amount of shareholder remuneration
- Remuneration payment formulas

— Frequency of remuneration payments

As this right is common to all of the Bank's shareholders, in line with the provisions of Banco Sabadell's Policy on Communication and Contact with Shareholders, Investors and Proxy Advisors, Banco Sabadell's Shareholder Remuneration Policy is published on the Bank's corporate website (www.grupobancosabadell.com).

Likewise, any decision or proposal regarding shareholder remuneration that is adopted or made by the Board of Directors must be notified to the CNMV in the form of a regulatory disclosure of inside information in advance of the date of payment of the remuneration provided for in the applicable regulations.

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 authorization 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 2023 (B.4 and B.5)

At a meeting on 16 February 2023, 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 give notice of the General Meeting of Shareholders to be held on 23 March 2023, at second call, and 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, an end-to-end platform for certifying event sustainability. 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



- Accessibility
- Inclusiveness
- Economic sustainability, i.e. that the event has an economic benefit
- Positive legacy

In addition, the degree to which the 2023 General Meeting of Shareholders conformed to the procedure for preparing for and holding Ordinary General Meetings of Shareholders was checked by an external consultant. The external consultant checked that, from a technical, procedural and legal standpoint, the requirements, internal procedures and applicable standards were applied in Phase I (before the Meeting), Phase II (Meeting) and Phase III (after the Meeting).

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 and 2023 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 shareholders' meeting	% in attendance in person and by distance means	% represented by proxy	% votes cast by distance means		Total
			E-voting	Other	
23/03/2023	0.26	60.68	0.44	0.54	61.92
Of which free float:	0.10	60.66	0.44	0.54	61.74
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

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 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.1.1, C.1.2, C.1.8 and C.1.29)

At 31 December 2023, the Board comprised 15 members, as follows:



Name of director	Director category	Board committees	Board position	Date of first appointment	Date of last appointment	Appointment procedure
Josep Oliu Creus	Other external	• S&SC (C)	Chairman	29/03/1990	23/03/2023	General Meeting decision
Pedro Fontana García	Independent	• CrDC (C) • A&CC (M) • S&SC (M)	Deputy Chairman	27/07/2017	24/03/2022	General Meeting decision
César González-Bueno Mayer Wittgenstein	Executive	• S&SC (M)* • CrDC (M)	Chief Executive Officer	17/12/2020	26/03/2021	General Meeting decision
Aurora Catá Sala	Independent	• A&CGC (M) • RC (M)	Director	29/01/2015	23/03/2023	General Meeting decision
Lluís Deulofeu Fuguet	Independent	• CrDC (M) • S&SC (M)	Director	28/07/2021	24/03/2022	General Meeting decision
María José García Beato	Other external	• A&CGC (M) • S&SC (M)	Director	24/05/2018	23/03/2023	General Meeting decision
Mireya Giné Torrens	Independent	• RemC (C) • A&CGC (M)	Director	26/03/2020	26/03/2020	General Meeting decision
Laura González Molero	Independent	• A&CC (M) • RemC (M)	Director	26/05/2022	23/03/2023	General Meeting decision
George Donald Johnston III	Independent	• RC (C) • S&SC (M)	Lead Independent 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	• A&CGC (C) • RemC (M)	Director	26/03/2013	24/03/2022	General Meeting decision
Alicia Reyes Revuelta	Independent	• CrDC (M) • RC (M)	Director	24/09/2020	26/03/2021	General Meeting decision
Manuel Valls Morató	Independent	• A&CC (C) • RC (M)	Director	22/09/2016	26/03/2021	General Meeting decision
David Vegara Figueras	Executive		Director	28/05/2015	23/03/2023	General Meeting decision
Pedro Viñolas Serra	Independent	• CrDC (M) • A&CC (M)	Director	23/03/2023	23/03/2023	General Meeting decision

* Member solely for matters of strategy.

Board of Directors Committees

- **S&SC** Strategy and Sustainability Committee
- **CrDC** Credit Delegated Committee
- **A&CC** Audit and Control Committee
- **A&CGC** Appointments and Corporate Governance Committee
- **RemC** Remuneration Committee
- **RC** Risk Committee

C: Chairman

M: Member

11/15

Directors according to
Articles of Association

15

Directors established by
the General Meeting of
Shareholders

15

Members of the Board
of Directors

Of the fifteen members of the Board of Directors, two are executive directors (13.33% of the total Board) and thirteen are non-executive directors: ten independent (66.67% of the total Board), two other external directors (13.33%) and one proprietary director (6.67% of the total Board).

15

Members of the
Board of Directors



1

Non-executive Chairman (other external)



2

Executive directors



10

Independent directors



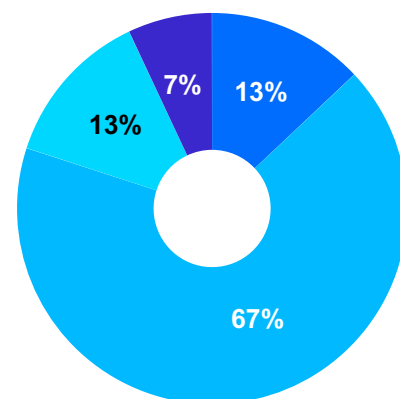
1

Other external director



1

Proprietary director



■ Executive directors
■ Independent
■ Other external
■ Proprietary

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 January 2023, by means of a letter addressed to the Chairman which the latter circulated to all members of the Board of Directors, Mr. Anthony Frank Elliott Ball tendered his resignation as an independent director of Banco Sabadell, effective as of the date of the following Ordinary General Meeting of Shareholders, which took place on 23 March 2023. The resignation was duly reported to the CNMV in the form of an Other relevant information and it took effect on the date of the 2023 General Meeting of Shareholders, on 23 March 2023.

As communicated by Banco Sabadell through an Other relevant information, the decision to resign was due to his increased business commitments and growing number of positions. Mr. Anthony Frank Elliott Ball also stated that Banco Sabadell had made notable progress in the last couple of years and expressed his conviction that it is on track to further success.

To fill the vacancy for an independent director, the General Meeting of Shareholders on 23 March 2023 resolved, on a motion by the Appointments and Corporate Governance Committee, to appoint Mr. Pedro Viñolas Serra as an independent director; he accepted the position on 22 June 2023, once the pertinent regulatory authorizations had been received, and he joined the Board of Directors for the first time on 30 June 2023.

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 sectoral 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 skills	Chairman	Deputy Chairman	CEO	Director
	Josep Olliu Creus	Pedro Fontana García	César González-Bueno Mayer	Aurora Catá Sala
	Ext.	Ind.	Exec.	Ind.
Retail banking	●	●	●	
Corporate banking	●	●	●	●
Financial and capital markets	●	●	●	●
Insurance	●	●	●	
Other financial skills	●	●	●	●
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	●	●	●	●
Management of organizations	●	●	●	●
Business experience	●	●	●	●
Government and public policy	●		●	
Consultancy			●	●
Regulatory and supervisory bodies	●		●	
Academic	●		●	
Communication and institutional relations	●		●	

Industry skills											
	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	Pedro Viñolas Serra
	Ind.	Ext.	Ind.	Ind.	Lead Ind.	Prop.	Ind.	Ind.	Ind.	Exec.	Ind.
Retail banking	●	●		●	●		●	●			
Corporate banking		●		●	●			●			●
Financial and capital markets		●	●	●	●	●	●	●		●	●
Insurance							●	●	●		
Other financial skills	●	●	●	●	●	●	●	●	●	●	●
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	●	●	●	●	●	●	●	●	●	●	●
Management of organizations	●	●	●	●	●	●	●	●	●	●	●
Business experience	●	●	●	●	●	●	●	●	●	●	●
Government and public policy	●	●							●	●	
Consultancy	●		●	●						●	
Regulatory and supervisory bodies		●		●			●	●	●	●	
Academic		●	●					●	●	●	●
Communication 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. Head of Studies and Strategy (1983-1984) and Head of Planning (1984-1987) at Spain's National Institute of Industry (INI). 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 as Chairman of Puig, S.L. Director of Puig Brands, S.A., member of FEDEA (Fundación de Estudios de Economía Aplicada), and member of the Board of Trustees of the Princess of Asturias Foundation and the Princess of Girona Foundation.
César González-Bueno Mayer Wittgenstein Chief Executive Officer	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 Sabadell, S.A., IBM, of SabCapital, 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 member of the Board of Trustees of Ciudad Escuela de los Muchachos Foundation.
David Vega Figueras Director General Manager	Profile Finance/ Risk/ 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), Deputy Director of the International Monetary Fund (2010-2012) and Deputy Chief Executive Officer, Banking in the European Stability Mechanism (2012-2015). Member of the Supervisory Board of Hellenic Corporation of Assets and Participations, S.A. (2016-2022), and 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 Board of Trustees of the Pasqual Maragall Foundation, trustee for life of the Gala-Salvador Dalí Foundation, member 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. de C.V., Vitro, S.A.B. de C.V., Cemex, S.A.B. de C.V. 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.

<p>Pedro Fontana García Deputy Chairman – Independent</p>	<p>Profile Banking/ Retail Banking/ Business</p>	<p>Degree in Business from ESADE (Barcelona) and MBA from Harvard Graduate School of Business Administration, Boston, Massachusetts (USA). Regional Manager of Banco de Comercio (1978-1982), General Manager of Banca Mas Sardá (1983-1988), Chief Executive Officer of NH Hoteles (1989-1990), 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), nominee of EMESA Corporación Empresarial, S.L. on the board of listed company Elior Group, S.A. (2018-2019), and director of Fira Internacional de Barcelona (2011-2023). Independent director of Grupo Indukern, S.L. and of Pax Lux Equityco, S.A., Chairman of My Chef Ristorazione Commerciale, S.P.A., and director of MdF Family Partners, S.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. Member of the boards of trustees of Universitat Ramon Llull Fundació, Fundación Grupo Sifu and Fundación Formación y Futuro and of Fundació Acció Solidària Contra l'Atur.</p>
<p>Aurora Catá Sala Independent Director</p>	<p>Profile Business/ Consulting Finance/ Human resources</p>	<p>Degree in Industrial Engineering (major in Industrial Organization) 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>
<p>Lluís Deulofeu Fuguet Lead Independent Director</p>	<p>Profile Banking/ Retail Banking/ Digital and IT (digital transformation)/ Business/ Consulting</p>	<p>Degree in Telecommunications Engineering from the Polytechnic University of Catalonia and has completed the "Finance for Executives" programme at ESADE and the PDG at IESE (Barcelona). Senior Manager at Andersen Consulting (1988-1994), Head of Technical Services & Development of New Projects at Acesa (1994-2001), Chief Technology Officer at La Caixa (2001-2011), Managing Director for Internal Resources and Efficiency at Abertis Infraestructuras (2011-2014). Managing Director of Sanef (2014-2018) and Deputy CEO of Cellnex Telecom (2018-2020). 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 Digital, S.A.U., Banco Sabadell's technology subsidiary, since 2020. Chairman of Fundación Cellnex.</p>

Mireya Giné Torrens Independent Director	Profile Finance/ Academic/ 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. She is currently professor and director of the Department of Financial Management at IESE Business School. 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/ 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 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, member of the Advisory Board of Integrated Service Solutions, S.L. and member of the Advisory Board of Leadership & Executive Search Advisory Services Iberia, S.L. (N2GROWTH IBERIA).
George Donald Johnston III Lead 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). Lead independent director of Acerinox, S.A. and independent director of Merlin Properties, SOCIMI, S.A.
José Manuel Martínez Martínez Independent Director	Profile 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 MAPFRE and member of the Board of Trustees of Fundación Doctor Pedro Guillén and of Fundación Pedro Cano.

Alicia Reyes Revuelta Independent Director	Profile Banking/ Retail & Corporate Banking/ Finance/ International/ ESG/ Digital and 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). 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). Chairman of Momentus Securities (2023). Formerly Guest lecturer at the Institute of Finance and Technology of the Engineering Faculty, University College London (UCL) and member of the Board of Trustees of Fareshare. Independent director of Ferrovial, S.E. and of KBC Group N.V., director of KBC BANK. N.V.
Manuel Valls Morató Lead Independent Director	Profile 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). 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.



Pedro Viñolas Serra Independent director	Profile Banking/ Corporate Banking/ Business/ Finance	Degree in Business Administration from the University of Barcelona and Degree in Business Administration and MBA from ESADE and the Polytechnic University of Catalonia. He has held a number of positions in the Barcelona Stock Exchange (1988-1997): Director of the Research Department, Deputy General Manager in charge of the Research and Corporate Development Department, Finance, Market Supervision, International Relations and subsidiaries. CEO of Filo (1997-2002), a listed real estate group. Partner & CEO of Grupo Financiero Riva y Garcia (2003-2008). He has been director of Grupo Mecanotubo (2006-2010), of SIIC de Paris (2010-2014) and of Grupo Electro Stocks (2011-2020). He has been CEO of Inmobiliaria Colonial, Socimi, S.A. since 2008 and Deputy Chairman since 2019, holding other positions in governing bodies at Colonial Group companies. He is an independent director of Blue Self Storage, S.L., President of the European Real Estate Association, and a trustee of Fundación ESADE.
María José García Beato Other external director	Profile Banking/ Legal/ Regulatory/ Governance	Degree in Law and Diploma in Criminology. Spanish State Attorney (1991). Former positions include State Attorney at the Madrid High Court of Justice, 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). Independent director of ACS, Actividades de Construcción y Servicios, S.A., non-executive director of MdF Family Partners, S.A., and independent director of Iberpapel Gestión, S.A. Member of the boards of trustees of Fundación Banco Sabadell, of Fundación de la Asociación Española de Banca and of Fundación ACS.

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 SabCapital, 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 Fuguat is a non-executive director of subsidiary Sabadell Digital, S.A.U.

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 2023 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 these purposes, executive or non-executive positions held within the same group are counted as a single position, in which case the privileged counting rules apply in accordance with the European Central Bank's Guide to Fit and Proper Assessments and the European Banking Authority Guidelines on Internal Governance (EBA/GL/2021/05). Under the privileged counting rules, it is possible to hold several positions in the same group or positions in companies in which the institution has a significant holding.

When determining the maximum number of positions, positions held in non-profit or non-commercial organizations 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 (amended on 29 September 2022 and reviewed, resulting in no changes, on 28 September 2023), 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, among others, 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, 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 reporting favourably to the Board on the re-election by the General Shareholders' Meeting of the Chairman of the Board as an other external director (Mr. Josep Oliu Creus), proposing to the General Shareholders' Meeting the appointment of an independent director (Mr. Pedro Viñolas Serra), the ratification and

appointment of an independent director (Ms. Laura González Molero) and the re-election of another independent director (Ms. Aurora Catá Sala), as well as issuing a favourable report to the Board of Directors on its proposals for the re-election by the General Meeting of Shareholders of an external director (Ms. María José García Beato) and an executive director (Mr. David Vegara Figueras).

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 31 January 2024, that the appointment, re-appointment and ratification decisions adopted in 2023 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 and strengthening 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. Specifically, the appointment of Mr. Pedro Viñolas Serra, who has a strong financial profile and is specialized in corporate finance and financial strategy, with extensive knowledge of the Spanish and European real estate sector, increased and strengthened the diversity of banking knowledge and experience, particularly in the areas of corporate banking, accounting and auditing, risk management, prevention of money laundering and terrorist financing, responsible business and sustainability and academic skills on 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.

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 2023 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:

5

Female directors



1 Female other external director (out of 2)



4 Female independent directors (out of 10)

	Number of female directors				% of total directors in each category			
	2023	2022	2021	2020	2023	2022	2021	2020
Executive	—	—	—	1	—	—	—	25.00
Proprietary	—	—	—	—	—	—	—	—
Independent	4	4	3	3	40.00	40.00	30.00	30.00
Other external	1	1	1	—	50.00	50.00	50.00	—
Total	5	5	4	4	33.33	33.33	26.67	26.67

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 2023, women accounted for 33% of the total Board of Directors, fulfilling the Bank's commitment as set out in the Sabadell Sustainable Commitment for 2023. Women also accounted for 40% of independent directors, thereby fulfilling the requirement of the Directive of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures.

In compliance with the commitment that has been made, the Appointments and Corporate Governance Committee has resolved to propose to the Board of Directors, for referral to the 2024 General Meeting of Shareholders, the appointment of a female independent director in place of independent director Mr. José Manuel Martínez Martínez, who has tendered his resignation with effect on the date of the Ordinary General Meeting of Shareholders. This appointment will increase the percentage of women on the Board to 40% in 2024, fulfilling the Bank's commitment as expressed in the Sabadell Sustainable Commitment ahead of schedule.

With regard to the presence of women on Board committees, the Audit and Control Committee is chaired by a female independent director and there are female independent directors in all the Board committees. A majority of the members of the Appointments and Corporate Governance Committee and Remuneration Committee are women (75% and 66.67%, respectively). The Risk Committee is made up of an equal number of female and male members, while women account for 25% of the Audit and Control Committee. Women account for 16.67% of the Strategy and Sustainability Committee (in matters of strategy) and 20% (in matters of sustainability), and for 20% of the Credit Delegated Committee. The evolution of the representation of women on the Board's committees in recent years is shown below:

Number of female members in the Committee

	2023		2022		2021		2020	
	Number	%	Number	%	Number	%	Number	%
Strategy and Sustainability Committee	1	16.67*	1	16.67*	1	16.67*	N.A.	N.A.
Credit Delegated Committee	1	20.00	2	40.00	2	40.00	N.A.	N.A.
Audit and Control Committee	1	25.00	2	50.00	1	25.00	1	25.00
Appointments and Corporate Governance Committee	3	75.00	2	50.00	2	50.00	1	33.33
Remuneration Committee	2	66.67	2	50.00	1	25.00	1	25.00
Risk Committee	2	50.00	2	50.00	2	50.00	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 behaviour that favours diversity in all the organization's processes that have an impact on diversity. These rules, which are applicable to the entire organization, guarantee an increase in its diversity.

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

At 2023 year-end, the percentage of women in senior management was 18.2 %. The percentage of female executives at Banco Sabadell is 32.2 %, having increased by 2 percentage points with respect to 2022 (30.3 %).

+2 p.p.

Increase in the number of women in executive positions

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 and reviewed, without modification, on 28 September 2023), the Banco Sabadell Board of Directors Renewal Plan for 2021-2024 (revised on 28 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 analyzing 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 analyzes the information about the candidates and the reports presented by the Board Secretary, drawn up by the Bank's General Secretariat, as to their commercial and professional integrity, knowledge and experience and their willingness to provide good governance, by application of the requirements defined in Law 10/2014, of 26 June, and having regard to the criteria for assessing the suitability of the members of the Board of Directors as set out in Royal Decree 84/2015, of 13 February, implementing the aforementioned Law 10/2014, of 26 June, and the European Central Bank guidelines on fit and proper assessments, as well as the Guidelines to assess the suitability of members of management bodies and key function holders (EBA/GL/2021/05). The Appointments and Corporate Governance Committee checks that candidates meet the requirements as to integrity, knowledge, experience and governance envisaged in the applicable legislation and draws up a candidate suitability assessment report. In addition, candidates for directorships must be vetted by the European Central Bank.

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

Appointment

After assessing the suitability of candidates for director, the Appointments and Corporate Governance Committee is entrusted, among its basic responsibilities in accordance with Article 66 of the Articles of Association, with making proposals to the Board for the appointment of independent directors either by co-optation or for submission to a vote at the General Meeting of Shareholders, advising on proposals to appoint other director categories by co-optation or by referral to the General Meeting of Shareholders.

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

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

Re-appointment

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

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

Specific requirements applicable to the Chairman and CEO

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

In particular, they must have proven experience in the financial sector and/or in senior management functions, have sufficient technical training in the fields of finance and/or business management and administration for the performance of the executive functions inherent to their position, and they must accredit a professional career that demonstrates leadership and/or entrepreneurship, in addition to meeting the conditions of suitability required of a director of a credit institution in accordance with the applicable regulations.

Removal

Directors must step down when their term ends unless they are re-appointed, or when the General Meeting of Shareholders or the Board of Directors so decides using the powers conferred on them by law or the Articles of Association. The Appointments and Corporate Governance Committee is empowered to make proposals for the removal of independent directors by the General Meeting of Shareholders, and to advise on proposals to remove directors in other categories. The 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 2023 Director Training Programme was approved by the Board of Directors at a meeting on 25 January 2023 and it comprised five training sessions on the following matters:

- ICAAP
- Data-driven organizations
- New technologies and IT
- Trends and changes in the payments space
- Impact of the Adobe project and contribution of the MarTech platform

All the sessions were delivered in 2023. The sessions addressed current issues that are related to specific novel subjects and help to

anticipate future changes. In addition, on 28 February 2023, members of the Board visited the Mobile World Congress 2023 in Barcelona, during which they were given a presentation on the major technological trends of the year and principal innovations by the main technology companies; also, on 28 September 2023, the Board received training on anti-money laundering and combating the financing of terrorism (AML/CFT).

At a meeting on 31 January 2024, after considering various 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 2023 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.
- When their continuance on the Board might jeopardise the company's interests.

During 2023, 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.

The Banco Sabadell Director Remuneration Policy for 2024, 2025 and 2026, applicable since it was approved by the General Meeting of Shareholders on 23 March 2023, establishes the system for remunerating the directors for performing their functions as members of the Board of Directors. In addition to fixed remuneration for membership of the Board of Directors, the Policy also provides for attendance fees, for at most 11 ordinary meetings, with the possibility of collecting attendance fees for at most two meetings that are missed for justified reasons provided that proxy is granted in those cases.

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 Vega Figueras, who is a member of the Board of Directors, has the necessary general powers to perform his executive duties as CRO in charge of the Bank's Risk Regulation and Control Unit.

The Credit Delegated Committee is delegated by the Board with the powers to analyze and, as appropriate, decide upon credit and other 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 2023:

Number of meetings							
13	0	12	36	12	13	10	15
Board of Directors	Board of Directors meetings not attended by the Chairman	Strategy and Sustainability Committee	Credit Delegated Committee	Audit and Control Committee	Appointments and Corporate Governance Committee	Remuneration Committee	Risk Committee

Additionally, the Lead Independent Director held two 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	95.81 %	100 %
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	Attendance in person as a % of the total votes during the year	Votes cast with all 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, 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 2022.

Also, in line with the recommendations in the Code of Good Governance for Listed Companies (June 2020 revision), the self-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.

The areas that were assessed are those indicated in the CNMV Technical Guide on On Nomination and Remuneration Committees, which expands on the scope of the assessment provided for in Recommendation 36 of the Good Governance Code of Listed Companies (June 2020 revision). Specifically, the following were assessed: 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.

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 external consultant, PRICEWATERHOUSECOOPERS AUDITORES S.L. The external consultant's report concluded that, based on the analysis that was performed, Banco Sabadell fully complies with the applicable regulatory requirements and that it has a very high degree of compliance with corporate governance recommendations and best practices.

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.

As a result of the assessment, in 2023: (i) the diversity of banking knowledge and experience, particularly corporate banking, accounting and auditing, risk management, anti-money laundering and combating the financing of terrorism, responsible business and sustainability and academic skills of the Board were strengthened, 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 to 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) following the analysis of the degree of compliance and performance of the committees, it was not found necessary to implement any action plans for 2023. However, on a voluntary basis and on their own initiative, some Committees considered that, as priorities for action for 2023, certain specific aspects related to their own functions should be explored further. In this regard, fulfilment of the specific action priorities approved by the Committees for 2023 was examined.

Since an external assessment was carried out in 2022 and it is not necessary to seek the assistance of external advisors again until three years have elapsed (2025), the self-assessment of the performance of the Board of Directors and its Committees for 2023 was carried out internally by the Bank early in 2024.

The internal assessment methodology is based on two main elements: (i) input from the directors, and (ii) analysis of pertinent information about Banco Sabadell related to significant aspects of the Bank's corporate governance system.

The outcome of the assessment made it possible, on the basis of the identified milestones, to also draw up an action plan for 2024 that will enable the Board of Directors and the Appointments and Corporate Governance Committee to identify possible areas for development and progress in the design of, and compliance with, a corporate governance system.

On 22 February 2024, following a report from the Appointments and Corporate Governance Committee, the Board of Directors approved the 2023 assessment, which had been carried out internally by the Bank.

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 2023, approved by the Board of Directors on the same date as the Annual Report on Corporate Governance, which is published on the website of the CNMV and available on the corporate website of Banco Sabadell, www.grupobancosabadell.com, under "Corporate Governance and Remuneration Policy".

Remuneration earned by the Board of Directors in the year (thousand euro)	6,787
Amount of funds accumulated by current directors in long-term savings plans with vested financial rights (thousand euro)	4,667
Amount of funds accumulated by current directors in long-term savings plans with non-vested financial rights (thousand euro)	4,332
Amount of funds accumulated by former directors in long-term savings plans (thousand euro)	2,214

The remuneration collected by the Board of Directors during the year includes the amounts corresponding to 2023 for all those who were members of the Board at any time in the year.

The remuneration received in 2023 amounts to €6,787 thousand, as shown in table c.i) of section 7.Statistical Annex of the Report on Director Remuneration, which includes €356 thousand corresponding to deferred amounts paid to members of the Board of Directors for performing executive functions in previous years.

	2023	2022
Summary of directors' ordinary remuneration (*)	6,431	6,980
For executive functions	2,468	3,030
For non-executive functions	3,963	3,950
Payments deferred from prior years for non-executive directors (**)	356	333
Total amount	6,787	7,313

(*) This includes amounts accrued that are not subject to deferral.

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

At 31 December 2023, 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
 Marc Armengol Dulcet
 Gonzalo Barettino Coloma
 (Secretary General)
 Elena Carrera Crespo
 Carlos Paz Rubio
 Cristóbal Paredes Camuñas
 Sonia Quibus Rodriguez
 Jorge Rodríguez Maroto
 Carlos Ventura Santamans

Deputy General Manager

Director of Internal Audit

Nuria Lázaro Rubio

At a meeting on 30 November 2023, the Board of Directors appointed Mr. Marcos Prat Rojo as General Manager of Banco Sabadell, with the role of Strategy Director, reporting to the CEO, subject to obtaining fit and proper clearance from the European Central Bank, at which point his appointment became effective; it also approved his appointment as a member of Banco Sabadell's Executive Committee.

Total remuneration of senior management (*) and the head of internal audit (thousand euro)	7,198
Combined contributions to pension plans, structured through insurance policies, in 2023 (thousand euro)	964

(*) This includes amounts accrued that are not subject to deferral. Does not include the remuneration for Mr. Marcos Prat Rojo as the pertinent regulatory authorizations are pending.

3.12. Indemnities, guarantee clauses and golden handshakes agreed between the Bank and its directors, executives or employees (C.1.39)

- 33 beneficiaries
- Description of beneficiaries:
Chief Executive Officer, Director-General Manager and 31 executives.
- Description of agreements:
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 18 executives have a clause providing indemnity in the amount of two years' fixed remuneration for cases of unfair dismissal and some limited cases of change of control and one executive has a clause that supplements the legal indemnity up to the amount equivalent to one year's fixed remuneration. The contracts with another 12 executives have a post-contractual non-compete clause, nine of them with a duration of two years, lasting at most up to the first date of ordinary retirement, in the amount of two years' fixed remuneration, and three with a duration of one year from the date of improper dismissal or any of certain 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 2023 separate and consolidated financial statements of Banco Sabadell are certified beforehand by the Chief Executive Officer and Chief Financial Officer.

The Bank's draws 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.

At a meeting immediately before the Board of Directors meeting, the Audit and Control Committee was informed that the auditors' reports on the separate and consolidated financial statements for the year 2023 will be 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 organization 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 2023, the Audit and Control Committee was made up of four independent directors. The Committee's Regulation that was current in 2023 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 organization (...)

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 31 January 2024 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 authorizing 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 the Banco Sabadell Group was received on 24 July 2023 and 29 January 2024. 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 2023, Banco Sabadell was audited by KPMG Auditores, S.L. (hereinafter, KPMG), the fourth year with this auditor. The auditor was appointed as auditor of the financial statements of Banco Sabadell and the consolidated financial statements of the Banco Sabadell Group for the years 2020, 2021 and 2022 by the Board of Directors at a meeting on 20 December 2018, based on a reasoned recommendation from the Audit and Control Committee, as disclosed via regulatory disclosure no. 273.045. That 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. On 23 March 2023, the Board of Directors resolved to re-appoint that firm as auditors of the Bank and of the consolidated financial statements of its group for 2023, and this was disclosed via an Other relevant information with registration number 21.513.

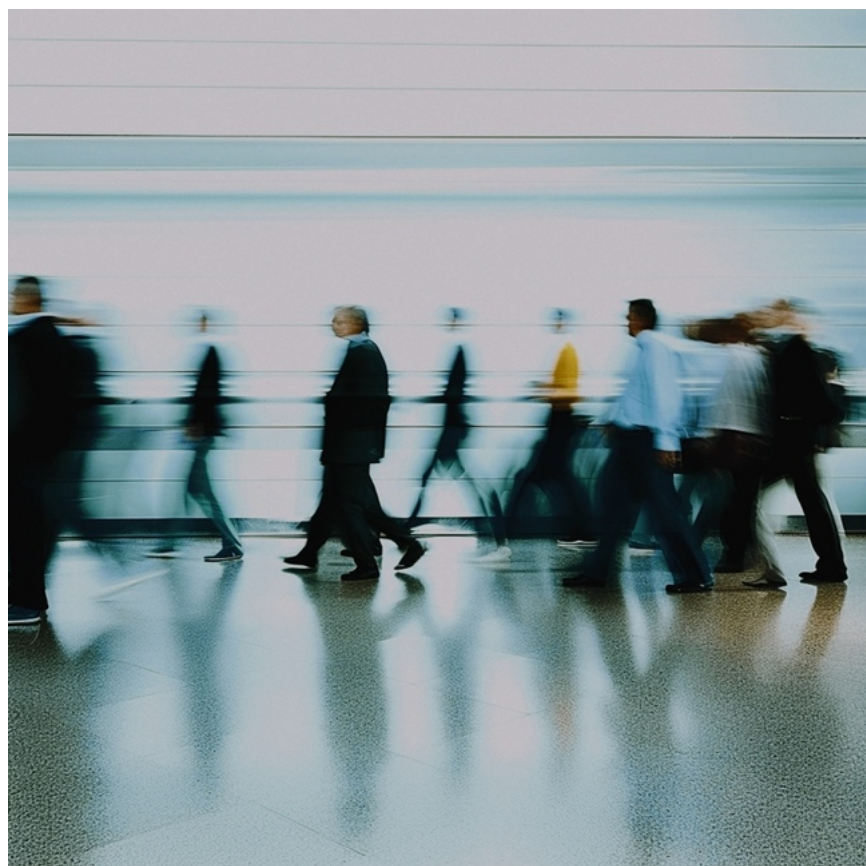
The audit firm performed work for Banco Sabadell other than auditing, the fees for which in relation to the fees billed to the Company and Group for audit work are as follows:

	Separate	Consolidated	Total
Fees for work other than auditing (thousand euro)	474	0	474
Fees for work other than auditing / Total audit fees (%)	16.7	0	4.85

The amount of fees for work other than auditing does not include audit-related services for a total of €505 thousand (€326 thousand corresponding to the Company and €179 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	4	4
No. of years audited by the current audit firm / No. of years that the company or its group has been audited (%)	9.30	10.26



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, in the section on "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.

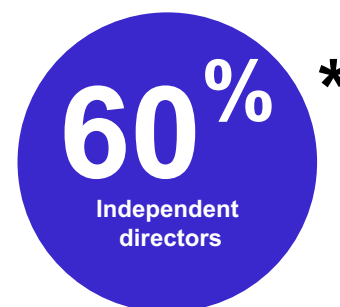
All Board committees draw up an annual self-assessment report on their activities, which is submitted to the Bank's Board of Directors for evaluation. At least once every three years, the assessment must be carried out with the assistance of an external consultant; 2022 was the last year for which an external consultant was engaged for this purpose. The assessment for 2023 was performed internally by the Bank early in 2024.

Additionally, all the Board Committees 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

			Meetings
Chairman	Josep Oliu Creus	Other external	12/12
Members	Lluís Deulofeu Fuguet	Independent	12/12
	Pedro Fontana García	Independent	12/12
	María José García Beato	Other external	12/12
	César González-Bueno Mayer ⁽¹⁾	Executive	12/12
	George Donald Johnston III ^{(2) (3)}	Independent	4/5
	José Manuel Martínez Martínez ⁽²⁾	Independent	7/7



(1) Member solely for matters of strategy.

(2) Number of meetings which the director attended with respect to the number of meetings held during the period in 2023 in which they were a member.

(3) The Director gave specific instructions to a proxy for the meeting from which they were absent.

(*) In matters of Sustainability, independent directors account for 60 % of the committee, while in matters of Strategy they account for 50 %.

On 30 June 2023, Mr. George Donald Johnston III, Lead Independent Director and Chairman of the Risk Committee, was appointed a member of the Strategy and Sustainability Committee in place of Mr. José Manuel Martínez Martínez, an independent director.

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 organization 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 organizational 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. Reviewing the Bank's social action strategy and its sponsorship and patronage 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. Receiving information in connection with reports, written communiqués or communications from external supervisory bodies within the scope of this Committee's competencies.
6. To oversee the model for identifying, monitoring and managing sustainability risks and opportunities, including, where appropriate, environmental and climate change risks.

Activities 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 2023 are described below:

In the area of Strategy, the Committee reviewed, evaluated and reported favourably 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. The Committee held intense discussions in relation to strategic projects related to business or technology transformation that resulted in a number of actions: review when deemed necessary; or the submission to the Board of Directors for approval, after a

favourable report from the Committee itself, in those cases where such projects required a decision by the Board. Additionally, project monitoring measures with the suitable frequency were implemented where it was considered appropriate. Particularly noteworthy is the oversight, discussion and monitoring of technological transformation and the resulting projects, due to the Committee's high degree of specialization in this regard. It monitored the Group's non-recurring projects, in accordance with the Policies, and performed the pertinent analyses of each project, with special emphasis on the opinion of the 2nd line of defense (2LoD). In this regard, the Committee debated all significant projects and followed up appropriately. 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, on which it issued a favourable report to the Board of Directors for approval each year. It also reported favourably to the Board of Directors on the approval of the 2023 budget and the financial projections and the updated scenarios for the projections following the pertinent analysis and debate. In relation to monitoring the business units, it tracked the new Sabadell Online account, on which it reported favourably to the Board after a detailed analysis of its conditions, from a commercial and strategic point of view and after an analytical view of the business case; the new mobile app, the actions with digital customers, the expansion of digital products and the communication campaigns, in these cases, highlighting the Committee's expertise in digital matters and digital transformation, resulting in an in-depth technical analysis of each of the projects and actions presented in this area.

The Committee was informed of possible shareholder remuneration scenarios, based on those scenarios. It reported favourably on the proposed shareholder remuneration structure for submission to the Board of Directors.

Regarding the strategy in relation to subsidiaries, it was informed of the opportunity to launch new products in Mexico and, after analyzing the corresponding documentation and following an intense debate, it reported favourably on the Action Plan to attract funds in that geography, for approval by the Board of Directors. Subsequently, within the framework of the actions that the Committee promotes for the monitoring strategic aspects of the Group, it was informed of the progress of those new products and of the situation in Mexico as a result of the implementation of that Plan.

Additionally, with respect to the strategy in relation to subsidiaries, the Committee analyzed the update of TSB's financial projections for the period 2023-2028 included in TSB's Medium Term Plan 2023 and reviewed its main aspects in detail. It discussed the proposed approach and reported favourably (together with the favourable report from the Risk Committee) to the Board of Directors of Banco Sabadell on the approval of UK subsidiary TSB's Medium Term Plan 2023, which contained an update of TSB's financial projections for the period 2023-2028.

Within the framework of a strategic reflection on shareholder remuneration, the Committee analyzed in depth and discussed possible scenarios for shareholder remuneration, taking into account the current regulatory framework, capital requirements, Banco Sabadell's comfortable capital position, compliance with MREL requirements and the comparison with peers. Based on the scenarios presented and after analyzing and discussing possible shareholder remuneration formats, governance, the procedure for authorizing a share buyback and the various dividend scenarios, the Committee decided on a shareholder remuneration structure and proposed it to the Board of Directors for consideration and approval. In this same area, the strategic reflection on the target level of capital was presented to the Committee for information, given the Bank's improved financial performance, and it analyzed the capital position, both present and future, and benchmarked it against comparable institutions. In view of the scenarios presented and the in-depth analysis it carried out, the Committee reached conclusions and submitted them to the Board of Directors for approval.

It was informed of, and analyzed, the results of advanced cybersecurity tests and assessed the usefulness of this type of tests. It also reported favourably to the Board of Directors on these results and the action plan to implement the identified improvements.

In addition, the Committee reviewed and reported favourably to the Board on the following Policies, among others: the Banco Sabadell Group Disclosure Policy on Financial and Non-Financial Information, the Banco Sabadell Group Strategic and Financial Planning Policy, the Significant Changes and Exceptional Transactions Policy, and the Non-Financial and Corporate Communication Policies of Banco Sabadell and the Banco Sabadell Group.

The Committee analyzed and discussed in depth the advisability of publishing a Shareholder Remuneration Policy and its content, and decided to present a proposal and report favourably to the Board the approval of Shareholder Remuneration Policy.

With regard to sustainability, 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. As part of regular oversight of the Corporate Sustainability Report, the Committee was informed of the Bank's sustainability performance through its adaptation to the Global Reporting Initiative (GRI) reporting standards and the fulfillment of the commitments derived from the adherence to the Principles for Responsible Banking (PRB); the Bank's progress in diversity and the carbon footprint, having achieved the 2022 objectives; the 60% reduction of CO2 emissions by the end of 2022 with respect to the baseline year (2019); and the Bank's progress in energy efficiency, having approved an extension of the photovoltaic plant at the corporate headquarters in Sant Cugat del Vallés (CBS) and of the recharging points at the CBS and Sabadell headquarters. The Committee was also informed that the Bank had achieved second position in Institutional Investor's 2023 Developed Europe Small & Midcap Executive Team ranking.

The Committee reviewed the reasonableness and comfort level analysis considering the available data for the inclusion of three additional sectors in the decarbonization targets, and the proposed communication plan. The Committee analyzed the proposal and reported favourably to the Board of Directors on the proposed approval and publication of decarbonization targets for three additional sectors: iron and steel, the automobile industry, and air transportation.

It was informed of the outcome of the supervisory assessment of climate and environmental risk disclosure.

The Monographic report on Banco Sabadell's Vulnerable Customer Strategy, setting out the main lines of action for managing this customer segment, was presented to the Committee.

It was also informed of the implementation status at Banco Sabadell of the new 24-month transitory Code of Good Banking Practices established by the Spanish government with the aim of alleviating the effects of the increase in interest rates on middle-class families with a variable-rate mortgage loan on their primary residence, which the Bank adopted from the outset.

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, the Human Rights Policy and the Banco Sabadell Group's Policy on the Defence Industry. It also advised on the 2022 Non-Financial Disclosures Report before the Audit and Control Committee reviewed and reported on it and its subsequent authorization by the Board of Directors. The Committee

was also informed of, and analyzed, communications from supervisory bodies within the scope of its competencies.

Within the scope of the Bank's social outreach strategy, the Committee was informed of the activities of Fundación Privada Banco Sabadell and, after analyzing the social initiatives and sponsorships reported by the foundation, the Committee reported favourably to the Board of Directors on the contribution to the foundation to fund its plan of action for 2024. This action plan aims to lend continuity to the foundation's activities with the goal of impacting people's progress and social welfare through the promotion of culture and the arts, and research and education, focusing particularly on promoting young talent. It aims to foster creativity and innovation, providing opportunities and resources to young artists so that they can develop their skills, promoting a more equitable and diverse society and also contributing to the cultural enrichment of society and promoting transformation; it also supports research and education, investing in the future of society and in its capacity to find solutions to the most complex and urgent challenges, thus contributing to driving the territory's economic, social and cultural growth, increasing productivity and innovation and creating opportunities for learning and for promoting people's talent to facilitate their access to the world of work. To this end, the foundation promotes activities in these areas and organizes awards and grants for research.

The Committee analyzed the results and feedback received from the Corporate Governance and Sustainability roadshow that took place in November 2023, which was directed by the Chairman, Mr. Josep Oliu Creus, and in which the Lead Independent Director, Mr. George Donald Johnston III, participated. It was also informed regularly of analysts' and investors' opinions following quarterly earnings presentations and earnings roadshows.

The Strategy and Sustainability Committee reviewed its Activities Plan for 2023, 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, in February 2024 the Strategy and Sustainability Committee performed internally a self-assessment of its performance in 2023, 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.

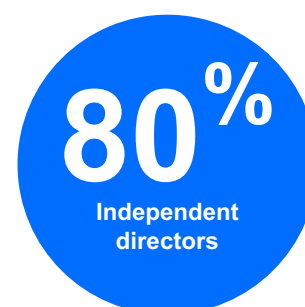
More information is available in the Report on the activities of the Strategy and Sustainability Committee in 2023, which is available in the "Corporate Governance and Remuneration Policy/Committee Reports" section of the Bank's corporate website (www.grupobancsabadell.com).



4.2. Credit Delegated Committee

Composition and meeting attendance

			Meetings
Chairman	Pedro Fontana García	Independent	34/36
Members	Lluís Deulofeu Fuguet ⁽¹⁾	Independent	31/36
	María José García Beato ⁽²⁾	Other external	19/19
	César González-Bueno Mayer ⁽¹⁾	Executive	26/36
	Alicia Reyes Revuelta ⁽¹⁾	Independent	31/36
	Pedro Viñolas Serra ⁽²⁾	Independent	12/17



(1) The directors gave specific instructions to a proxy for meetings from which they were absent, with one exception.

(2) Number of meetings which the director attended with respect to the number of meetings held during the period in 2023 in which they were a member..

On 30 June 2023, Mr. Pedro Viñolas Serra, an independent director, was appointed a member of the Credit Delegated Committee in place of Ms. María José García Beato, who is in the other external category.

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 organization 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 analyze 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 2023 are described below:

During 2023, the Credit Delegated Committee adopted, or reported favourably to the Board of Directors, as appropriate, 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, it reviewed the risk limits granted to large groups in 116 cases (reporting favourably to the Board in 16 cases, and directly approving them in 100 cases) and it analyzed over 69 transactions with companies and public sector institutions (reporting favourably in 10 cases and directly approving in 59 cases).

The Committee's prior analysis of the companies with respect to which it makes decisions takes sustainability indicators into account. In this context, the company's classification, alignment and compliance with ESG (Environmental, Social & Governance) guidelines is reported, as is its alignment or non-compliance with industry guidelines; and its compliance with industry regulations. The company's Climate and Environmental Risk Indicator (IRCA) is also reported. The purpose of that indicator is to objectively position companies that are required to produce a Sustainability Report based on their exposure to climate and environmental risks, and their maturity in managing them.

The Committee reported favourably to the Board of Directors on the Annual Review of Country Limits for Commercial and Financial Transactions and Sovereign Debt Limits.

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, in which case the specific rules on avoidance of conflicts of interest as set out in the pertinent Policy were applied, and it also advised on the transactions with their related parties.

In compliance with the Policy on Conflicts of Interest and Related Party Transactions in Relation to Directors and Senior Management of Banco Sabadell, the Committee was informed of the transactions within its competence (credit, refinancing and restructuring transactions, sale of foreclosed assets, etc.) when they might qualify as related-party transactions, by means of the corresponding report from Regulatory Compliance (without prejudice to its autonomy to approve them on the basis of the amount insofar as they were credit transactions) and, in any event, when the transaction is with a borrower where a director of Banco Sabadell is a member of the board of directors.

The Committee exhaustively monitored "single names", considering those positions with higher risk limits and identifying the Bank's top 50

borrowers from the standpoint of concentration risk, and the top 25 borrowers classified as Stage 2 and as Stage 3, and the main exposures and provisions.

The Committee was informed of transactions approved by lower-level credit committees (Group Risk Transactions Committee and Restructuring and Recovery Transactions Committee) within the cases and limits established by the Board that must be reported to the Board.

The Committee was informed of the status at the end of December 2022 of all transactions with outstanding underwritten risk approved by the Committee since 2021, of the review of the Underwriting Framework for granting, managing and controlling underwriting risk, which regulates outstanding underwritten risk, as well as of the revision of the LBO Framework for granting, managing and controlling risk linked to risk financing for LBOs. The Committee also monitored the Latam portfolio, specifically exposure in the Colombia and Peru portfolios, analyzed the risks described in those portfolios and reported favourably to the Board of Directors on the approval of the Action Plan for those exposures. It was informed of the situation of natural gas (LNG) pipelines and liquefaction projects in the United States, as well as the main parameters considered in the risk admission process for those transactions.

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, in February 2024 the Credit Delegated Committee performed an internal self-assessment of its own performance in 2023, with satisfactory results.

More information is available in the Report on the Credit Delegated Committee's activities in 2023, which is available in the "Corporate Governance and Remuneration Policy/ Committee Reports" section of the Banco Sabadell Group corporate website (www.grupobancosabadell.com).

4.3. Audit and Control Committee

Composition and meeting attendance

			Meetings
Chairman	Manuel Valls Morató	Independent	12/12
Chairman	Mireya Giné Torrens ⁽¹⁾	Independent	7/7
Members	Pedro Fontana García	Independent	12/12
	Laura González Molero	Independent	12/12
	Pedro Viñolas Serra ⁽¹⁾	Independent	5/5

(1) Number of meetings which the director attended with respect to the number of meetings held during the period in 2023 in which they were a member.

On 30 June 2023, Mr. Manuel Valls Morató, an independent director, was appointed Chairman of the Audit and Control Committee in place of Ms. Mireya Giné Torrens, also an independent director. Mr. Pedro Viñolas Serra, an independent director, was appointed as a member of the committee on that same date.



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 organization, 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 questions raised by shareholders in connection with 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, authorization 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 ask the Committee to prepare reports on matters within its remit.
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 2023 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 analyzed 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 2023 financial statements.

The Committee's scope of oversight included the Pillar III Disclosures, the ICAAP and ILAAP, and the Universal Share Prospectus. 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 organization, ensuring, through reports from the heads of the Bank's internal control functions 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 2023, 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, and its re-appointment, in accordance with the provisions of article 264 of the Capital Companies Law, approved by the General Meeting of Shareholders on 23 March 2023.

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, providing justifications for the provision of each and every one of the services, considered individually and as a whole, other than the statutory audit and in relation to the rules governing independence and the auditing regulations and on the performance of KPMG as auditor during 2023, 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 2024, 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 changes to same as a result of the dynamic risk assessment and of requests from the supervisor and senior management, among others. The Committee also held two specific meetings to monitor and analyze the degree of implementation of the recommendations identified in the reports issued.

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

The 2023 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.

The Committee was informed of the results of the External Quality Assessment of the Internal Audit function conducted by PricewaterhouseCoopers, the independent expert selected by the Committee at its meeting of 23 January 2023 for the external assessment of the overall Internal Audit function. The results were presented to the Committee at a meeting on 22 September 2023, which concluded that Internal Audit shows a high degree of maturity as it obtained the highest score on the maturity scale defined by PwC. The outcome of the independent validation exercise performed by the Spanish Instituto de Auditores Internos was presented at that same meeting, which concluded that Banco Sabadell's Internal Audit function "Generally Complies" with international standards and the code of ethics of the Institute of Internal Auditors, this being the highest rating granted by the Institute of Internal Auditors, enabling Banco Sabadell to renew its quality certification from the Spanish Instituto de Auditores Internos. Accordingly, the Bank complies with the requirements of the International Standards for the Professional Practice of Internal Auditing and the Internal Audit Policy approved by the Board of Directors, which establish that the internal audit

function must undergo an external quality assessment at least once every five years, and that this must be performed by a qualified, independent external evaluator or evaluation team.

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 Board authorization. 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.

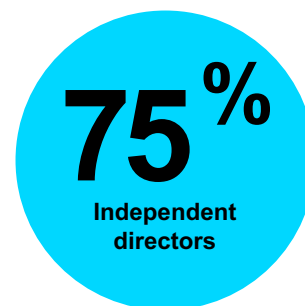
Additionally, in February 2024 the Audit and Control Committee self-assessed its own performance in 2023, with satisfactory results.

More information is available in the Report on the Audit and Control Committee's activities in 2023, which is available in 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

			Meetings
Chairman	José Manuel Martínez Martínez	Independent	13/13
Members	Anthony Frank Elliott Ball ^{(1) (2)}	Independent	1/3
	Aurora Catá Sala ⁽¹⁾	Independent	11/13
	María José García Beato ⁽²⁾	Other external	5/5
	Mireya Giné Torrens	Independent	13/13



(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 2023 in which they were a member.

On 23 March 2023, the Lead Independent Director, Mr. Anthony Frank Elliott Ball, ceased to be a member of the Appointments and Corporate Governance Committee as a result of his resignation from the Board of Directors.

On 30 June 2023, Ms. María José García Beato, a director in the other external category, was appointed as a member of the committee.

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 organization 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 2023 are described below:

In the area of Appointments, the Committee analyzed, proposed, reported on and evaluated the suitability of persons proposed for appointment, ratification, and re-appointment as members of the Board and its committees. In the area of Appointments, the Committee analyzed, proposed, reported on and evaluated the suitability of persons proposed for appointment, ratification, and re-appointment as members of the Board and its committees. Specifically, it reported favourably on the proposal by the Board of Directors to the General Meeting of Shareholders to re-elect the Chairman of the Board, Mr. Josep Olliu Creus, to re-elect Ms. María José García Beato as a director in the other external category, and to re-elect Mr. David Vega Figueras as an executive director, and it issued the pertinent reports preceding the Board's proposals. It also submitted to the Board of Directors the proposal for the appointment of independent director Mr. Pedro Viñolas Serra, the proposal for the re-election of independent director Ms. Aurora Catá Sala, and the proposal for the ratification and appointment of independent director Ms. Laura González Molero, for submission to the General Meeting of Shareholders for a decision. In all cases, the Committee approved the pertinent reports ratifying the director's fitness and suitability. 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 proposals for the removal of members of the Identified Staff. 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 proposals for the removal of members of the Identified Staff.

In 2023, within the framework of the continuous evaluation of the directors, the Appointments and Corporate Governance Committee carried out another continuous assessment of the suitability of the proprietary director, as monitored at the meetings on 30 June, 26 July and 28 September; the new circumstances giving rise to finality of the administrative penalty decision by the CNMV in relation to the disclosure of significant holdings of shares of Banco Sabadell did not result in any change in the facts assessed at the time or in any alteration of the director's conditions of suitability. The Committee issued a favourable report to the Board on approving the continuous assessment of the suitability of Mr. David Martínez Guzmán as a proprietary director of Banco Sabadell. The Board forwarded the continuous assessment to the European Central Bank for assessment.

In relation to the Group's organizational and governance structure, the Committee advised the Board of Directors on the proposed organizational changes in Banco Sabadell and in the structure and composition of the Group's management committees. In this regard, the Committee reported favourably to the Board of Directors on the amendment of the composition of the Executive Committee by incorporating the General Manager of the Strategy Division as a member. In connection with corporate governance, the Committee analyzed the results and feedback received from the Corporate Governance and Sustainability roadshow in November 2023.

It verified compliance with Banco Sabadell's Director Selection Policy, and issued a favourable report to the Board on the annual review of the Director Selection Policy, which it maintained in force without the need for any changes; during 2023, it was not necessary to activate the Succession Plan for the Chairman and Chief Executive Officer of Banco Sabadell; nevertheless, the Committee approved the report on verification of that Plan, which concluded that the Plan was fully current and did not need to be updated; 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 2024 Director Training Programme and issued a satisfactory assessment of the delivery and outcome of the 2023 Director Training Programme. The Committee was also informed of the content and structure of the specific training program designed for the newly appointed independent director, Mr. Pedro Viñolas Serra.

In addition to performing, in February 2024, an internal self-assessment of its performance in 2023, with satisfactory results, the Committee advised on the annual assessment of the performance of the Board of Directors and the other committees, the Chairman and the CEO.

More information is available in the Report on the Appointments and Corporate Governance Committee's activities in 2023, 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

			Meetings
Chairman	Mireya Giné Torrens	Independent	4/4
Chairman	Aurora Catá Sala ^{(1) (2)}	Independent	5/6
Members	Anthony Frank Elliott Ball ^{(1) (2)}	Independent	1/2
	Laura González Molero	Independent	10/10
	George Donald Johnston III ^{(1) (2)}	Independent	4/6
	José Manuel Martínez Martínez ⁽²⁾	Independent	4/4

(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 2023 in which they were a member.



On 23 March 2023, the Lead Independent Director, Mr. Anthony Frank Elliott Ball, ceased to be a member of the Remuneration Committee as a result of his resignation from the Board of Directors.

On 30 June 2023, Ms. Mireya Giné Torrens, an independent director, was appointed Chairman of the Remuneration Committee, replacing Ms. Aurora Catá Sala, also an independent director.

On that same date, Mr. José Manuel Martínez Martínez, an independent director, was appointed a member of the Committee in place of Mr. George Donald Johnston III, the Lead Independent Director.

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 organization and functioning.

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

Functions

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

1. To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the remuneration policy for Directors, and

to submit the corresponding report, all in accordance with the terms established from time to time in the applicable regulations.

2. To determine the remuneration of non-executive directors, in accordance with the provisions of the directors' remuneration policy, submitting the corresponding proposals to the Board.
3. To determine, so that they may be contractually agreed, the extent and amount of individual remuneration, rights and compensation of a financial nature, as well as the other contractual conditions of executive directors, in accordance with the directors' remuneration policy, submitting the corresponding proposals to the Board of Directors.
4. To propose to the Board of Directors the remuneration policy for General Managers or those who perform senior management functions under the direct supervision of the Board, the Managing Committee or Managing Directors.
5. To report on share-based and/or option-based remuneration programmes.
6. To periodically review the general principles of remuneration as well as the remuneration programmes of all employees, assessing their compliance with these principles.
7. To annually review the remuneration policy to ensure that it is aligned with the Bank's short, medium and long-term strategy and situation and market conditions and to assess whether it contributes to long-term value creation and adequate risk control and management. Likewise, to inform the Board of Directors of the Annual Report on Directors' Remuneration;
8. To ensure that the Bank's remuneration policy and practices are up to date, proposing any necessary changes, and that they are subject to a central and independent internal review at least once a year.
9. To verify that the remuneration policy is properly applied and that no payments are made to directors that are not provided for in the policy.
10. To evaluate the mechanisms and systems in place to ensure that the remuneration system takes due account of all types of risks, liquidity and capital levels and that the remuneration policy promotes and is consistent with sound and effective risk management, and that it is in line with the business strategy, objectives, corporate culture and values and the long-term interests of the Bank.
11. To review the various possible scenarios to analyze how remuneration policies and practices react to internal and external events, and consider retrospective evidence of the criteria used to determine remuneration and the ex-ante adjustment to risk 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 evaluate the degree of compliance with the criteria and objectives established in relation to the previous year, which is what must determine the proposal for the individual remuneration for directors, particularly executive directors, senior management and members of the Identified Staff, including the short-, medium- and long-term variable components, with the participation of the external advisor where appropriate.
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 2023 are described below:

The Committee reported favourably to the Board of Directors on proposing that the General Meeting of Shareholders on 23 March 2023 approve the Banco Sabadell Group Director Remuneration Policy, to apply from the date of approval and in the subsequent three years, i.e. 2024, 2025 and 2026. It also reported favourably to the Board of Directors on the modification of the contractual conditions of the Chairman and CEO arising from this Director Remuneration Policy that was approved by the General Meeting of Shareholders. 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 removal, verifying that they were consistent with the Bank's remuneration policy. It approved those same conditions for the members of the Group's Identified Staff. The Committee reported favourably to the Board of Directors on the assessment of fulfilment of the 2022 individual objectives for the CEO and CRO and for the members of Senior Management, it approved the assessment of fulfilment of the 2022 individual objectives for the Internal Audit Director and the percentages of attainment of the 2022 objectives for the rest of the members of the Group's Identified Staff, and it reported favourably to the Board of Directors on the non-application of risk-related ex ante adjustments to the 2022 variable remuneration. The Committee determined that no ex post adjustments (malus and clawback clauses) were applicable to the variable compensation deferred from previous years for the Group's Identified Staff (excluding TSB).

The Committee reported favourably on the establishment of the fixed and variable remuneration for 2023. It reported favourably to the Board of Directors on the proposal for remuneration for the Chairman and the members of the Board of Directors and its committees for 2023. In particular, the modification of the remuneration scheme for the CEO for 2023 (in November 2022) and the proposed 2023 remuneration scheme for the CRO and Senior Management. It also approved the 2023 remuneration proposal for the Internal Audit Director and the members of the Group's Identified Staff and subsidiaries' Boards of Directors. It reported favourably to the Board of Directors on the approval of the 2023 individual objectives for the CEO and CRO. It also approved the sets of objectives for the members of the Executive Committee and their

measurement scales, having benchmarked remuneration with the help of reports from external consultants. It also approved the report of the People Division on the 2023 individual objectives for the members of the Group's Identified Staff, concluding that their objectives are adequately aligned with the guidelines for defining them that were approved by the Remuneration Committee in January. The Remuneration Committee also received a report from the Risk Committee on the coherence of these objectives with the level of risk appetite. It also approved the payment of variable remuneration for all Group employees and the application of the Group's 2023 salary management budget.

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 Committee analyzed the independent report entitled Evaluation of the Remuneration Policy applicable to the Identified Staff of Grupo Banco Sabadell, produced by a consultant, and the Director Remuneration Policy in force in 2022, with the aim of establishing the degree to which it conforms to prudential regulatory requirements in connection with remuneration. The report concluded with a very positive assessment of all the points analyzed and of the content of the Remuneration Policies, which comply and are aligned with the prudential requirements in force in connection with remuneration. It analyzed the Internal Audit Report on the Remuneration Policy of the Group and Subsidiaries, whose objective was to review the degree to which the organization'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 Remuneration Committee ensured the proper dissemination of the information on remuneration through the corporate website, in accordance with the applicable regulations and 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, in February 2024 the Remuneration Committee performed internally a self-assessment of its performance in 2023, with satisfactory results.

More information is available in the Report on the Committee's activities in 2023, 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

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

(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 full 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 analyze 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 2023 are described below:

Global Risk Framework and Risk Appetite Statement

One of the main functions of the Risk Committee is to take responsibility for proposing the Risk Appetite Statement (RAS) to the Board of Directors for approval, both for the Group and for the various geographies, in accordance with the established governance.

During 2023, it reported favourably to the Board of Directors on the annual review of the Group's Global Risk Framework Policy, which determines the common ground for risk management and control, and of the Risk Appetite Framework (RAF) Policy, which establishes the structure and mechanisms associated with the governance, definition,

disclosure, management, measurement, monitoring and control of the Group's Risk Appetite and coordination of same with the subsidiaries.

Additionally, in 2023 the Risk Committee reported favourably to the Board of Directors on the update of the Group's risk profile and the Group's inventory of material risks.

Similarly, in 2023, the Risk Appetite Statement (RAS) was updated several times to ensure that it is complete and complies with regulatory requirements and market best practices, and that it is aligned with financial planning, the ICAAP, ILAAP and Recovery Plan.

Risk management and control policies

The Group's risk governance provides for the risk policy framework to be reviewed regularly and in the event of significant changes.

Also in this context, as part of the development of the Global Risk Framework, the Risk Committee also analyzed and subsequently reported favourably to the Board of Directors, and submitted for its approval, the update of the policies on risk control, credit, solvency, concentration, operational, technology, IRRBB and CSRBB, liquidity, market, counterparty, foreign exchange, model, reputational and compliance risks, among others, which explicitly set out the basic principles and procedures that must govern the management and control of all the Group's material risks and incorporate the requirements established by regulation.

Also, in line with Group policy governance, the Risk Committee reported favourably to the Board of Directors on the approval of the following new policies:

- Banco Sabadell Group Policy on the Internal Reporting System and Protection of Reporting Persons
- Equity Risk Policy
- Fraud Management Policy

Regular monitoring of the Risk Appetite Statement

The Risk Committee monitored all the Group's material risks broadly on a regular basis.

To this end, the Risk Committee analyzes and discusses the fundamental aspects and the status of the material metrics in the Risk Appetite Statement, as well as the evolution of the loan book's domestic and international exposure.

In addition, a monthly CRO Note is submitted to the Risk Committee, providing input from the head of 2LoD to facilitate discussions and focus attention on those matters that are considered most critical or on which additional insight is sought from the Committee members.

Other regular monitoring tasks

Additionally, as part of the risk monitoring function entrusted to the Risk Committee, it also regularly:

- a) Monitored how ICO-guaranteed transactions are managed.
- b) Monitored the risk profile of new loans and discounts.
- c) Tracked minimum pricing and RaRoC of new production.
- d) Monitored the material exposures reviewed previously by the Credit Delegated Committee.
- e) Tracked the performance of non-performing assets (NPA).
- f) Monitored leveraged transactions.
- g) Tracked the execution of action plans derived from the various on-site and off-site inspections and targeted reviews performed by the Supervisor.
- h) Monitored the implementation of the new EBA Guidelines on loan origination and monitoring.

- i) Performed quarterly tracking of resolution planning.
- j) Performed quarterly monitoring of the ICAAP outcome and economic capital.
- k) Monitored structural risks: liquidity and IRRBB.

The Risk Committee also approved the Annual Activity Plan for the Risk Control function.

The Risk Committee was informed about the various types of risks through specific monographic analyses.

Specifically, the following monographs and reports were presented in 2023: Equity Risk, Operational Risk, Market Risk, Country Risk, Technology and Data Risk, Financial Institution Risk, Counterparty Risk and Structural Balance Sheet Risk (IRRBB, CSRBB, liquidity and currency risk).

The year 2023 was shaped by macroeconomic and geopolitical events that resulted in the production and presentation, to the Risk Committee, of a number of assessments and analyses of their potential impact on the Bank. Specifically:

- a) In connection with the increase in inflation rates and the trend in interest rates, in January the Risk Committee was presented with an analysis of the potential impact on the Bank's loan book as a continuation of analyses conducted in 2022.
- b) As a consequence of the stress in the banking sector following the resolution of two US banks (Silicon Valley Bank and Signature Bank) and the absorption of Credit Suisse by UBS, the Risk Committee was asked to analyze (i) the Bank's positioning to avoid potential spillover, and (ii) the potential impact on the Bank of direct positions in the aforementioned institutions.
- c) During 2023, a monthly IRRBB monitoring report was presented, given the situation of rising interest rates.
- d) The macroeconomic scenarios were updated following the outbreak of the armed conflict between Israel and Hamas and, in December, an analysis was presented on the potential direct and indirect impacts of this conflict on the Bank's loan book.

Due to the prolonged drought situation in Spain, an analysis was conducted of the potential impact that this might have on the bank's loan book and, in November, an update of the climate scenarios for the corporate strategic processes was submitted to the Risk Committee.

Risk models

The Banco Sabadell Group has extensive experience in the use of internal models for supporting its decision-making process. In recent years, the Group has stepped up efforts to control and supervise the risks involved in their use.

The Risk Committee approved the 2023 Annual Activity Plan for the Validation function.

With regard to IRB credit risk models used in calculating regulatory capital requirements, during 2023 the Risk Committee reported favourably to the Board of Directors on several material changes to Banco Sabadell's models, such as those related to IRB models for corporates and groups, those for the credit card and credit line book for individuals, and those for the corporate loan book derived from the resolution of remediation plans established by the supervisor.

It also reported favourably to the Board of Directors on the request to the supervisor to authorize an update to the scope of permanent partial use (PPU) for those portfolios without internal models, the update of the Banco Sabadell Group's roll-out plan, and the material change in TSB's mortgage book models used to calculate local capital requirements (non-consolidated)

resulting from the resolution of the remediation plans by the UK Prudential Regulation Authority.

In relation to the credit risk provisioning models, the Risk Committee was informed of the results of the annual review of the models used to calculate provisions for companies and individuals for PD, SICR or stage 2 classification, LGD, and the models for haircuts on foreclosed properties.

With regard to the ICAAP, the Risk Committee reported favourably to the Board of Directors on the internal models for calculating economic capital for all prominent risks identified in the Risk Assessment, taking into consideration the proportionality and complexity criteria established in the ECB's guidelines on the ICAAP.

Financial planning, Capital (ICAAP) and Liquidity (ILAAP) self-assessment, and Recovery Plan reports

In 2023, the Risk Committee reviewed:

- Processes for assessing the Group's capital adequacy and liquidity position. In particular, the Committee reviewed in detail the contents of the ICAAP report for 2022, which, following a challenge by the members of Committee of the report contents and the subsequent debate, and following a review of the second-line opinion on the ICAAP production process, considered the approach adopted to draft the report such as to allow consistent and comprehensive measurement of the risks among the various quantifications based on the vulnerabilities inherent to the business model, the efficient allocation of capital among business units considering all risks, the ongoing holistic process of identifying vulnerabilities, and the comprehensive continuous measurement of capital needs, and it ascertained that supervisory expectations had been addressed. The Committee also assessed the contents of the concise statement to be signed by the directors in connection with the ICAAP.

The Committee assessed the contents of the Internal Liquidity Adequacy Assessment Process (ILAAP) regarding the outcome of identifying and assessing the materiality of liquidity risks, the preliminary assessment of climate risk, the Liquidity Contingency Plan, the result of the Stress Test exercises and the result of the ILAAP 2022 and the Working Priorities established for 2023, as well as the concise statement to be made by the Board of Directors, together with the 2LoD's opinion on the ILAAP after performing the pertinent qualitative and quantitative reviews in order to verify that the internal processes and the methodologies and assumptions used provide sound results and remain appropriate for both the current situation and potential future developments.

- Analysis of the risks associated with the financial projections for 2024-2028.
- The Recovery Plan.

In addition, the Risk Committee reported favourably to the Board of Directors on the scenarios used in the aforementioned Corporate Strategic Processes.

The Committee was informed of the annual update of the Recovery Plan, as well as of the main improvements, focused on the evolution of the proposed stress scenarios and of the progress with the 2023 stress test exercise conducted by the EBA.

Other business

The Risk Committee reviewed various aspects of technology risk in 2023, including most notably:

- i. progress with disaster recovery capabilities and testing,
- ii. updates to technology and data risks and their mitigation plans,
- iii. an update on the progress and risks of significant projects in the field of technology, including the risk assessment performed by the second line of defence,
- iv. progress and risks in digital transformation projects, such as digital onboarding, digital mortgage and digital lending,
- v. a review of the cybersecurity status, including a presentation of the main events, risks and lines of action to mitigate them.

In the area of sustainability, new environmental risk metrics linked to credit risk were incorporated, and the Risk Committee was informed of decarbonization pathways to monitor compliance with the 2030 targets.

The Risk Committee was informed during 2023 about a series of 2LoD reports on developments in the credit risk control framework, focusing particularly on the process for foreclosed assets, the process of individual analysis for significant borrowers, the refinanced risk process and the re-appraisal process.

The Risk Committee was also informed of the various reports by the SSM in its ordinary or specific supervisory actions, as well as the SREP 2023 evaluation.

With regard to compliance, the Risk Committee approved the Annual Plan of Activities for the Compliance function and monitored its execution regularly, and was informed of, and debated, the fundamental aspects of the MiFID compliance report and referred it to the Board for its information.

The annual Expert Report on the Prevention of Money Laundering and Terrorist Financing was also presented to the Risk Committee.

It was also informed of the annual report by the Customer Care Service (SAC), as well as the report on the processing of personal data (General Data Protection Regulation), and the data protection risk report.

The Risk Committee also reported favourably to the Remuneration Committee on the suitability of the composition of the Identified Staff and of the degree to which their objectives align with the Bank's risk profile and capital and liquidity levels.

Additionally, in February 2024 the Risk Committee performed an internal self-assessment of its own performance in 2023, with satisfactory results.

More information is available in the Report on the Committee's activities in 2023, 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.

In 2023, an additional function was assigned to the Credit Delegated Committee in accordance with Banco Sabadell's Policy on Conflicts of Interest and Related-Party Transactions in connection with Directors and Senior Management. In compliance with that Policy, the Committee must be informed of the transactions within its competence (credit, refinancing and restructuring transactions, sale of foreclosed assets, etc.) when they might qualify as related-party transactions, by means of the corresponding report from Compliance (without prejudice to its autonomy to approve them on the basis of the amount insofar as they were credit transactions) and, in any event, when the transaction is with a borrower where a director of Banco Sabadell is a member of the board of directors.

In these cases, if, in accordance with the criteria established by international accounting standards, especially IAS 24, as referred to in Article 529 vicies of the Capital Companies Law, the Compliance Division considers that it does not constitute a related-party transaction, it must submit to the Committee a reasoned report setting out the reasons for this conclusion. For these purposes, the Credit Delegated Committee must analyze the information and submit for Board approval, based on a report from the Audit and Control Committee, all transactions that are considered to be related-party transactions in accordance with its criteria.

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 in exercise of the delegation of 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 and 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.

On 30 November 2023, following a favourable report from the Audit and Control Committee, the Board of Directors approved a related-party transaction consisting of a factoring line amounting to €150 million with Puig Brands, S.A., which was signed on 4 December 2023. The transaction was classified as a related-party transaction since the Chairman of Banco Sabadell, Josep Olu Creus, was also the Chairman of the parent company of the Puig Group (Exea Empresarial, S.L., a shareholder of Puig, S.L.) and was that company's nominee on the board of Puig Brands, S.A.

Since that amount, combined with that of two other transactions entered into in the previous twelve months, exceeded 2.5% of revenue reported in the consolidated financial statements of Banco Sabadell for 2022, it was disclosed to the CNMV in the form of an Other relevant information with registration number 25.658, accompanied by the report from the Audit and Control Committee, in accordance with the provisions of article 529 *unvicies* of the Capital Companies Law. The committee also advised on the aforementioned two transactions, which were approved by the Board of Directors on 30 June 2023 following a favourable report from

the Audit and Control Committee, which was also attached to the Other relevant information dated 4 December 2023. These transactions consisted of a loan of €100 million for a term of 4 years and a line of interest and exchange rate derivatives amounting to €10 million.

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 and revised on 26 July 2023, 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 analyzes 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 authorization 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 organization 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 organization.
- 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 organization.
- 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 organization 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 minimization 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 organization, and in reviewing the adequacy of the organizational structure to that strategy.

The Board of Directors is the body responsible for establishing the general guidelines on the organizational 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 the 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) optimizing 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) deciding on reporting to the Commission for the Surveillance of Terrorist Financing Activities of any information related to any event or transaction with respect to which there is an indication or certainty that it is related to the financing of terrorism.

(iii) 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;

(iv) approving proposals for responses to requests by SEPBLAC for information about customers and/or transactions;

(v) deciding on whether to maintain or terminate business relationships with customers that are analyzed, on the basis of the established procedure;

(vi) authorising or denying:

- Proposals to establish business relationships with resident financial institutions classified as having above-average high risk.
- The establishment and/or maintenance of business relationships with politically exposed persons or their related parties.

- The establishment and/or maintenance of business relationships with Spanish-resident customers, whether Spanish nationals and/or those who were born in countries that present strategic deficiencies in their systems for combating money laundering and terrorist financing and are listed in the European Commission's decision adopted in accordance with the provisions of Article 9 of EU Directive 2015/849;
 - (vii) authorising or denying:
 - Exception requests from customers in connection with alerts about unusual transactions.
 - Exception requests from customers operating in countries with certain international restrictions.
 - Exception requests from customers with transactions that require prior authorization.
 - Proposals for corporate transactions in accordance with the Group's Anti-Money Laundering Manual 4815;
 - (viii) approving the annual training plan on the prevention of money laundering and terrorist financing;
 - (ix) 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;
 - (x) designating the members of the delegated committee 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;
 - (xi) approving special analysis files arising from court orders, and on the cancellation, maintenance or restriction of business relations with the analyzed customers;
 - (xii) 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 organization 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 organization;
 - (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, and any matters related to its mission;
 - (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 the working, compliance and execution of the Group's Crime Risk and Anti-Corruption Organization and Management Model in accordance with the Criminal Liability Prevention Policy.

The Chief Compliance Officer (CCO) is responsible for the design, monitoring and continuous improvement of the Crime Risk and Anti-Corruption Organization and Management Model in accordance with the provisions of the Criminal Liability Prevention Policy.

The CCO will report to the CEC on the performance of the Crime Risk and Anti-Corruption Organization and Management Model, and on any noteworthy incident or aspect in this area, and the CCO or the CEC may escalate suspicious events or conduct or matters related to the crime compliance targets and, therefore, to the Criminal Liability Prevention Policy and the Crime Risk and Anti-Corruption Organization and Management Model, and, if necessary, to the Board of Directors through that Committee or directly via the CRO;

(ix) supervising all cases of market abuse and reporting them to the CNMV;

(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 Sabadell or its subsidiaries with related parties, in accordance with the internal procedure for disclosure and regular oversight established by the Board of Directors.

The CEC is also responsible for ensuring compliance with the Banco Sabadell Group Policy on the Internal Reporting System and Protection of Reporting Persons and the related Procedure, and for acting as head of the Group's Internal Reporting System (except with respect to the Group's subsidiaries in Mexico and the United Kingdom), appointing the CCO as Secretary of the CEC, and managing and supervising its operation, and protecting good-faith whistleblowers under the terms of the Policy and the Procedure.

- 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, present or future, that the Bank's ability to compete may be negatively affected by: i) acts or omissions made by or attributed to the Group, senior management or its governing bodies; ii) or for maintaining business relationships with counterparties with a questionable reputation such as to create a negative perception on the part of its stakeholders (regulators, employees, customers, shareholders, investors and society in general).
- Environmental risk: the risk of loss arising from present and potential future impacts of environmental risk factors on counterparties or invested assets, and on aspects affecting financial institutions as legal persons. Environmental factors are related to the quality and functioning of natural systems and environments, and include factors such as climate change and environmental degradation. All of them can positively or negatively impact the financial performance or solvency of an entity, sovereign state or individual. Those factors may be mainly physical (deriving from climate change and environmental degradation, including an increased frequency of extreme weather events and gradual changes in climate patterns and in ecosystem equilibria) and transitional (resulting from the process of adjustment towards an environmentally-stable economy: lower emissions, higher energy efficiency, and lower consumption of natural resources, inter alia).

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 and the risk of dilution arising, for example, from a business dispute..
- Concentration risk: the level of exposure to a group of economic groups which, due to their importance, might generate significant credit losses in the event of an adverse economic situation.
- 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 nationalization. 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 or of an impairment of the Group's solvency as a result of adverse movements in market prices, losses on sales or the insolvency of medium and long-term investments made through capital instruments. 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. Accordingly, liquidity risk is inherent to the Bank's funding structure and market conditions.
- Exchange rate risk: the possibility of incurring losses on net positions in currencies other than the functional currency arising from investments in the equity of subsidiaries or in the endowment funds of foreign branches.
- Interest Rate Risk in the Banking Book (IRRBB): the interest rate risk on positions that are not part of the trading book (IRRBB), i.e. the potential current or future losses to an entity's capital or earnings as a result of adverse fluctuations in 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.
- 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: broadly speaking, the possibility, current or future, of losses arising from the inadequate provision of financial services or any other activity carried out by the Institution, due to improper conduct vis-à-vis customers (current or potential), employees (respect for human rights, equality, well-being, inclusion, or workplace safety and hygiene), shareholders and suppliers, markets, political parties or society in general, including cases of wilful or negligent conduct.
- 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, confidentiality or traceability of infrastructure, applications 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 needs of the environment or the business. 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, reputational risk, concentration risk and lock-in risk.
- Talent/management risk: the risk of incurring losses due to events arising from the Group's relations with employees, associated, for example, with the non-availability of suitable profiles, staff rotation and replacement, employee dissatisfaction, etc.
- 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 materialization 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 organizational 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, and for defining a strategy for each risk.
- 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 crosschecking the identification of current and emerging risks by the first line of defence, and of assessing the adequacy and effectiveness of their control environments. It also performs an annual risk assessment of the Group's risk profile.
- 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 organization.

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 organization.

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 organizational structure is the responsibility of the Global Organization and Corporate Projects Division, based on Banco Sabadell Group's Master Plan and current banking regulations. That Division analyzes and adapts the functions and organizational structure of each Division to bring it into line with the established objectives and the current regulations. Modifications to the organizational structure of the members of the Management Committee are submitted to the Board of Directors for approval, while modifications to the organizational 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 organization 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 organization 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 that has been reviewed and updated and has been accepted by the personnel. 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 organization, 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 crime risk and anti-corruption organization and management model, and is also the body in charge of the internal information system.

The Crime Risk and Anti-Corruption Organization and Management Model is re-assessed every year and, as a sign of their commitment to it, personnel are required to sign on to the main underlying policies, the Criminal Liability Prevention Policy and the Anti-Corruption Policy.

Additionally, in 2022 AENOR Internacional S.A.U. carried out a complete audit of the model in order to ascertain and certify that the Banco Sabadell Model fulfilled the requirements of the UNE-19601 standard on criminal compliance management systems, and the ISO 37001 standard on anti-bribery management systems. That certification was corroborated in 2023 and no non-conformity with the Model was identified during the same period.

7.1.4. Whistleblower channel

As part of the commitment to a culture of ethics and compliance, there is an Internal Information System in place for reporting, generally, any actions or omissions that may constitute a breach of current legislation, the Banco Sabadell Group Code of Conduct or other internal regulations of the Group (including regulations on the prevention of money laundering and combating the financing of terrorism).

As the Group's controlling company, Banco Sabadell has a Whistleblower Channel available to its stakeholders and subsidiaries (except in Mexico and the United Kingdom, which have their own channels), branches and representative offices in other countries, as a formal mechanism for reporting irregularities or infringements, and which forms part of the Group's Internal Information System, one of the guiding principles of its operation being the protection of the person presenting a query or report.

The Whistleblower Channel, hosted on a platform that can be accessed via the web (<https://canaldenunciasgrupo.bancosabadell.com>), is the primary means of reporting, detecting and managing possible irregularities that might jeopardise this commitment or entail a criminal offence. Any employee of the Group or any person related to it (subcontracted personnel, freelance service providers, suppliers, etc.) must report any information or indication of non-compliance with the Code of Conduct or of the possible commission of a crime of which they become aware.

Reports may be made openly or anonymously; in all cases, there is an assurance of confidentiality with respect to the identity of the person making a communication, of any other person involved, as well as any information provided, the protection of personal data, the right of defence, the presumption of innocence and the right to honour of all persons affected, and there is also a guarantee that there will not be any reprisals where the channel is used in good faith.

The Institution has a policy and a procedure under the Whistleblower Channel for protecting persons making reports; they are published on the Whistleblower Channel platform and on the corporate intranet and are available to any employee of the Group or any person related to it, and describe the principles and guarantees of the Whistleblower Channel and the process and main phases involving in managing reports received via the Channel.

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 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 2023, the members of the Internal Audit Division participated in workshops on new regulatory aspects relating to credit risk, sustainability and artificial intelligence. Additionally, a large number of auditors are certified to the Internal Control – Integrated

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, itemization 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 analyze 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 identifying 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 authorization. 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 activities and controls.

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, the 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 a significant increase in the risk of financial assets, impairment losses on certain financial assets and off-balance sheet exposures, 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 Organizations 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 organization 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 Information Security Division's policies establish 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 access,
- malware protection systems,
- security event monitoring and correlation 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 2023, 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 Financial Reporting Division (under the Group Accounting and Reporting Division) is the unit responsible for identifying and defining the accounting policies that affect the Banco Sabadell Group and for responding to queries concerning accounting 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 harmonization 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 organization.

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 25 January 2023, 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 2023, 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 2023 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 analyze 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 2023 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)

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, and continues to adhere to it following the December 2023 amendments.

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

22/02/2024

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.

Statistical annex

ISSUER IDENTIFICATION DATA

Date of end of reference year: 31/12/2023

Tax ID number: A-08000143

Company name:

BANCO DE SABADELL, S.A.

Business address:

AV. ÓSCAR ESPLÁ 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
11/12/2023	680,027,680.87	5,440,221,447	5,440,221

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	3.43	0.00	0.67	4.10
DIMENSIONAL FUND ADVISORS, LP	0.00	3.11	0.00	0.00	3.11
MR. DAVID MARTÍNEZ GUZMÁN	0.00	3.56	0.00	0.00	3.56

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.	3.43	0.67	4.1
DIMENSIONAL FUND ADVISORS, LP	Funds and accounts advised or sub-advised by Dimensional Fund Advisors LP or its subsidiaries	3.11	0.00	3.11
MR. DAVID MARTÍNEZ GUZMÁN	FINTECH EUROPE S.À.R.L.	3.56	0.00	3.56

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 the shares (%)		Voting rights through financial instruments (%)		Total voting rights (%)	Voting rights that can be transferred through financial instruments (%)	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
JOSEP OLIU CREUS	0.09	0.04	0.00	0.00	0.13	0.00	0.00
PEDRO FONTANA GARCIA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	0.02	0.00	0.00	0.00	0.02	0.00	0.00
AURORA CATÁ SALA	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Name of director	Voting rights attributed to the shares (%)		Voting rights through financial instruments (%)		Total voting rights (%)	Voting rights that can be transferred through financial instruments (%)	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
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 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
PEDRO VIÑOLAS SERRA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Voting rights held by members of the Board of Directors (%)						3.75	

Detail the indirect holding:

Name of director	Name of direct shareholder	Voting rights attributed to the shares (%)	Voting rights through financial instruments (%)	Total voting rights (%)	Voting rights that can be transferred through financial instruments (%)
No data					

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

Total % of voting rights represented on the Board of Directors	3.75
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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
37,177,542	0	0.68

(*) Through:

Name of direct shareholder	No. of direct shares
No data	0

A.11. Estimated free float:

	%
Estimated free float	89.02

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	
26/03/2021	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
23/03/2023	0.26	60.68	0.44	0.54	61.92
Of which free float	0.10	60.66	0.44	0.54	61.74

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	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
JOSEP OLIU CREUS		Other external	CHAIRMAN	29/03/1990	23/03/2023	GENERAL MEETING DECISION
PEDRO FONTANA GARCÍA		Independent	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
AURORA CATÁ SALA		Independent	DIRECTOR	29/01/2015	23/03/2023	GENERAL MEETING DECISION

Name of director	Representative	Director category	Board position	Date of first appointment	Date of latest appointment	Appointment procedure
LLUÍS DEULOFEU FUGUET		Independent	DIRECTOR	28/07/2021	24/03/2022	GENERAL MEETING DECISION
MARÍA JOSÉ GARCÍA BEATO		Other external	DIRECTOR	24/05/2018	23/03/2023	GENERAL MEETING DECISION
MIREYA GINÉ TORRENS		Independent	DIRECTOR	26/03/2020	26/03/2020	GENERAL MEETING DECISION
LAURA GONZÁLEZ MOLERO		Independent	DIRECTOR	26/05/2022	23/03/2023	GENERAL MEETING DECISION
GEORGE DONALD JOHNSTON III		Independent	LEAD INDEPENDENT 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	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	23/03/2023	GENERAL MEETING DECISION
PEDRO VIÑOLAS SERRA		Independent	DIRECTOR	23/03/2023	23/03/2023	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
ANTHONY FRANK ELLIOTT BALL	Independent	26/03/2021	23/03/2023	Appointments and Corporate Governance 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
CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	CEO	<p>BANKING/RETAIL & CORPORATE BANKING/FINANCIAL/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). 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 Sabadell, S.A., IBM, SabCapital, 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>
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), Deputy Director of the International Monetary Fund (2010-2012) and Deputy Chief Executive Officer, Banking in the European Stability Mechanism (2012-2015). Member of the Supervisory Board of Hellenic Corporation of Assets and Participations, S.A. (2016-2022), and 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 Board of Trustees of the Pasqual Maragall Foundation, trustee for life of the Gala-Salvador Dalí Foundation, member of the Advisory Board of Roca Junyent, S.L.P., and Chairman of Foro Tertulias Hispano-Británicas.</p>

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
DAVID MARTÍNEZ GUZMÁN	FINTECH EUROPE, S.À.R.L.	<p>BUSINESS / FINANCE / INTERNATIONAL</p> <p>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.</p> <p>Founder in 1987 of Fintech Advisory, which manages the Fintech Investments Limited fund (New York and London). Director of listed companies Alfa, S.A.B., Vitro, S.A.B., Cemex, S.A.B. and ICA Tenedora S.A. de C.V.</p> <p>Fintech Europe, S.À.R.L. (FE) is wholly owned by Fintech Investments Ltd. (FIL) 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.</p>

Total number of proprietary directors	1
% of total Board	6.67%

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
PEDRO FONTANA GARCÍA	<p>BANKING / RETAIL BANKING / BUSINESS.</p> <p>Degree in Business from ESADE (Barcelona) and MBA from Harvard Graduate School of Business Administration, Boston, Massachusetts (USA). Regional Manager of Banco de Comercio (1978-1982), General Manager of Banca Mas Sardá (1983-1988), CEO of NH Hoteles (1989-1990), 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), nominee of EMESA Corporación Empresarial, S.L. on the board of listed company Elior Group, S.A. (2018-2019), and director of Fira Internacional de Barcelona (2011-2023). Independent director of Grupo Indukern, S.L. and of Pax Lux Equityco, S.A., Chairman of My Chef Ristorazione Commerciale, S.P.A., and director of MdF Family Partners, S.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, of Fundación Formación y Futuro and of Fundació Acció Solidària Contra l'Atur.</p>

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
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>
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 Digital, S.A.U., Banco Sabadell's technology subsidiary, since 2020. Chairman of Fundación Cellnex.</p>

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
MIREYA GINÉ TORRENS	<p>FINANCIAL/ACADEMY/GOVERNANCE/DIGITAL & IT (Digital Transformation)</p> <p>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. She is currently professor and director of the Department of Financial Management at IESE Business School. 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.</p>
LAURA GONZÁLEZ MOLERO	<p>CORPORATE/INTERNATIONAL/GOVERNANCE/CONSULTING</p> <p>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, member of the Advisory Board of Integrated Service Solutions, S.L. and member of the Advisory Board of Leadership & Executive Search Advisory Services Iberia, S.L. (N2GROWTH IBERIA).</p>

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
GEORGE DONALD JOHNSTON III	<p>BANKING / CORPORATE BANKING / INTERNATIONAL</p> <p>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). Lead independent director of Acerinox, S.A. and independent director of Merlin Properties, SOCIMI, S.A.</p>
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	<p>BUSINESS / INSURANCE / FINANCE / INTERNATIONAL.</p> <p>A Public Works Engineer, he obtained a degree in Economics and Actuarial Science at the University of Madrid. Formerly Chairman of MAPFRE (2001-2012), President of Fundación MAPFRE (2007-2012) and member of the Board of Directors of Consorcio de Compensación de Seguros and the International Insurance Society. Honorary Chairman of MAPFRE and member of the Board of Trustees of Fundación Doctor Pedro Guillén and of Fundación Pedro Cano.</p>

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
ALICIA REYES REVUELTA	<p>BANKING/RETAIL & CORPORATE BANKING/FINANCIAL/INTERNATIONAL / ESG / DIGITAL & IT (DIGITAL TRANSFORMATION) / ACADEMIC / GOVERNANCE</p> <p>Dual degrees in Law and Business Administration from ICADE, Madrid. PhD in Quantitative Methods and Financial Markets from ICADE. Formerly held a number of directorships. Country Manager of Bear Stearns for Iberia (2002-2006), Global Head of Structuring of Financial Institutions and Global Head of Insurance Solutions and Strategic Capital Derivatives at Barclays Capital (2010-2014). Partner of Olympo Capital (2014-2015). She was formerly independent director (2015-2016), CEO for the EMEA business (2016-2020) and Acting Chairman (2019) of Wells Fargo Securities International Ltd. Non-executive director of TSB Bank, PLC and TSB Banking Group, PLC, both in the Banco Sabadell Group (2021-2022). Chairman of Momentus Securities (2023). Formerly guest lecturer at the Institute of Finance and Technology of the Engineering Faculty, University College London (UCL) and trustee of UK NGO Fareshare. Independent director of Ferrovial, S.E. and of KBC Group N.V., and director of KBC BANK. N.V.</p>
MANUEL VALLS MORATÓ	<p>AUDITOR/FINANCE</p> <p>Degree in Economics and Business Studies from the University of Barcelona and a post-graduate qualification in Business Administration from IESE/University of Navarra; he is a registered auditor and a member of Spain's official register of auditors since its creation. Partner of PwC (1988-2013), Head of the Audit Division at PwC (2006-2013) and Chairman of PwC Auditores (2006-2011). Independent member of the Governing Board of Institut Català de Finances (2015-2016), and director of Sabadell Information Systems, S.A., Banco Sabadell's technology subsidiary (2020-2022). 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>

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
PEDRO VIÑOLAS SERRA	<p>BANKING/CORPORATE BANKING/BUSINESS/FINANCE/</p> <p>Degree in Business Administration from the University of Barcelona, and Degree in Business Administration and MBA from ESADE and the Polytechnic University of Catalonia. He has held a number of positions in the Barcelona Stock Exchange (1988-1997): Director of the Research Department, Deputy General Manager in charge of the Research and Corporate Development Department, Finance, Market Supervision, International Relations and subsidiaries. CEO of Filo (1997-2002), a listed real estate group. Partner & CEO of Grupo Financiero Riva y Garcia (2003-2008). He has been director of Grupo Mecanotubo (2006-2010), of SIIC de Paris (2010-2014) and of Grupo Electro Stocks (2011-2020). He has been CEO of Inmobiliaria Colonial, Socimi, S.A. since 2008 and Deputy Chairman since 2019, holding other positions in governing bodies at Colonial Group companies. He is an independent director of Blue Self Storage, S.L., President of the European Real Estate Association, and a trustee of Fundación ESADE.</p>

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
JOSEP OLIU CREUS	Performed executive functions until 26 March 2021 and in accordance with the Capital Companies Law.	BANCO DE SABADELL, S.A.	<p>BANKING/RETAIL & CORPORATE BANKING/FINANCIAL/ACADEMIC/BUSINESS/INTERNATIONAL</p> <p>Degree in Economics from the University of Barcelona and a PhD in Economics from the University of Minnesota (USA). Professor of Economic Theory at the University of Oviedo. Head of Studies and Strategy (1983-1984) and Head of Planning (1984-1987) at Spain's National Institute of Industry (INI). 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 as Chairman of Puig, S.L. and director of Puig Brands, S.A., member of FEDEA (Fundación de Estudios de Economía Aplicada), and member of the Board of Trustees of the Princess of Asturias Foundation and the Princess of Girona Foundation.</p>

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
MARÍA JOSÉ GARCÍA BEATO	Performed executive functions until 31 March 2021 and in accordance with the Capital Companies Act.	BANCO DE SABADELL, S.A.	<p>BANKING / LAW / REGULATORY / GOVERNANCE</p> <p>Degree in Law and Diploma in Criminology. Spanish State Attorney (1991). Former positions include State Attorney at the Madrid High Court of Justice, Legal Counsel at the Data Protection Agency, State Attorney as consultant to the State Legal Service, Head of the General Secretariat of Communications, and State Attorney at the National Court. Chief of Staff and Under-Secretary at the Ministry of Justice (2000-2004). She has been General Counsel (2005-2008) and General Secretary (2008-2021) and an executive director (2018-2021) of Banco Sabadell. Independent director of listed company Red Eléctrica Corporación, S.A. (2012-2021) and director of Papelera Guipuzcoana de Zicuñaga, S.A.U. (2022). Independent director of ACS, Actividades de Construcción y Servicios, S.A., non-executive director of MdF Family Partners, S.A., and independent director of Iberpapel Gestión, S.A. Member of the boards of trustees of Fundación Banco Sabadell, Fundación de la Asociación Española de Banca, and Fundación ACS.</p>

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			
	2023	2022	2021	2020	2023	2022	2021	2020
Executive				1				25.00
Proprietary								
Independent	4	4	3	3	40.00	40.00	30.00	30.00
Other external	1	1	1		50.00	50.00	50.00	
Total	5	5	4	4	33.33	33.33	26.67	26.67

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.	CHAIRMAN'S REPRESENTATIVE
MR. JOSEP OLIU CREUS	PUIG BRANDS, S.A.	DIRECTOR
MR. JOSEP OLIU CREUS	BARCELONA GRADUATE SCHOOL OF ECONOMICS FUNDACIÓN PRIVADA	TRUSTEE
MR. JOSEP OLIU CREUS	FUNDACIÓ BOSCH I CARDELLACH	TRUSTEE
MR. JOSEP OLIU CREUS	FUNDACIÓN DE ESTUDIOS DE ECONOMÍA APLICADA	TRUSTEE
MR. JOSEP OLIU CREUS	FUNDACIÓN PRINCESA DE GIRONA	TRUSTEE
MR. JOSEP OLIU CREUS	FUNDACIÓN PRINCESA DE ASTURIAS	TRUSTEE
MR. PEDRO FONTANA GARCÍA	GRUPO INDUKERN, S.L.	DIRECTOR

MR. PEDRO FONTANA GARCÍA	PAX LUX EQUITYCO, S.A.	DIRECTOR
MR. PEDRO FONTANA GARCÍA	MY CHEF RISTORAZIONE COMMERCIALE, S.P.A.	CHAIRMAN
MR. PEDRO FONTANA GARCÍA	GARNIEL, S.L.	SOLE ADMINISTRATOR
MR. PEDRO FONTANA GARCÍA	ASOCIACIÓN PARA EL PROGRESO DE LA DIRECCIÓN – APD CATALUÑA	CHAIRMAN
MR. PEDRO FONTANA GARCÍA	MDF FAMILY PARTNERS, S.A.	DIRECTOR
MR. PEDRO FONTANA GARCÍA	FUNDACIÓN BARCELONA MOBILE WORLD CAPITAL	TRUSTEE
MR. PEDRO FONTANA GARCÍA	FUNDACIÓN PRIVADA CERCLE D'ECONOMÍA	CHAIRMAN
MR. PEDRO FONTANA GARCÍA	UNIVERSIDAD RAMON LLULL FUNDACIÓ	TRUSTEE
MR. PEDRO FONTANA GARCÍA	FUNDACIÓN GRUPO SIFU	TRUSTEE
MR. PEDRO FONTANA GARCÍA	FUNDACIÓN FORMACIÓN Y FUTURO	TRUSTEE
MR. PEDRO FONTANA GARCÍA	FUNDACIÓ ACCIÓ SOLIDÀRIA CONTRA L'ATUR	TRUSTEE
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	SABADELL CONSUMER FINANCE, S.A.U.	CHAIRMAN
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	BANCO SABADELL, S.A. IBM	CHAIRMAN
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	SABCAPITAL, S.A. DE C.V., SOFOM E.R.	CHAIRMAN
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	FUNDACIÓN CIUDAD ESCUELA DE LOS MUCHACHOS	TRUSTEE
MS. AURORA CATÁ SALA	ATRY'S HEALTH, S.A.	DIRECTOR
MS. AURORA CATÁ SALA	REPSOL, S.A.	DIRECTOR
MS. AURORA CATÁ SALA	BOZO CONSULTING, S.L.	JOINT ADMINISTRATOR
MS. AURORA CATÁ SALA	LIZARD INVERSIONES, S.L.	JOINT ADMINISTRATOR
MS. AURORA CATÁ SALA	FUNDACIÓN CELLNEX	TRUSTEE
MS. AURORA CATÁ SALA	FUNDACIÓN CIDOB	TRUSTEE
MR. LLUÍS DEULOFEU FUGUET	SABADELL DIGITAL, S.A.U.	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 CONSTRUCCION Y SERVICIOS, S.A.	DIRECTOR
MS. MARÍA JOSÉ GARCÍA BEATO	IBERPAPEL GESTIÓN, S.A.	DIRECTOR
MS. MARÍA JOSÉ GARCÍA BEATO	MDF FAMILY PARTNERS, S.A.	DIRECTOR
MS. MARÍA JOSÉ GARCÍA BEATO	FUNDACIÓ PRIVADA BANC SABADELL	TRUSTEE
MS. MARÍA JOSÉ GARCÍA BEATO	FUNDACIÓN ASOCIACIÓN ESPAÑOLA DE BANCA	TRUSTEE
MS. MARÍA JOSÉ GARCÍA BEATO	FUNDACIÓN ACS	TRUSTEE
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	FUNDACIÓN AULA ESCUELA EUROPEA	TRUSTEE
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	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
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	TRUSTEE
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	FUNDACIÓN PEDRO CANO	TRUSTEE
MS. ALICIA REYES REVUELTA	FERROVIAL, S.E.	DIRECTOR

MS. ALICIA REYES REVUELTA	KBC GROUP, N.V.	DIRECTOR
MS. ALICIA REYES REVUELTA	KBC BANK, N.V.	DIRECTOR
MR. MANUEL VALLS MORATÓ	RENTA CORPORACIÓN REAL ESTATE, S.A.	LEAD INDEPENDENT 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	FUNDACIÓN PASQUAL MARAGALL	TRUSTEE
MR. DAVID VEGARA FIGUERAS	FUNDACIÓN GALA-SALVADOR DALÍ	TRUSTEE
MR. PEDRO VIÑOLAS SERRA	INMOBILIARIA COLONIAL, SOCIMI, S.A.	DEPUTY CHAIRMAN AND CEO
MR. PEDRO VIÑOLAS SERRA	SOCIÉTÉ FONCIÈRE LYONNAISE	CHAIRMAN
MR. PEDRO VIÑOLAS SERRA	UTOPICUS INNOVACIÓN CULTURAL, S.L.	CHAIRMAN
MR. PEDRO VIÑOLAS SERRA	INMOCOL TORRE EUROPA, S.A.	DIRECTOR
MR. PEDRO VIÑOLAS SERRA	COLONIAL TRAMIT, S.L.	ADMINISTRATOR'S REPRESENTATIVE
MR. PEDRO VIÑOLAS SERRA	INMOCOL ONE, S.A.	ADMINISTRATOR'S REPRESENTATIVE
MR. PEDRO VIÑOLAS SERRA	INMOCOL TWO, S.L.	ADMINISTRATOR'S REPRESENTATIVE
MR. PEDRO VIÑOLAS SERRA	COLONIAL LAB, S.L.	ADMINISTRATOR'S REPRESENTATIVE
MR. PEDRO VIÑOLAS SERRA	BLUE SELF STORAGE, S.L.	DIRECTOR'S REPRESENTATIVE
MR. PEDRO VIÑOLAS SERRA	VALUE BASED MANAGEMENT, S.L.	SOLE ADMINISTRATOR
MR. PEDRO VIÑOLAS SERRA	FUNDACIÓN ESADE	TRUSTEE
MR. PEDRO VIÑOLAS SERRA	EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	CHAIRMAN

COMMENTS

The positions indicated in foundations and other non-profit undertakings listed above relate to members of the Board of Trustees or their nominees. 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.; ATRYS HEALTH, S.A.; BLUE SELF STORAGE, S.L.; CEMEX, S.A.B. DE C.V.; COBEGA, S.A.; EXEA EMPRESARIAL, S.L.; FERROVIAL, S.E.; IBERPAPEL GESTIÓN, S.A.; GRUPO INDUKERN, S.L.; ICA TENEDORA, S.A. DE C.V.; INMOBILIARIA COLONIAL, SOCIMI, S.A.; KBC BANK, N.V., KBC GROUP, N.V.; MDF FAMILY PARTNERS, S.A.; MERLIN PROPERTIES, SOCIMI, S.A.; MY CHEF RISTORAZIONE COMMERCIALE, S.P.A.; PAX LUX EQUITYCO, S.A.; 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 DIGITAL, S.A.U.; VISCOFAN, S.A.; VITRO, S.A.B. DE C.V.

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
MS. AURORA CATÁ SALA	PROVISION OF COORDINATION SERVICES (ACE BARCELONA, S.L.)
MS. MARÍA JOSÉ GARCÍA BEATO	ATTORNEY (FREELANCE PROFESSIONAL)
MS. MIREYA GINÉ TORRENS	PROFESSOR AND HEAD OF THE DEPARTMENT OF FINANCE MANAGEMENT (IESE BUSINESS SCHOOL)
MS. LAURA GONZÁLEZ MOLERO	MEMBER OF THE ADVISORY BOARD OF ISS (INTEGRATED SERVICES SOLUTIONS, S.L.)
MS. LAURA GONZÁLEZ MOLERO	MEMBER OF THE ADVISORY BOARD OF LEADERSHIP & EXECUTIVE SEARCH ADVISORY SERVICES IBERIA, S.L.(N2GROWTH IBERIA)
MR. DAVID VEGARA FIGUERAS	MEMBER OF THE ADVISORY BOARD OF 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)	6,787
Vested amount accumulated by current directors in long-term savings plans (thousand euro)	4,667
Amount of funds accumulated by current directors in long-term savings plans with non-vested financial rights (thousand euro)	4,332
Vested amount accumulated by former directors in long-term savings plans (thousand euro)	2,214

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. MARC ARMENGOL DULCET	GENERAL MANAGER
MR. GONZALO BARETTINO COLOMA	SECRETARY GENERAL
MS. ELENA CARRERA CRESPO	GENERAL MANAGER
MR. CRISTÓBAL PAREDES CAMUÑAS	GENERAL MANAGER
MR. CARLOS PAZ RUBIO	GENERAL MANAGER
MS. SÒNIA QUIBUS RODRÍGUEZ	GENERAL MANAGER
MR. JORGE RODRÍGUEZ MAROTO	GENERAL MANAGER
MR. CARLOS VENTURA SANTAMANS	GENERAL MANAGER
MS. NÚRIA LÁZARO RUBIO	ASSISTANT GENERAL MANAGER - HEAD OF INTERNAL AUDIT

Number of female senior executives	2
% of total senior executives	18.2
Total remuneration of senior management (in thousand euro)	7,183

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
---------------------------	---

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

Number of meetings of the Strategy and Sustainability Committee	12
Number of meetings of the Credit Delegated Committee	36
Number of meetings of the Audit and Control Committee	12
Number of meetings of the Appointments and Corporate Governance Committee	13
Number of meetings of the Remuneration Committee	10
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	95.81
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

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 GONZÁLEZ-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 I 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)	474	0	474
Fees for work other than auditing / Total audit fees (%)	16.7	0	4.85

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	4	4

	Separate	Consolidated
No. of years audited by the current audit firm / No. of years that the company or its group has been audited (%)	9.30	10.26

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	33
Type of beneficiary	Description of agreement
CEO, DIRECTOR-GENERAL MANAGER AND 31 EXECUTIVES	<p>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.</p> <p>The contracts with 18 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 and one executive has a clause that supplements the legal indemnity up to the amount equivalent to one year's fixed remuneration.</p> <p>The contracts with another 12 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 three with a duration of 1 year from the date of improper dismissal or certain limited cases of change of control, until at most the first date of ordinary retirement, for one year's fixed remuneration.</p>

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	X	
	Yes	No
Is the General Meeting informed of the clauses?	X	

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
Josep Oliu Creus	Chairman	Other external
Lluís Deulofeu Fuguet	Member	Independent
Pedro Fontana García	Member	Independent
María José García Beato	Member	Other external
César González-Bueno Mayer	Member	Executive
George Donald Johnston III	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
Pedro Fontana García	Chairman	Independent
Lluís Deulofeu Fuguet	Member	Independent
César González-Bueno Mayer	Member	Executive
Alicia Reyes Revuelta	Member	Independent
Pedro Viñolas Serra	Member	Independent

% executive directors	20.00
% proprietary directors	0.00
% independent directors	80.00
% other external directors	0.00

Audit and Control Committee		
Name	Position	Category
Manuel Valls Morató	Chairman	Independent
Pedro Fontana García	Member	Independent
Laura González Molero	Member	Independent
Pedro Viñolas Serra	Member	Independent

% executive directors	0.00
% 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	MR. MANUEL VALLS MORATÓ/ MR. PEDRO FONTANA GARCÍA/ MS. LAURA GONZÁLEZ MOLERO/ MR. PEDRO VIÑOLAS SERRA
Date of appointment of the Chairman	30/06/2023

Appointments and Corporate Governance Committee		
Name	Position	Category
José Manuel Martínez Martínez	Chairman	Independent
Aurora Catá Sala	Member	Independent
María José García Beato	Member	Other external
Mireya Giné Torrens	Member	Independent

% executive directors	0.00
% proprietary directors	0.00
% independent directors	75.00
% other external directors	25.00

Remuneration Committee		
Name	Position	Category
Mireya Giné Torrens	Chairman	Independent
Laura González Molero	Member	Independent
José Manuel Martínez Martínez	Member	Independent

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

Risk Committee		
Name	Position	Category
George Donald Johnston III	Chairman	Independent
Aurora Catá Sala	Member	Independent
Alicia Reyes Revuelta	Member	Independent
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:

	2023		2022		2021		2020	
	Number	%	Number	%	Number	%	Number	%
Strategy and Sustainability Committee	1	16.67*	1	16.67*	1	16.67*	N.A.	N.A.
Credit Delegated Committee	1	20.00	2	40.00	2	40.00	N.A.	N.A.
Audit Committee	1	25.00	2	50.00	1	25.00	1	25.00
Appointments and Corporate Governance Committee	3	75.00	2	50.00	2	50.00	1	33.33
Remuneration Committee	2	66.67	2	50.00	1	25.00	1	25.00
Risk Committee	2	50.00	2	50.00	2	50.00	1	33.33

* 20 % in the area of Sustainability

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 subsidiary	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 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 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)
PUIG BRANDS, S.A.	On 30 November 2023, following a favourable report from the Audit and Control Committee, the Board of Directors approved a related-party transaction consisting of a factoring line amounting to €150 million with Puig Brands, S.A., which was signed on 4 December 2023. The transaction was classified as a related-party transaction since the Chairman of Banco Sabadell, Josep Olliu Creus, was also the Chairman of the parent company of the Puig Group (Exea Empresarial, S.L., a shareholder of Puig, S.L.) and was a natural person representing that company on the board of Puig Brands, S.A. Since that amount, combined with that of two other transactions entered into in the previous twelve months, exceeded 2.5 % of revenue reported in the consolidated financial statements of Banco Sabadell for 2022, it was disclosed to the CNMV in the form of an Other relevant information with registration number 25.658, accompanied by a report from the Audit and Control Committee, in accordance with the provisions of article 529 <i>unvicies</i> of the Capital Companies Law. The committee also advised on the aforementioned two transactions, which were approved by the Board of Directors on 30 June 2023 following a favourable report from the Audit and Control Committee, which was also attached to the Other relevant information dated 4 December 2023. These transactions consisted of a loan of €100 million for a term of 4 years and a line of interest and exchange rate derivatives amounting to €10 million.	150,000

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

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

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

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

Complies ☒ **Explain** ☐

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

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

Complies ☐ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☒

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

- a. Report on the auditor's independence.
- b. Reports on the performance of the Audit Committee and the Appointments and Remuneration Committees.
- c. Report by the Audit Committee on related-party transactions.

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

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

Complies ☐ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☒

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Explain** ☐

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

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

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the appointments committee published upon calling the General

Meeting of Shareholders to which the ratification, appointment or re-election of each director is submitted.

The appointments committee will verify compliance with this policy each year and detail its findings in the annual corporate governance report.

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

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

Complies ☐ **Complies partially** ☒ **Explain** ☐

Banco Sabadell fulfils the first part of the recommendation. In 2023, women accounted for 33% of the Board of Directors, fulfilling the Bank's commitment as set out in the Sabadell Sustainable Commitment for 2023. Women also accounted for 40% of independent directors, thereby fulfilling the requirement of the Directive of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures. Additionally, the Appointments and Corporate Governance Committee has resolved to propose to the Board of Directors, for referral to the 2024 General Meeting of Shareholders, the appointment of a female independent director in place of independent director Mr. José Manuel Martínez Martínez, who has tendered his resignation with effect on the date of the Ordinary General Meeting of Shareholders. That appointment will increase the proportion of women on the Board of Directors to 40% in 2024.

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

This criterion may be relaxed:

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

Complies ☒ **Explain** ☐

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

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

Complies ☒ **Explain** ☐

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

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

Complies ☒ **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 ☒ **Explain** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. In particular, independent directors and other directors not subject to potential conflicts of interest should challenge any decision that might harm the interests of shareholders lacking board representation.

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

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

Complies ☐ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☒

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☐ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☒

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

34. That when there is a lead director, the articles of incorporation or Regulations of the Board of Directors should confer upon him or her the following powers in addition to those conferred by law: to

chair the Board of Directors in the absence of the Chairman and deputy Chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the Chairman.

Complies ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

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

Complies ☒ **Explain** ☐

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a. The quality and efficiency of the Board of Directors' work.
- b. The workings and composition of its committees.
- c. Diversity in the composition and skills of the Board of Directors.
- d. Performance of the Chairman of the Board of Directors and of the chief executive officer of the company.
- e. Performance and input of each director, paying special attention to those in charge of the various Board committees.

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

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

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☐ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☒

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

Complies ☐ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☒

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:
 - a. Supervising and evaluating the process of preparation and the completeness of the financial and non- financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
 - b. Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit unit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that Bank's senior management takes into account the conclusions and recommendations of its reports.
 - c. Establish and supervise a mechanism to enable employees and other persons connected with the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting irregularities, or of any other nature, related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
 - d. Generally ensuring that internal control policies and systems are effectively applied in practice.
2. With regard to the external auditor:
 - a. In the event that the external auditor resigns, examining the circumstances leading to such resignation.

- b. Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c. Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d. Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
- e. Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

- a. Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.

- b. Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c. Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the Regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

- a. That they be composed exclusively of non-executive directors, with a majority of independent directors.
- b. That their chairpersons be independent directors.
- c. That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
- d. That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e. That their meetings be recorded and the minutes be made available to all directors.

Complies ☒ **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 ☒ **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 ☒ **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 ☒

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 ☒

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 ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

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

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

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

Complies ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

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

Complies ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

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

For the purposes of this recommendation, payments for contractual resolution will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the

director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post- contractual non-competition agreements.

Complies ☒ **Complies partially** ☐ **Explain** ☐ **Not applicable** ☐

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 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.



Banco de Sabadell, S.A.

**Auditor's Report on the "Internal Control over
Financial Reporting (ICOFR) Information" of
Banco de Sabadell, S.A. for 2023**

*(Translation from the original in Spanish. In the event
of discrepancy, the Spanish-language version prevails.)*



KPMG Auditores, S.L.
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(Barcelona)

Auditor's Report on the "Internal Control over Financial Reporting (ICOFR) Information" of Banco de Sabadell, S.A. for 2023

(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 13 December 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 2023, 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 2023 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.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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.
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.

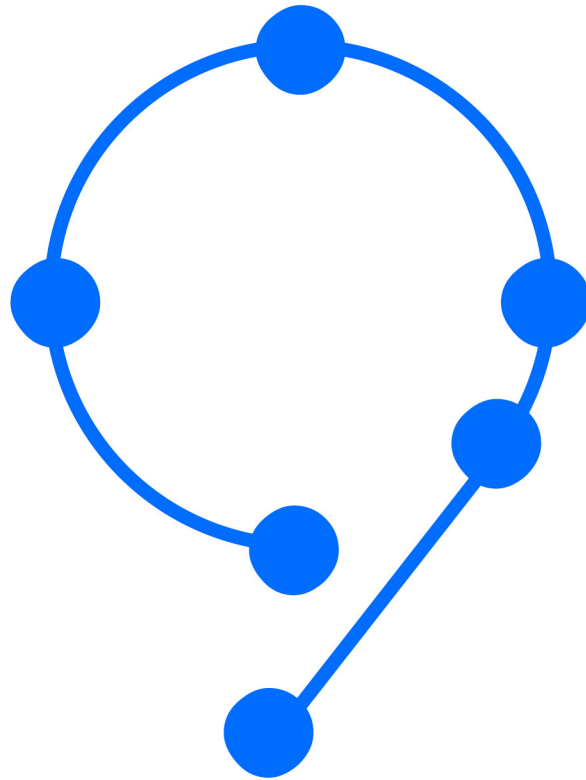
KPMG Auditores, S.L.

(Signed on original in Spanish)

Francisco Gibert Pibernat

22 February 2024

Annual Report on Director Remuneration



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Annual Report on Directors Remuneration

This is the Annual Report on Directors Remuneration of Banco de Sabadell, S.A. (hereinafter Banco Sabadell, the Institution or the Bank).

The Banco Sabadell Annual Report on Directors Remuneration (the Report) is drawn up with the information from the Bank at 2023 year-end in compliance with the provisions of article 541 of Royal Legislative Decree 1/2010, of 2 July, approving the consolidated text of the Capital Companies Law (LSC), 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 2024. This Report is also available in the "Corporate Governance and Remuneration Policy" section of the Banco Sabadell Group corporate website (www.grupobancosabadell.com).

The General Meeting of Shareholders on 23 March 2023 approved a new Directors Remuneration Policy for 2024, 2025 and 2026.

The new Policy has significant new features and, consequently, the General Meeting of Shareholders considered it advisable, in accordance with the current legislation, for the new Policy to come into force in 2023, from the date of its approval and for the following three years.

This Report includes a summary of the new Directors Remuneration Policy that has been applicable since the date of its approval, and describes how it was applied during 2023. Until the approval of the new Policy by the General Meeting of Shareholders, the Directors Remuneration Policy for 2021, 2022 and 2023, approved by the General Meeting of Shareholders on 26 March 2021, and its information supplement, approved by the General Meeting of Shareholders on 24 March 2022, were in force.

This Report maintains the improvements made to the Annual Report on Directors Remuneration for 2022, with clearer wording in pursuit of transparency and by providing more information about the application of the remuneration policy, in accordance with market best practices.

1. Banco Sabadell Directors Remuneration Policy 2024, 2025 and 2026

1.1. Main new features

The Directors Remuneration Policy for years 2021, 2022 and 2023, approved by the General Meeting of Shareholders on 26 March 2021 for a 3-year term, expired in 2023.

The General Meeting of Shareholders held in 2023 approved, with 97.36 % of votes in favour, a new Directors Remuneration Policy that would be applicable from the date of its approval in 2023 and during the following three years: 2024, 2025 and 2026; it is currently in force.

97.36%

Votes in favour

Main new features

- Strengthening of the general principle of business sustainability.
- 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 (CRO) in order to adapt it to the benchmark remuneration for his executive functions.
- Change in the contractual conditions of the Chairman of the Board of Directors, eliminating the post-contractual non-competition clause.
- 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.

The Directors Remuneration Policy for 2021, 2022 and 2023 remained in force until the new Directors Remuneration Policy came into effect.

More details can be found in the new Directors Remuneration Policy for 2024, 2025 and 2026 approved by the General Meeting of Shareholders on 23 March 2023 at the following link: <https://www.grupbancsabadell.com/corp/es/gobierno-corporativo-y-politica-deremuneraciones/politica-de-remuneraciones-de-consejeros.html>.

www.grupbancsabadell.com

**>Corporate Governance
and Remuneration Policy**

>Remuneration Policy

1.2. 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 approach while avoiding conflicts of interest.

In accordance with the general principles of the Banco Sabadell Group Remuneration Policy, the principles upon which the Directors Remuneration Policy is based are as follows:

1 Foster medium-to-long term business and social sustainability, as well as alignment with Group values

- 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.

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.
- 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 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 in Banco Sabadell's ESG performance by all the people that make up the group.

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 other employees with variable remuneration; those KPIs form part of the group objectives with a weighting of 10 %. From 2023 onwards, in order to reinforce the alignment of executive director remuneration with the Group's commitment to sustainability, a synthetic sustainability indicator has been incorporated into the multi-year objectives set by the Group that is directly linked to long-term remuneration, with a weighting of 20 %.

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 career 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 compensation with results achieved by the individual without encouraging risk taking beyond the level tolerated by the Group

- An appropriate balance between the various remuneration components.
- Consideration of current and future risks and results, without incentivizing 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.

With regard to equal pay, the remuneration policy is 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, ensuring equal opportunities as a prerequisite for remuneration to be gender-neutral over the long term.

**The Remuneration Policy is gender neutral,
in line with the principle of equal pay
for equal work or for work of equal value.**



Principles applicable to the members of the Board of Directors

Principles of the Remuneration Policy applicable to Executive Directors	Principles of the Remuneration Policy applicable to the Directors for their functions as members of the Board of Directors
<p>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.</p> <ul style="list-style-type: none"> — 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, sustainability and ROTE objectives and subject to a risk-related correction factor that is a function of fulfilment of capital and liquidity indicators. — 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, 55 % of the deferred part of annual variable remuneration, and 55 % of the long-term remuneration). — Share lock-up. 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. 	<p>The remuneration is commensurate with the responsibilities and functions assumed by each Director but without jeopardizing their independence.</p> <ul style="list-style-type: none"> — 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 Directors Remuneration Policy in 2023

The remuneration accrued in fiscal year 2023 conformed to the terms of the Banco Sabadell Directors Remuneration Policy approved by the General Meeting of Shareholders on 23 March 2023. Until the approval of the new Policy, the Directors Remuneration Policy approved by the General Meeting of Shareholders on 26 March 2021, and its information supplement, approved by the General Meeting of Shareholders on 24 March 2022, were in force.

In 2023, the procedure for applying the Remuneration Policy was adhered to strictly and no temporary exceptions were made.

The Annual Report on Directors Remuneration for 2022 was submitted to a consultative vote at the General Meeting of Shareholders on 23 March 2023:

- The number of shares for which valid votes were cast was 3,484,428,447, distributed as follows:
- 204,105 abstentions, from 204,190,305 shares owned by 446 shareholders representing 5.859 % of the total capital in attendance, either in presence or by proxy;
- 67,441 votes against, from 67,541,341 shares owned by 918 shareholders representing 1.936 % of the total capital in attendance, either in presence or by proxy, and
- 3,212,172 votes in favour, from 3,212,696,801 shares owned by 84,198 shareholders representing 92.205 % of the total capital in attendance, either in presence or by proxy.

92.20 %



61.30 %

Increase in the number of votes in favour

As a result of the new features incorporated into the Directors Remuneration Policy and the transparency improvements, the result of the consultative vote increased from 61.30 % to 92.20 % of votes in favour.

This section 2 sets out the amounts accrued in 2023 by everyone who was a member of the Board of Directors at any time during the year.

2.1. Remuneration for Executive Directors

2.1.1. Details of the remuneration items

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 Directors 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 Directors 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.

In compliance with the new Directors Remuneration Policy, the remuneration scheme for the Chief Executive Officer was modified. 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 reinvest an annual net amount equivalent to €300 thousand gross of his fixed remuneration in shares of the Bank. 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 are contributed to retirement and savings plans.

However, in accordance with the provisions of the Remuneration Policy, an additional contribution of €600 thousand was made to the retirement and savings plans in 2023 on account of the CEO's fixed remuneration in cash, so that the initial contribution to this system was €900 thousand, of which 15 % is classified as a discretionary pension benefit.

With regard to the CEO's short-term variable remuneration and the long-term remuneration, the target amount (i.e. the amount to be collected in the event of 100 % attainment of the objectives) was increased from €600 thousand to €800 thousand for each remuneration.

As disclosed in section 3 of the 2022 Annual Report on Director Remuneration, until the new Policy was approved, the components and amounts of the CEO's remuneration package for performing executive duties were the same as in 2022.

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 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 CEO's remuneration was benchmarked against two groups of companies: one comprises 15 banks from Spain and other European countries (the international benchmark), while the other is made up of 15 Spanish companies, most of them in the IBEX-35 (the domestic benchmark). (The benchmark companies are listed in section 4.2).

The CEO's total remuneration for 2023 is in the 54th percentile of the domestic benchmark and the 60th percentile of the international benchmark.

The Directors Remuneration Policy establishes that the CRO's fixed annual remuneration is €553 thousand, payable entirely in cash; this amount is the same as under the previous Policy. An annual contribution will be made to retirement and savings plans equivalent to 19 % of his fixed remuneration, 15 % of which will be classified as discretionary pension benefits.

With regard to the short-term variable remuneration and long-term remuneration, the target amount for the CRO in 2023 was, respectively, €100 thousand and €138 thousand (25 % of his fixed remuneration).

Below is a detail of the individual remuneration received in 2023 by the executive directors, in thousand euros, taking into consideration that, in the case of the CEO, each Remuneration Policy was applied proportionally to the period of time during which it was in force during 2023:

	CEO (thousand euro)	CRO (thousand euro)
Fixed salary	1,100	553
Benefits and remuneration in kind	34	39
Retirement and savings plans	901	106
Short-term variable remuneration	983 (131.00 % attainment of objectives)	116 (115.72 % attainment of objectives)
Long-term remuneration	983 (131.00 % attainment of objectives)	160 (115.72 % attainment of objectives)

In relation to the remuneration received by the CEO, the amounts corresponding to the period of time that each of the Remuneration Policies was in force during 2023 are as follows (*).

(thousand euro)	01/01/2023 31/03/2023	01/04/2023 31/12/2023
Fixed remuneration		
Annual	2,000	1,600
Proportional annual	500	1,200
Extraordinary contribution to retirement and savings plans		(-600)
Amount collected	500	600
Total amount collected		1,100
Short-term variable remuneration		
Target amount	600	800
Proportional target amount	148	603
Amount collected	194	790
Total amount collected		983
Long-term remuneration		
Target amount	600	800
Proportional target amount	148	603
Amount collected	194	790
Total amount collected		983

(*) The CEO's remuneration provided for in the Directors Remuneration Policy for 2021, 2022 and 2023 was applied up until 31 March 2023. On 1 April 2023, the CEO entered into a new service agreement with Banco Sabadell to incorporate the remuneration conditions set out in the new remuneration policy.

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

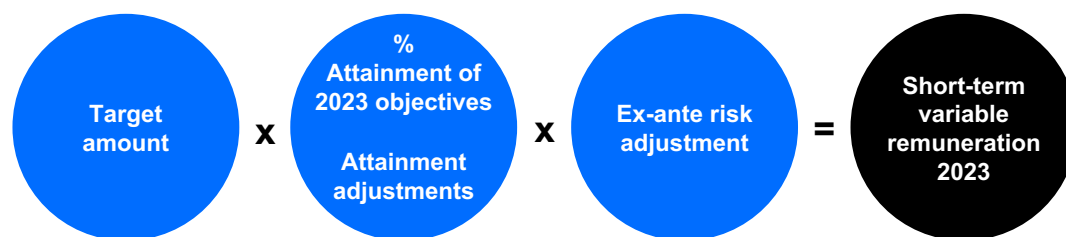
- Benefits and remuneration in kind: In 2023, the executive directors were beneficiaries of, inter alia, a group life insurance policy, school aid and Christmas hamper (as applicable to all the Bank's employees) and a medical insurance policy and risk coverage (also applicable to the Bank's management team), and had the use of a vehicle on the same terms as the other members of Senior Management.

Contributions to retirement and savings plans

- The executive directors are beneficiaries of a defined-contribution executive group insurance policy that pays out upon effective retirement, death or absolute permanent disability.
- Of the contributions made in their favour, 85 % is considered as fixed remuneration and the other 15 % as a discretionary pension benefit, which is treated as variable remuneration in accordance with current regulations; it is linked to the percentage of attainment of the beneficiary's short-term objectives, and may not exceed 100 % of the amount in any event.
- The reported 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.

B) 2023 Short-term variable remuneration

The short-term variable remuneration in 2023 was as follows



B.1.) Percentage attainment of Group objectives for 2023

On 22 February 2024, 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 %	7.4 %	11.4 %	150.0 %
Group net profit	Profit that is directly attributable to the parent company, calculated by deducting minority interests from profit for the year.	20 %	0.9 B€	1.3 B€	150.0 %
Net interest income plus net fees and commissions	Banco Sabadell Group consolidated net interest income plus net fees and commissions in 2023.	10 %	5.7 B€	6.2 B€	126.3 %
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 %	2.7 B€	2.5 B€	81.7 %
Asset quality	Cost of Risk (7 %) + NPA volume (7 %) + Coverage ratio (7 %)	20 %			146.6 %
CoR			0.65 %	0.45 %	139.7 %
NPA volume			7.9 B€	7.2 B€	150.0 %
Total NPA coverage			49.30 %	53.30 %	150.0 %
Service quality	A synthetic indicator that reflects 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, business and corporate) and of each communication channel (branch, internet, mobile, etc.) and employee satisfaction index, because of its influence on the quality of service.	10 %	50.0 %	150.0 %	125.7 %
Sustainability	A synthetic evaluation indicator made up of environmental and gender equality indicators: Green finance linked or applicable to sustainability financing, diversity (% female executives), upgrades by the main rating agencies/ ESG indices and Sustainable Finance Plan.	10 %	50.0 %	150.0 %	123.2 %
Total		100 %			120.31 %

(1) Threshold for attainment of the objective

(2) Maximum result, above which attainment is constant at 150 %

In 2023, Banco Sabadell obtained €1.3 billion in net profit, an increase of 55 % over the previous year. This improvement was mainly due to good performance by the yield curve, which increased yields on loans and fixed-income securities, which, coupled with commercial management of the cost of liabilities, contributed to improving net interest income in the year.

In addition, the efforts to contain recurring costs and the improvement in ordinary provisions, which benefited CoR, enabled the Group to attain an 11.5 % ROTE in 2023, i.e. 373bp more than in 2022, covering the cost of capital.

The Group objectives for 2023 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 2023 year-end was 150 %.
- **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 2023 year-end was 150 %.
- **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 2023 year-end was 126.3 %.
- **Expenses:** includes 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 2023 year-end was 81.7 %.
- **Asset quality:** this objective comprises three 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. The third is the Total NPA Coverage, calculated as the ratio of provisions for non-performing assets (NPAs) to total non-performing assets. This metric is weighted 20 % (6.7 % each) and attainment in 2022 was 146.6 %.

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 reflects feedback on the quality of service, grouping the following variables:

Variable	Definition	Weighting	Attainment
Employee satisfaction	Outcome of annual employee satisfaction survey	50 %	133.3 %
Customer satisfaction	Sabadell Spain: <ul style="list-style-type: none"> — Overall satisfaction with branch — NPS Individuals — NPS SMEs — NPS Companies — NPS Private Banking 	35 %	116.5 %
	TSB <ul style="list-style-type: none"> — Bank NPS Channels NPS (Mobile, Branch, Telephony, and Internet banking) 	10 %	126.8 %
	Corporate & Investment Banking <ul style="list-style-type: none"> — NPS Spain and Ofex EMEA 	5 %	111.3 %
Total	—	100 %	125.7 %

- **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)	20 %	131.3 %
Sustainable Finance Plan	<ul style="list-style-type: none"> — Industry regulations. Expand perimeter of customers in NFRD — Portfolio Alignment. Establish tracking dynamic — Reporting. Increase granularity — Adaptation ESG Framework (admission policies) 	20 %	111.6 %
Diversity	% Female executives	20 %	113.9 %
Environment	<ul style="list-style-type: none"> — Sustainable finance — FvS finance 	40 %	129.6 %
Total	—	100 %	123.2 %

This indicator is monitored periodically by the Sustainability Committee, and its metrics are updated as part of this review. It was attained 123.2 % in 2023.

B.2.) 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 131.00 %.

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 and leadership in fulfilling the Group's strategy; specifically, in 2023, this focused on cost reduction, execution of the digitalization plan and the increase in the profitability of the entire Banco Sabadell Group.

The CEO's performance in achieving the following key strategic goals of the Group is particularly noteworthy:

- Performance of the share with respect to peers; it was the share that appreciated the most.
- Positive trend in ROTE (Return on Tangible Equity), continuing the sustained growth achieved in this indicator in recent years.
- In a complex geopolitical environment, the Bank posted record results in 2023, achieving net profit of €1.300 million.
- TSB strengthened its contribution to Group results.
- Solid capital position as a result of efficient management of regulatory capital requirements and asset portfolios.
- Successful completion of the digitalization plan, positioning the Institution as a digital leader.

The following were also considered in the performance assessment:

- His leadership in executing management initiatives and priorities.
- Representation of the Bank in other bodies and institutions.
- Governance and stakeholder management.

The individual qualitative assessment was adopted by the Remuneration Committee, on a motion by the Chairman, at 115 %. This indicator is capped at 120 %.

131.00 %

Final attainment of objectives in the year

B.3.) 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 115.72 %.

The CRO had 25 % of his annual variable remuneration linked to Group objectives. The other 75 % 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 control functions he performs, independently of the business and corporate areas, and are focused on the control 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 2023 functional objectives set for the CRO were assessed on the basis of 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 defence (2LoD), weighted 35 %.
- Outcome of On-site Inspections (OSI) of the second line of defence, weighted 15 %.

The CRO attained 107.25 % of his functional objectives for 2023.

The individual qualitative assessment considered the following:

- Continuity and strengthening of his management in all key areas under his responsibility.
- His participation and leadership for the recognition, by various bodies and institutions, of the improvements in the area of the Bank that he represents.
- His ability to anticipate, identify and manage potential risks, providing the appropriate tools to enable the Group to take strategic decisions.
- The credibility of his function in the eyes of the Bank's other areas, which has strengthened risk management in the Bank.

The CRO attained 115 % of his individual qualitative objectives for 2023. This indicator is capped at 120 %.

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.

115.72 %

Final attainment of objectives in the year

107.25 %

Attainment of functional objectives in 2023

The percentage of attainment of objectives by both the CEO and the CRO were approved by the Board of Directors on 31 January 2024.

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 144 %.

B.4.) 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).

The Banco Sabadell Remuneration Committee analysed the application of the Risk Correction Factor (RCF) to the Group objectives at a meeting on 26 January 2024. In accordance with the capital and liquidity objectives, metrics, attainment scales and payment curves of the RCF approved by the Board of Directors on 25 January 2023, 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 Group objectives established in this regard had been attained.

In addition, there are prudential mechanisms for adjusting the CRO's individual attainment, based on exceedance of expected loss thresholds in terms of operational risk and/or internal control indicators. As a result, an attainment adjustment of 2.02 percentage points was applied to the CRO.

B.5.) 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 2023, 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 2023 is aligned with risk and control factors such as breaches of standards and regulations, exceedance of risk limits (e.g. RAS, solvency and 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.

B.6.) Short-term variable remuneration accrued in 2023

Once the degree of attainment of the objectives at Group 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 each individual's assigned bonus target and attainment of individual objectives, the Board of Directors approved the corresponding variable remuneration, on a motion of the Remuneration Committee, on 31 January 2024, as follows: €983 thousand for the CEO and €116 thousand for the CRO:

In accordance with the applicable regulations, these amounts are paid as follows:

- 40 % will be paid in 2024, 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 2024 when the non-deferred portion is paid), the shares being subject to lock-up for at least three years from the date of delivery unless the holder owns an amount equivalent to twice their annual fixed remuneration; in any event the minimum lock-up period is one year.
- 60 % 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 when

the non-deferred portion is paid), subject to the same lock-up obligation as the remuneration paid up-front in 2024.

Form of payment			Mr. César González-Bueno	Mr. David Vegara Figueras
Up-front	2024	thousand euro	197	23
		no. of shares	165,138	19,432
Deferred	2025	thousand euro	53	6
		no. of shares	54,495	6,412
	2026	thousand euro	53	6
		no. of shares	54,495	6,412
	2027	thousand euro	53	6
		no. of shares	54,495	6,412
	2028	thousand euro	53	6
		no. of shares	54,495	6,412
	2029	thousand euro	53	6
		no. of shares	54,495	6,412

NOTE: Since the shares will be delivered on the last trading day in February, the number of shares in this table was calculated using the weighted average price of the last 20 sessions in December 2023 (1.191€/share). The number of shares will be updated with the closing price in the last session in February, once 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 CNMV Circular 4/2013, of 12 June, the non-deferred cash amount payable in 2024 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 2023) and deferred shares (financial instruments at the end of 2023).

B.7.) Variable remuneration deferred from prior years that is payable in 2024

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 out of the short-term variable remuneration accrued in preceding years, and the severance payment for termination as executive director of María José García Beato in 2021, all in accordance with the Directors Remuneration Policy, were delivered to the executive directors in 2024.

Below is a detail of the amounts of cash, in thousand euro, and shares in 2024 corresponding to deferred variable remuneration 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	thousand euro	30	5	19	—
	no. of shares	47,513	8,490	30,278	—
2022 variable remuneration	thousand euro	38	5	—	—
	no. of shares	37,305	5,427	—	—
Long-term remuneration 2019-2021	thousand euro	—	5	20	5
	no. of shares	—	5,384	23,280	6,088
Long-term remuneration 2020-2022	thousand euro	—	19	—	15
	no. of shares	—	63,291	—	50,391
Termination indemnities	thousand euro	—	—	—	44
	no. of shares	—	—	—	102,232

(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 2023.

C) Long-term remuneration

This section includes information on long-term remuneration schemes whose periods for measurement include the year 2023. The calendars of the long-term incentives that are in force are shown by way of example.

Long-term remuneration	2021	2022	2023	2024	2025
2021-2023	Beginning of measurement period		End of measurement period		
2022-2024		Beginning of measurement period		End of measurement period	
2023-2025			Beginning of measurement period		End of measurement period

C.1.) Long-term remuneration 2021-2023

The long-term remuneration scheme for 2021-2023 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) was established at the beginning of the cycle.

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. When determining

the adjusted reference amount, the applicability of the ex-ante adjustments described above for the variable remuneration was also analysed (described in section 2.1.1.B, among other sections, of this Report).

Director	Initial reference amount (€ thousand)	Adjusted reference amount (€ thousand)
CEO	475	558
CRO	113	112
Chairman	119	140

In accordance with the Directors Remuneration Policy, the adjusted reference amounts consisted of a cash amount (45 %) and a number of shares (55 %) determined using the weighted average price in the last 20 sessions in the month of December 2021, with the following result:

Director	Amount (€ thousand)	No. of shares
CEO	251	522,619
CRO	50	105,070
Chairman	63	130,732

Payment of the adjusted reference amount was subject to the following multi-year objectives established for the period 2021-2023:

Objective	Weighting	Outcome	% Attainment
Relative Total Shareholder Return (TSR)	25 %	#1	100 %
Liquidity Coverage Ratio	25 %	218.4 %	100 %
Capital (CET1)	25 %	13.27 %	100 %
Return on Risk Adjusted Capital (RoRAC)	25 %	16.8 %	100 %
Total	100 %	—	100 %

The Group objectives for 2021-2023 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 2021 and 31 December 2023.

Banco Sabadell's TSR is compared with that of the following peer group:

Peer group

ABN AMRO Group NV	Erste Group	Skandinaviska Enskilda Banken
Banco Bpm SpA	Intesa Sanpaolo SpA	Standard Chartered Bank
Bankinter S.A.	KBC Groep NV	Swedbank
BBVA, S.A.	Mediobanca Banca di Credito Finanziario SpA	Virgin Money
Caixabank S.A.	Raiffeisen	

The Board of Directors has the power, based on a proposal from the Remuneration Committee, to adapt, where appropriate, the composition of the sample 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 companies that affect the value of the shares to ensure that the comparison is made on a like-for-like basis.

To this end, on 30 November 2023, the Board of Directors, following a report from the Remuneration Committee, approved the modification of the attainment scale due to the absorption of two of the entities that formed part of the peer group (Bankia, S.A and UBI Banca), and the elimination of one of them because it was no longer listed (Natixis, S.A).

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 #1 within the peer group, the percentage of attainment of this metric is 100 %.

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 is 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 is deemed to have been achieved 100 %; below that threshold, attainment is 0 %.

Percentage of attainment:

Since the average LCR for October, November and December 2023 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 Risk Appetite Statement (RAS). This indicator is 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 CET1 is higher than the early warning indicator (EWI), the objective is deemed to have been achieved 100 %; below that threshold, attainment is 0 %.

Percentage of attainment:

Since the average CET1 for October, November and December 2023 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 is measured on the basis of the cost of equity. This indicator is 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 is rated to be 100 %. Failure to achieve that objective is classified as 0 % attainment.

Percentage of attainment:

Since the average RoRAC for October, November and December 2023 was higher than the early warning indicator (EWI), 100 % of the objective is deemed to have been achieved.

Considering the percentages of attainment of the objectives and their weightings, the final percentage of attainment of the 2021-2022 long-term remuneration objectives was 100 %. On 26 January 2024, the Remuneration Committee determined that no adjustment of any type is required to be made to this percentage, resulting in the following distribution:

Director	Final incentive (€ thousand)	Final incentive (n° shares)
CEO	251	522,619
CRO	50	105,070
Chairman	63	130,732

The schedule for payment of this incentive, in accordance with the regulatory requirements, is as follows:

		2025 (60 %)	2026 (20 %)	2027 (20 %)
CEO	€ thousand	150	50	50
	n° shares	313,572	104.524	104.524
CRO	€ thousand	30	10	10
	n° shares	63,042	21.014	21.014
Chairman	€ thousand	38	13	13
	n° shares	78,432	26,146	26,146

Notes:

- These amounts are subject to the malus and clawback clauses established in the Directors Remuneration Policy.
- The shares that are delivered are subject to lock-up as described in section 3.1.1.B) on short-term variable remuneration.

C.2.) 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).

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 (€ thousand)	Adjusted reference amount (€ thousand)	Adjusted reference amount (cash € thousand)	Adjusted reference amount (n° shares)
CEO	600	(600 x 116.25 %) 698	314	437,928
CRO	131	(131 x 101.48 %) 133	60	83,625

These amounts are linked to attainment of the long-term objectives defined for the long-term remuneration 2022-2024 and may not exceed the indicated amounts in any event.

C.3.) Long-term remuneration 2023-2025

Long-term remuneration was approved for 2023 in the same terms as that approved for 2022, based on the fulfilment of annual and multi-year objectives.

Once 2023 had concluded, the reference amount was adjusted during the first quarter of 2024 based on the degree of attainment of the objectives for 2023 short-term variable remuneration; as indicated in this Report, the degree of attainment was 131.00 % in the case of the CEO and 115.72 % in the case of the CRO.

Director	Initial reference amount (€ thousand)	Adjusted reference amount (€ thousand)	Adjusted reference amount (cash € thousand)	Adjusted reference amount (n° shares)
CEO	751	(751 x 131.00 %) 983	443	454,130
CRO	138	(138 x 115.72 %) 160	71	72,619

These amounts are linked to attainment of the long-term objectives defined for the long-term remuneration 2023-2025 as detailed in section 3.1.2.D) above and may not, in any event, exceed the indicated amounts.

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 2023, 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 are described in section 3.1.2.B) above; none of them arose in 2023.



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 2023, in accordance with the Directors Remuneration Policy approved on 23 March 2023, consisted of the following annual amounts:

	2023 remuneration (€ thousand)	Attendance fees 2023 (€ thousand per meeting)
Members	75	2
Additionally:		
— Chairman	1,500	
— Deputy Chairman	107	
— Lead Independent Director	22	

Non-Executive Directors also received the following amounts for membership of Board Committees:

Committee	Position	Amount (€ thousand)
Strategy and Sustainability Committee	Chairman	—
	Member	40
Credit Delegated Committee	Chairman	70
	Member	40
Audit and Control Committee	Chairman	50
	Member	25
Appointments and Corporate Governance Committee	Chairman	40
	Member	20
Remuneration Committee	Chairman	40
	Member	20
Risk Committee	Chairman	70
	Member	40

Based on the foregoing, the total amount actually collected by the members of the Board of Directors in 2023 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	25	70	40
César González-Bueno Mayer Wittgenstein	CEO	75	25	0	0	0	0	0	0
Anthony Frank Elliott Ball	Independent Director	16	5	0	2	2	0	0	0
Aurora Catá Sala	Independent Director	75	25	40	17	17	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	10	0	0	20	40
Mireya Giné Torrens	Independent Director	75	25	0	20	20	25	0	0
Laura González Molero	Independent Director	75	25	0	0	20	25	0	0
George Donald Johnston	Lead Independent director	93	25	64	0	7	0	0	17
David Martínez Guzmán	Proprietary director	75	20	0	0	0	0	0	0
José Manuel Martínez Martínez	Independent director	75	25	0	40	10	0	0	20
Alicia Reyes Revuelta	Independent Director	75	25	37	0	0	0	33	0
Manuel Valls Morató	Independent director	75	25	40	0	0	38	0	0
David Vegara Figueras	Executive director	75	25	0	0	0	0	0	0
Pedro Viñolas Serra	Independent director	44	14	0	0	0	13	20	0

Mr. Luis Deulofeu Fuguet received €30 thousand for membership of the Board of Directors of Sabadell Digital, S.A.U.

Ms. Mireya Giné Torrens collected €30 thousand for membership of the Board of Directors of Sabadell Consumer Finance, S.A.

The Board of Directors met 11 times in 2023.

The amounts actually received depended on the date of appointment and on meeting attendance, and they are detailed 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 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 remuneration by virtue of payments by the Bank to a third party, or any other remuneration not disclosed in this Annual Report on Directors Remuneration.



3. Directors Remuneration Policy applicable in 2024

Banco Sabadell regularly reflects on its current Directors Remuneration Policy, considering the following:

The Bank's actual situation

- **Aligning** remuneration with the short- and long-term objectives set out in the entity's strategy.
- **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.

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.

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.

There are no plans to amend the Directors Remuneration Policy in 2024 and, accordingly, the remuneration principles and components defined in the current Policy will apply.

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 Directors Remuneration Policy for each remuneration item. The Board of Directors will comply with the applicable legal regulations, taking into account its specific status as a financial institution and in line with the items, terms and conditions established in the new Directors 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.

The differences between the remuneration packages for the CEO and 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 %).

The items of executive director remuneration contemplated by the Directors Remuneration Policy are summarized below:

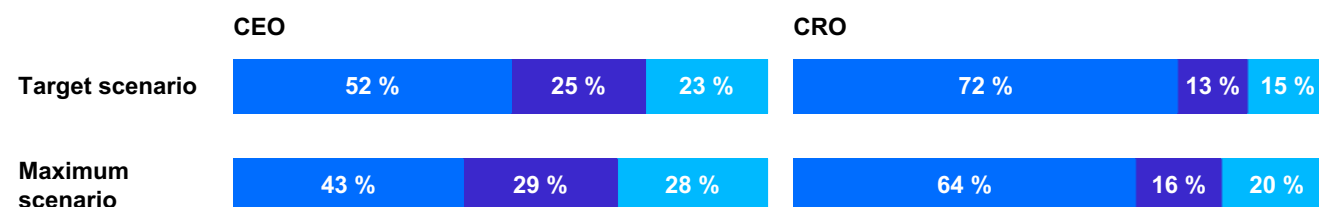
Amounts in 2024		
	CEO	CRO
Fixed salary	1.600 (1)	581
Benefits and remuneration in kind	Similar amounts to 2023	Similar amounts to 2023
Retirement and savings plans	301	111
Short-term variable remuneration	Target*: 856 Maximum: 1.233	Target*: €105 Maximum: €151
Long-term remuneration	Target*: 856 Maximum: 1.233	Target*: 145 Maximum: 209

(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.

* Target: remuneration to be allocated in the event that 100 % of the objectives are achieved.

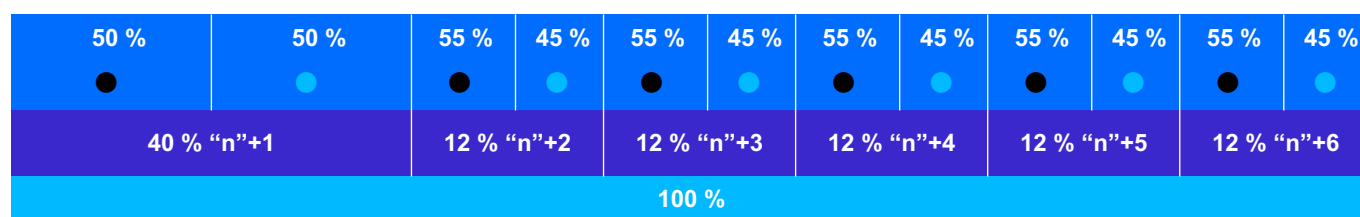
Maximum: maximum amount of the variable remuneration to be allocated in the event of exceeding the objectives.

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:



- Fixed salary + benefits + pension benefits
- Short-term variable remuneration + discretionary pension benefits
- Long-term remuneration

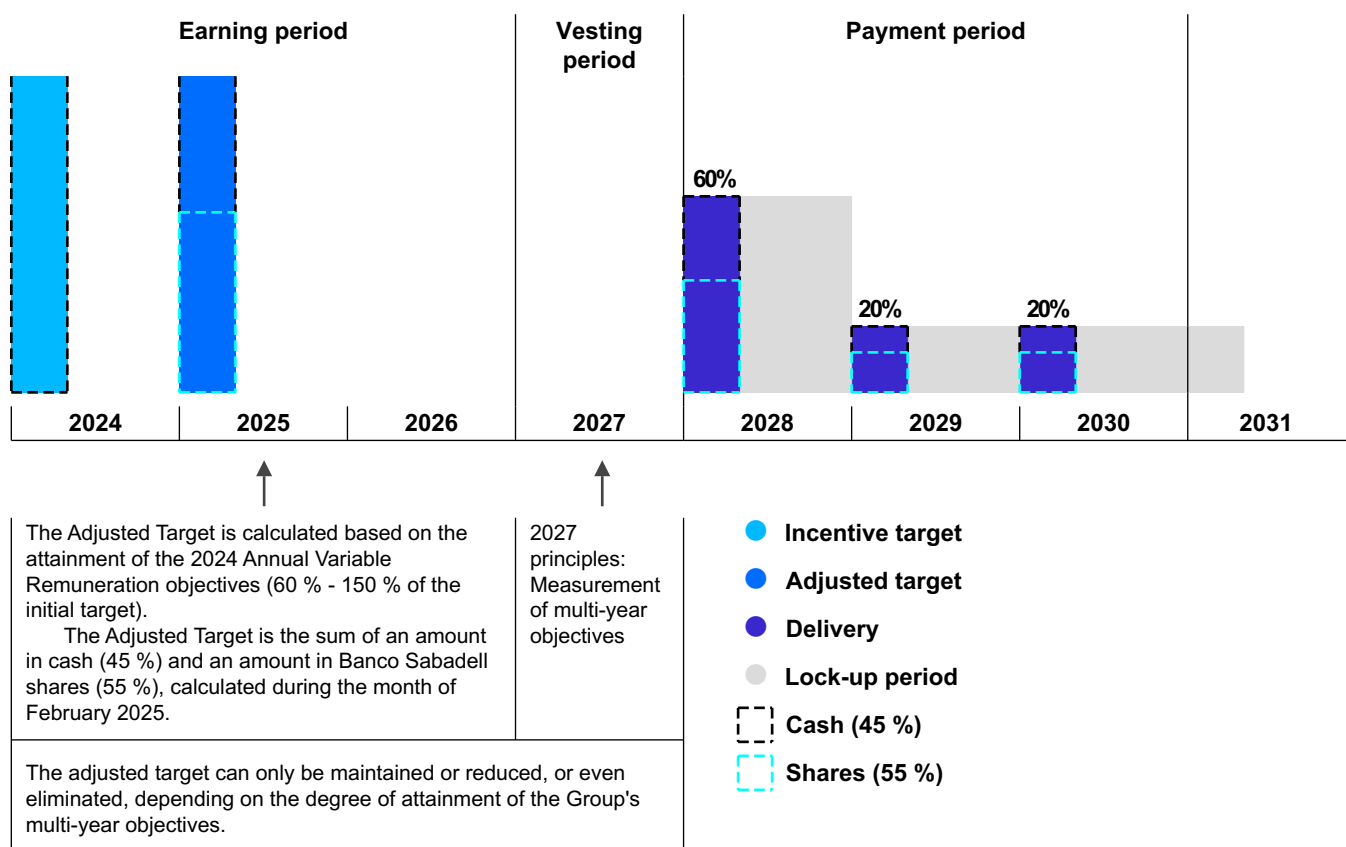
Scheme for payment of short-term variable remuneration



Performance year
Year "n"

- In shares
- In cash

Scheme for payment of long-term variable remuneration



3.1.2. Details of the remuneration items

In accordance with the Directors Remuneration Policy, the Board of Directors is empowered, on the motion of the Remuneration Committee, to set the amounts of annual fixed and variable remuneration for each of the executive directors within the maximum established amounts.

The amounts of fixed and variable remuneration for the executive directors were updated within the framework of the general salary review process for 2024 as a result of the current economic situation and their performance of their executive duties

A) Fixed remuneration

In accordance with the Directors 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 under the new Policy are listed below:

Description	Additional information	Amount (€ thousand)
Fixed salary	Paid monthly in cash. This remuneration is set by the Board of Directors on the motion of the Remuneration Committee.	— CEO: 1.664 ⁽¹⁾ — CRO: 581
Benefits and remuneration in kind	In 2024, the executive directors are beneficiaries of, inter alia, a group life insurance policy, school aid and Christmas hamper (as applicable to all the Bank's employees) and a medical insurance policy and risk coverage (also applicable to the Bank's management team), and have the use of a vehicle on the same terms as the other members of Senior Management.	— CEO: Similar amounts to 2023 ⁽²⁾ — CRO: Similar amounts to 2023 ⁽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 — CRO: 1
Retirement and savings plans*	The CEO is the beneficiary of a defined-contribution group savings insurance policy that pays out upon termination of the contract, death or absolute permanent disability, conditional upon diligent performance in his capacity as CEO. The CRO is the beneficiary of a defined-contribution group executive insurance policy which will pay out in the event of effective retirement, death or permanent and absolute disability 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. Both policies provide for the benefit to be collected as a lump sum, an annuity or a combination of the two, in accordance with current legislation. The plans are compatible with termination indemnities.	— CEO: 300 — CRO: 110

(*) 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.

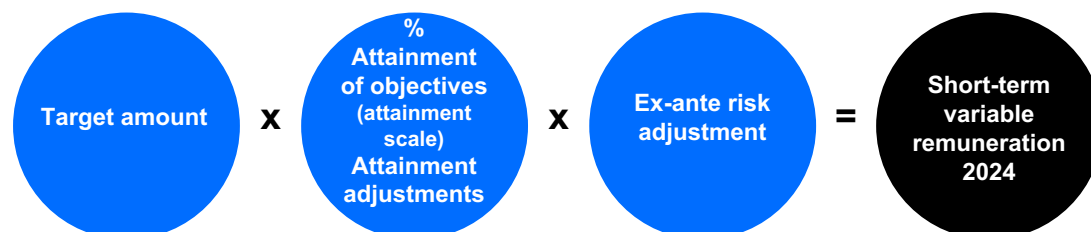
Consequently, 15 % of the contributions to be made in 2024 in relation to the group executive insurance policy on behalf of the CEO and CRO will be adjusted on the basis of the degree of attainment of the short-term variable remuneration objectives.

(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 for 2023 are detailed in section 7. Statistical annex, table i).

B) 2024 Short-term variable remuneration

The Directors Remuneration Policy establishes that short-term variable remuneration will have the following scheme:



B.1.) Target and maximum amounts

Description	Additional information	CEO	CRO
		(amount € thousand)	(amount € thousand)
Short-term variable remuneration	Reflect performance in the year, measured through annual objectives aligned with the risk incurred. The executive directors are assigned Group objectives, which include risk control and management metrics, and capital metrics, and may also have strategic objectives, with a weighting assigned to each indicator, and a scale of attainment. The objectives assigned to each executive director for 2024 are set out in this section 3.1.2.B).	Target: 856	Target: 105
		Maximum: 1.233	Maximum: 151

B.2.) Objectives and metrics

The breakdown of the objectives for 2024 is as follows:

	CEO	CRO
Group annual objectives	80 %	25 %
Functional objectives	—	55 %
Individual qualitative assessment	20 %	20 %
Total	100 %	100 %

Group objectives 2024 The same indicators as in 2023 are maintained for 2024, aligned with the strategic priorities defined by the Institution, and a market share indicator has been added.		
Metrics selected for the Group objectives		
Objective	Weighting	Description
ROTE	15.0 %	Return on tangible equity.
Group net profit	15.0 %	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	15.0 %	Banco Sabadell Group consolidated net interest income plus net fees and commissions in 2023.
Group expenses + Depreciation & amortization	10.0 %	Staff expenses + General expenses + Real estate expenses not included under the first two categories (personnel and general).
Asset quality	15.0 %	Cost of Risk (5 %) + NPA volume (5 %) + Coverage ratio (5 %)
Service quality	10.0 %	A synthetic indicator that reflects 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, businesses, SMEs, private, corporate, branch, 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.
Market share	10,0 %	A synthetic indicator focused on increasing profitability and business volume; it is composed of indicators of market share of loans and advances in Spain, market share of mortgages in the United Kingdom through subsidiary TSB, and market share of net fees and commissions with respect to credit institutions operating in Spain.

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, 25 % of the objectives are linked to the Group's objectives and 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 control functions he performs, independent of the business and corporate areas, and are focused on the control 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 2024 revolve around the following parameters:

Quantitative objectives:

- Improvement in the SREP score, weighted 20 % of his functional objectives.
- Management satisfaction, weighted 10 % of his functional objectives.

Qualitative objectives:

- Contribution to the performance of the Risk Committee, weighted 20 %.
- Fulfilment of the annual plans of action for the second line of defence (2LoD), weighted 25 %.
- Tracking of RAROC on acceptance and profitability of new initiatives, weighted 10 %.
- Development and implementation of an annual regulatory model plan, weighted 7.5 %.
- Fulfilment of the Remediation Plan from the ICAAP, weighted 7.5 %.

30 % of the CRO's functional objectives are quantitative and the other 70 % relate to qualitative assessments made by the Risk Committee.

B.3.) 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 the qualitative assessment, attainment is capped at 120 %.

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 144 %.

B.4.) Prudential adjustments for 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 MREL) 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 2024.

In addition, there are prudential mechanisms for adjusting the CRO's individual attainment, based on exceedance of expected loss thresholds in terms of operational risk and/or internal control indicators.

B.5.) 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:

- An adjustment to variable remuneration 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.

B.6.) 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 causes 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.

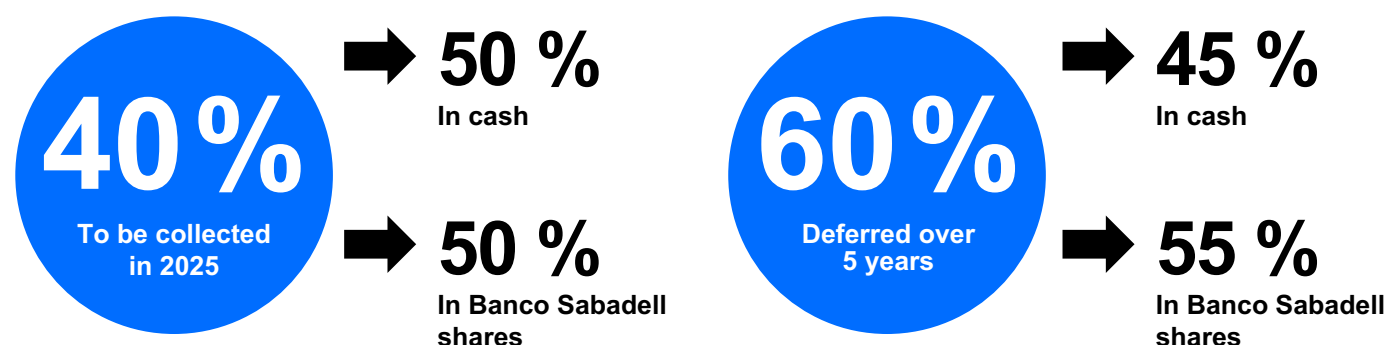
The Remuneration Committee must review the situation each year in order to make a proposal to the Board of Directors, if necessary, based on a report by the People Division, and after seeking the opinion of the Internal Control Division, the Finance Division and the Compliance Division as to whether 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.

B.7.) 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 2024 will be subject to the following scheme:

2024 variable remuneration



40 % of the variable remuneration for 2024 will be paid in 2025, 50 % in cash and 50 % in Banco Sabadell shares (valued at the closing market price in the last trading session in the month in 2025 when paid), the shares being subject to at least 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 2026, 2027, 2028, 2029 and 2030, 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 2025 when paid).

* Variable remuneration paid in shares is subject to lock-up of at least one year. 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.

C) Long-term remuneration 2024-2026

Executive Directors receive long-term remuneration granted each year in overlapping cycles.

The long-term remuneration scheme for 2024-2026 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 2024-2026 is €856 thousand for the CEO and €145 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 indicators relating to capital (CET1 and MREL) 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.1.) Target and maximum amounts

Description	Additional information	CEO	CRO
		(amount € thousand)	(amount € thousand)
Long-term remuneration	Measure the Group's and the Executive Director's performance over a multi-year time-scale. 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. The objectives assigned to each executive director for the various cycles that are current in 2024 are set out in section 3.1.2.C).	Target: 856	Target: 145
		Maximum: 1.233	Maximum: 209

C.2.) Objectives and metrics

The same objectives as for short-term variable remuneration are applicable to determine the adjusted reference amount.

The indicators for the multi-year objectives for the period 2024-2026 are detailed below.

Objective	2024-2026
Total Shareholder Return (TSR)	40 %
Return on Tangible Equity (ROTE)	40 %
Sustainability	20 %

Long-term remuneration in 2024 introduces the following new features in relation to the TSR indicator:

In order to apply market best practices and in line with the recommendations received in the Bank's regular engagement with investors, shareholders and proxy advisors, stricter requirements have been introduced for attainment of the TSR indicator:

- The attainment cap has been reduced from 150 % to 135 %
- Attainment of more than 100 % requires that the TSR exceed the median.
- Any position in the last quartile entails 0 % attainment.

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 date and the last 20 sessions of the years in which the end date falls. For these purposes, the beginning and end dates are as follows:

Long-term remuneration	2024-26
Beginning date	1 January 2024
End date	31 December 2026

Banco Sabadell's TSR will be compared with that of the following peer group:

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 has 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	
2024	%
#1	135 %
#2	129 %
#3	124 %
#4	118 %
#5	112 %
#6	106 %
#7	101 %
#8	95 %
#9	84 %
#10	73 %
#11	61 %
#12	50 %
Between #13 and #16	0 %

Return on Tangible Equity (ROTE)

Definition:

ROTE is determined as the average of the figures attained in the months of December in the measurement period (2024-2026).

Attainment scale:

The following attainment scale is defined:

0 %	50 %	100 %	150 %
<11 %	>11 %	12 % - 13 %	>14 %

Attainment is increased on a straight-line basis for attainment between 50 % and 100 % and between 100 % and 150 %.

Sustainability

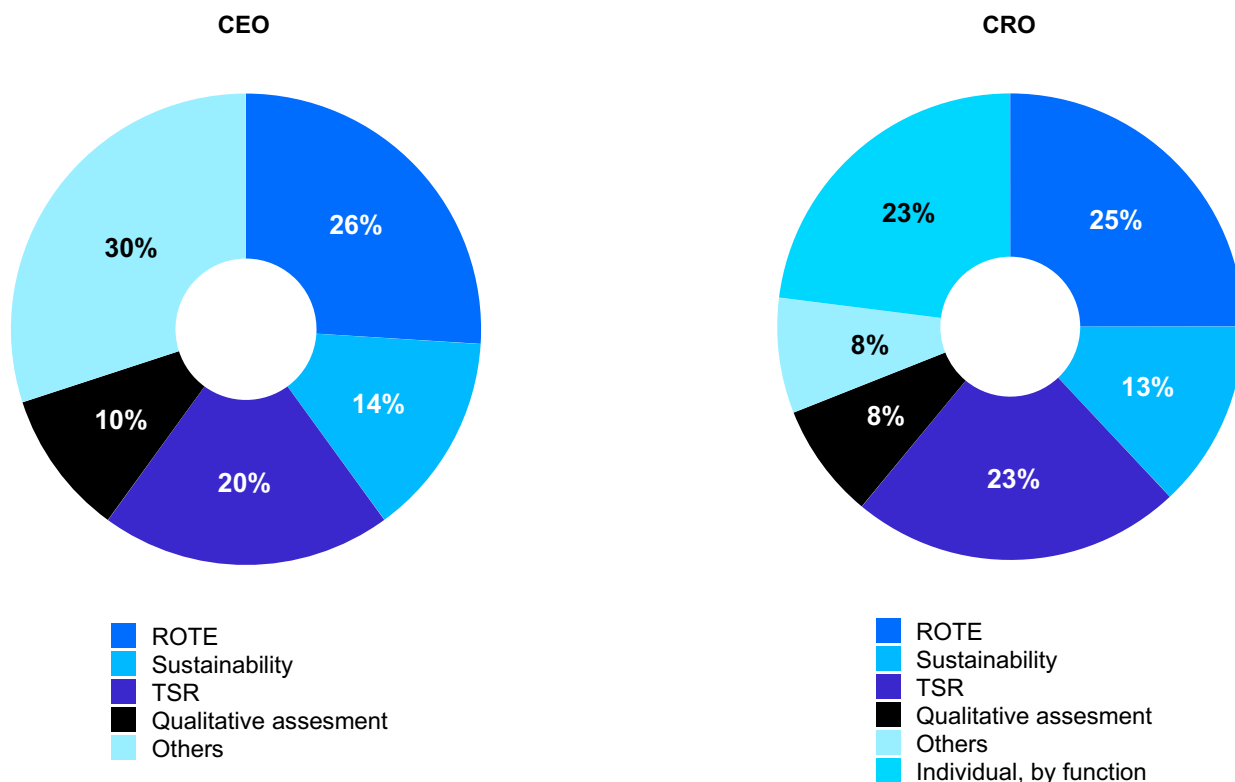
Definition:

A synthetic indicator related to the Environment (sustainable finance, sustainability-linked finance, and other finance) and Diversity (% women in the management team).

Attainment scale:

An attainment scale is defined for the Environment indicator based on accumulated objectives for 2024-2026 and another scale is defined for the % of Women in the management team.

C.3.) Proportion of total variable remuneration with respect to target metrics



D) Long-term remuneration 2022-2024 and 2023-2025

The indicators of the long-term remuneration plans in force and covering the year 2024, which, like the one corresponding to the period 2024-2026, are based on the attainment of annual and multi-year (3 years) objectives, where a reference amount for the 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, are summarized below.

The amounts established for each of these two plans are detailed in 2.1.1.C).

Objective	2022-2024	2023-2025
Total Shareholder Return (TSR)	25 %	40 %
Liquidity (Liquidity Coverage Ratio)	25 %	—
Capital (CET1)	25 %	—
Return on Tangible Equity (ROTE)	25 %	40 %
Sustainability	—	20 %

Relative Total Shareholder Return (Relative TSR)

Definition:

TSR is taken to be the sum of the dividends paid and the change in the share price, 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 date and the last 20 sessions of the

year in which the end date falls. For these purposes, the beginning and end dates are as follows:

Long-term remuneration	2022-2024	2023-2025
Beginning date	1 January 2022	1 January 2023
End date	31 December 2024	31 December 2025

Banco Sabadell's TSR will be compared with that of the following peer group in both plans:

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	

Attainment scale

Banco Sabadell's TSR ranking within the peer group	
Long-term remuneration	
2022	%
Between #1 and #8	100 %
Between #9 and #10	75 %
Between #11 and #13	50 %
Between #14 and #16	0 %

Banco Sabadell's TSR ranking within the peer group	
Long-term remuneration	
2023-2025	%
#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 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	2022-2024
Average LCR	01 October 2024 31 December 2024

Capital adequacy CET1 (set for 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	2022-2024
Average CET1	01 October 2024 31 December 2024

Return on Tangible Equity (ROTE) for both plans

Definition:

The ROTE of each plan will be determined as the average of the values in December in each year in the period (2022-2024 and 2023-2025).

Attainment scale:

The following attainment scale is defined:

2022-2024	0 %	50 %	75 %	100 %
	<5 %	5 %	6 %	>7.5 %
2023-2025	0 %	50 %	100 %	150 %
	<8 %	>8 %	10 % - 12 %	>15 %

Attainment is increased on a straight-line basis for attainment between 50 % and 100 % and between 100 % and 150 %.

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 Mobility indicator based on accumulated objectives for 2023-2025 and another scale is defined for the % of Women in the management team.

D.1.) Prudential adjustments for attainment of objectives

A risk-related correction factor will be applied that includes indicators relating to capital (CET1 and MREL) and liquidity (Liquidity Coverage Ratio), and some attainment adjustments. Breach of the tolerance threshold in the RAS for liquidity or capital adequacy result in the long-term remuneration being reduced to zero.

D.2.) Ex-ante risk adjustments

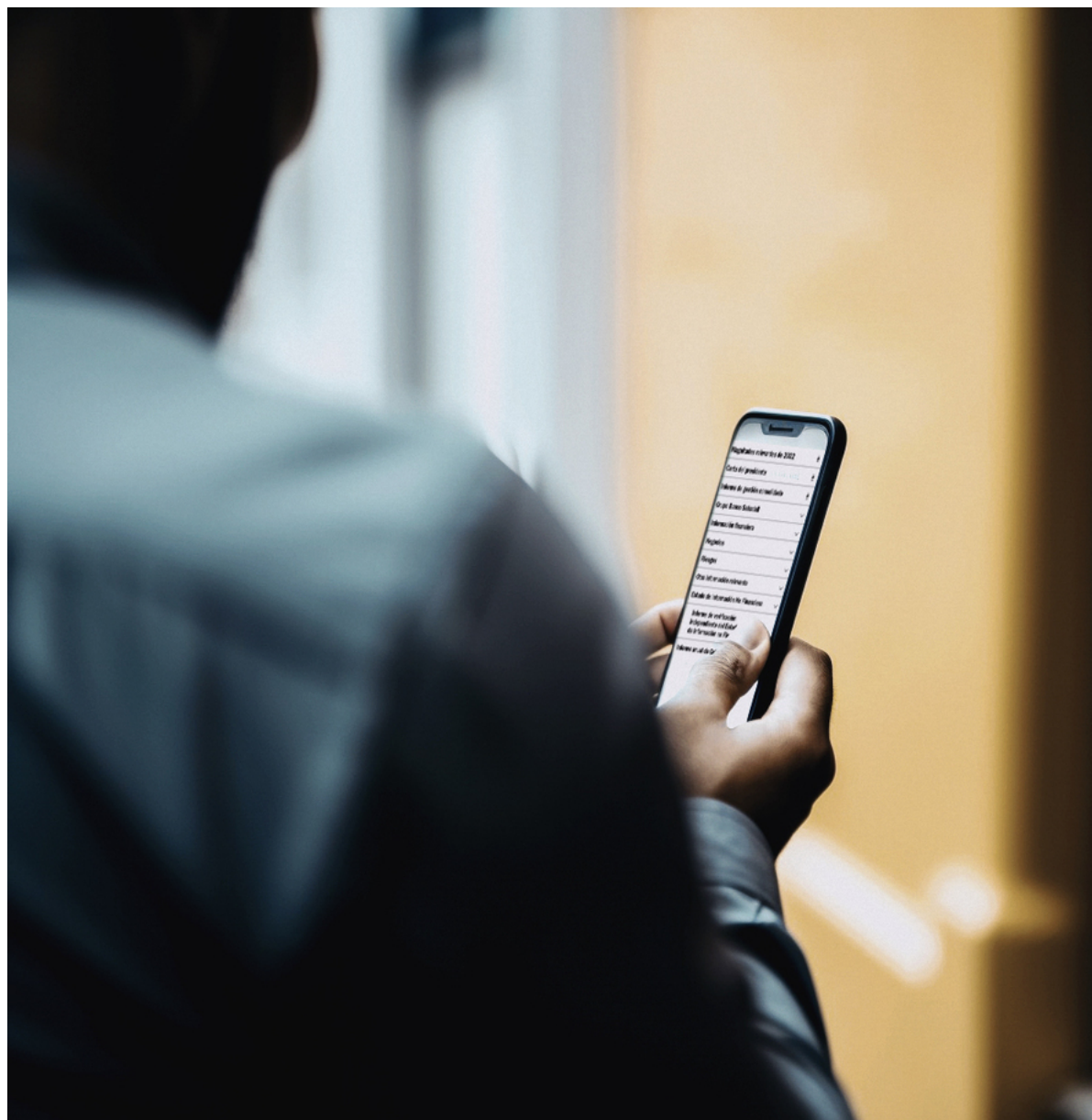
The ex-ante risk adjustments described in section 3.1.2.B) for short-term variable remuneration are also applicable to long-term remuneration.

D.3.) Payment procedure

This remuneration is deferred and paid in equity instruments, in accordance with the applicable regulations and the Remuneration Policy. The following table shows the calendar for payment of the long-term remuneration for years 2022, 2023 and 2024:

Long-term remuneration	Annual measurement year	Multi-year measurement period	1st payment* (60 %)	2nd payment* (20 %)	3rd payment* (20 %)
2022	2022	2022 2024	2026	2027	2028
2023	2023	2023 2025	2027	2028	2029
2024	2024	2024 2026	2028	2029	2030

* 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 Directors 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, including the part of the annual contribution to retirement and savings plans that is not classified as a discretionary pension benefit, with a duration of two years, in the event of removal of the CEO due to (i) a decision of the institution not attributable to breach or failure in his functions as CEO, or (ii) a change of control; and one year's fixed remuneration with a duration of one year in all other cases. The geographical scope of this non-compete clause is confined to Spain, the United Kingdom and Mexico, where the Institution'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 Directors Remuneration Policy applicable in 2024, 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 2024 was determined on the basis of the reports on director remuneration in Spain compiled by Spencer Stuart and the report entitled *"La remuneración de los consejeros de las sociedades cotizadas"* (The remuneration of directors of listed companies) produced by consulting firm KPMG, as well as a specific remuneration benchmarking report produced for Banco Sabadell by consulting firm Willis Towers Watson.

Directors' remuneration in 2024 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

In accordance with the power granted to the Board of Directors by the Directors Remuneration Policy, and based on the review of the remuneration model and the amounts for the Board and its Committees in relation to market practices, the remuneration specified in the following table was approved on 31 January 2024:

	Fixed remuneration 2024 (€ thousand)	Attendance fees 2024 (€ thousand per meeting)
Members	100	2
Additionally:		
— Chairman	1.500	—
— Deputy Chairman	107	—
— Lead Independent Director	22	—

Non-Executive Directors also receive remuneration for chairing or being members of Board Committees.

Committee	Position	Amount (€ thousand)
Strategy and Sustainability Committee	Chairman	—
	Member	40
Credit Delegated Committee	Chairman	70
	Member	40
Audit and Control Committee	Chairman	70
	Member	40
Appointments and Corporate Governance Committee	Chairman	50
	Member	30
Remuneration Committee	Chairman	50
	Member	30
Risk Committee	Chairman	70
	Member	40

Mr. Luis Deulofeu Fuguet will collect at most €30 thousand as an ordinary member of the Board of Directors of Sabadell Digital, S.A.U.

Ms. Mireya Giné Torrens will collect at most €30 thousand as an ordinary member of the Board of Directors of Sabadell Consumer Finance, S.A.

It is not envisaged that the non-executive directors will collect any other supplementary remuneration from the Institution or any other Group institution in 2024 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 none of them are entitled to indemnities or have non-compete clauses 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.

Due to the scope and special nature of his duties, the Chairman's contract as a non-executive director provides for fixed remuneration in addition to that corresponding to his membership of the Board.





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 organization, 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 Directors Remuneration Policy.

The Remuneration Committee is entrusted with making proposals to the Board of Directors regarding the Directors 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 Directors 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 transparency of remuneration.
- g) Ensuring that potential conflicts of interest do not impair the independence of external advice.
- h) Verifying the information on remuneration contained in the various corporate documents, including the Report on Directors 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 2023 Banco Sabadell's Remuneration Committee comprised four non-Executive Directors, all of whom are independent Directors, as follows:

Composition:

Chairman

Ms. Mireya Giné Torrens

Members

Mr. José Manuel Martínez Martínez

Ms. Laura González Molero

Non-member secretary

Mr. Gonzalo Barettino 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 Directors Remuneration Policy in force and within the limits established therein, on 31 January 2024 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 specialized 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 specialized in the implementation of integrated business strategies. Specialized 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 Directors 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 2024.

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 2023 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 2024 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 international 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 2024 is in the 69th percentile of the international peer group and the 61th percentile of the domestic peer group.

Companies used as benchmark

Banks in the international 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 CRO's remuneration was established on the basis of information on comparable positions in the group of European and Spanish companies indicated above, and it is above the 75th 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 Directors 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 2023 and 2024 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), asset quality (cost of risk, NPA volume, % coverage) and market share (year 2024). 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 and employee satisfaction (quality of service) and the improvement in its scores in the main ESG indexes, the sustainable finance plan, and 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 2024.

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), 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 i MREL) 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 %.

In addition, there are prudential mechanisms for adjusting the individual attainment, based on exceedance of expected loss thresholds in terms of operational risk and/or internal control indicators.

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 2023 and 2024 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 2023 and 2024 are shown in Sections 2.1.1.C), 3.1.2.C) and D).

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 specialized 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 Directors Remuneration was approved by Banco Sabadell's Board of Directors at a meeting on:

22/02/2024

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.

**Banco Sabadell
Annual Report on
Directors
Remuneration**

Content of the form per Circular 3/2021

A. Company's Remuneration Policy for the current financial year

A.1.1

Sections 1, 2 & 4

Describe the current Directors 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.

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 Directors 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 2.1 & 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.

Section 3.2

— Amount and nature of fixed components that are to be accrued during the year for the performance of Senior Management functions by Executive Directors.

Section 3.1

— 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.

Section 3.1

— 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, 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.

Sections 3.1 & 5

— 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 relation, in the terms provided, between the company and the Director.

Section 3.1

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.

— 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.

Section 3.1

- 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**
- 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 3.1 & 3.2**
- 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**
- 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:

Sections 1 & 3

- 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 1

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.

Sections 2.1 & 5

- 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

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 2.1 & 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

Section 2

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.

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:

- 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 clawed back through the application of the malus or clawback clauses, why they were implemented and the years to which they refer.

Section 2.1**Sections 2.1 & 5****Section 2.1**

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.

Sections 2.1 & 3.1

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. Itemized individual remuneration of each Director

Statistical annex

Section 7

7. Statistical annex

ISSUER IDENTIFICATION DATA

Date of end of reference year:

[31/12/2023]

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 blank votes if any:

	Number	% of total
Votes cast	3,483,718	61.92
	Number	% of votes cast
Votes against	67,441	1.94
Votes in favour	3,212,172	92.20
Blank votes		0.00
Abstentions	204,105	5.85

C. ITEMISED INDIVIDUAL REMUNERATION OF EACH DIRECTOR

Name	Category	Accrual period in 2023
Mr. JOSEP OLIU CREUS	Chairman Other External	From 01/01/2023 to 31/12/2023
Mr. PEDRO FONTANA GARCÍA	Deputy Chairman Independent	From 01/01/2023 to 31/12/2023
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	CEO	From 01/01/2023 to 31/12/2023
Mr. ANTHONY FRANK ELLIOTT BALL	Independent director	From 01/01/2023 to 23/03/2023
Ms. AURORA CATÁ SALA	Independent director	From 01/01/2023 to 31/12/2023
Mr. LLUÍS DEULOFEU FUGUET	Independent director	From 01/01/2023 to 31/12/2023
Ms. MARÍA JOSÉ GARCÍA BEATO	Other external director	From 01/01/2023 to 31/12/2023
Ms. MIREYA GINÉ TORRENS	Independent director	From 01/01/2023 to 31/12/2023
Ms. LAURA GONZÁLEZ MOLERO	Independent director	From 01/01/2023 to 31/12/2023
Mr. GEORGE DONALD JOHNSTON III	Lead Independent Director	From 01/01/2023 to 31/12/2023
Mr. DAVID MARTÍNEZ GUZMÁN	Proprietary director	From 01/01/2023 to 31/12/2023
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Independent director	From 01/01/2023 to 31/12/2023
Ms. ALICIA REYES REVUELTA	Independent director	From 01/01/2023 to 31/12/2023
Mr. MANUEL VALLS MORATÓ	Independent director	From 01/01/2023 to 31/12/2023
Mr. DAVID VEGARA FIGUERAS	Executive director	From 01/01/2023 to 31/12/2023
Mr. PEDRO VIÑOLAS SERRA	Independent director	From 22/06/2023 to 31/12/2023

C.1. Complete the following tables on the individual remuneration accrued during the year by each of the directors (including remuneration for carrying out executive functions).

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand euro)

Name	Fixed remuneration	Per diems	Remuneration for membership of Board of Directors committees	Wages	Short-term variable remuneration	Long-term variable remuneration	Indemnities	Other items	2023 total	2022 total
Mr. JOSEP OLIU CREUS	1,575	25			19	20			1,639	1,679
Mr. PEDRO FONTANA GARCÍA	182	25	135						342	335
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	75	25		1,103	264			31	1,498	2,294
Mr. ANTHONY FRANK ELLIOTT BALL	16	5	3						24	158
Ms. AURORA CATÁ SALA	75	25	73						173	179
Mr. LLUÍS DEULOFEU FUGUET	75	25	75						175	175
Ms. MARÍA JOSÉ GARCÍA BEATO	75	25	70			20	44		234	240
Ms. MIREYA GINÉ TORRENS	75	25	65						165	160
Ms. LAURA GONZÁLEZ MOLERO	75	25	45						145	30
Mr. GEORGE DONALD JOHNSTON III	93	25	88						206	178
Mr. DAVID MARTÍNEZ GUZMÁN	75	20							95	100
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	75	25	70						170	180
Ms. ALICIA REYES REVUELTA	75	25	70						170	150
Mr. MANUEL VALLS MORATÓ	75	25	78						178	140
Mr. DAVID VEGARA FIGUERAS	75	25		555	34	23		37	749	654
Mr. PEDRO VIÑOLAS SERRA	44	14	32						90	

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 2023		Financial instruments granted during 2023		Financial instruments that vested in the year				Instruments vested but not exercised	Financial instruments at the end of 2023	
		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 instruments	No. of equivalent shares
Mr. JOSEP OLIU CREUS	RLP 2019-2021	46,560	46,560			23,280	23,280	1.19	28		23,280	23,280
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	121,112	121,112			30,278	30,278	1.19	36		90,834	90,834
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							0.00			437,928	437,928
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	RLP 2023-2025			454,130	454,130			0.00			454,130	454,130
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	RV 2021	190,052	190,052			47,513	47,513	1.19	57		142,539	142,539
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	RV 2022	186,525	186,525			37,305	37,305	1.19	44		149,220	149,220

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

Name	Plan	Financial instruments at the beginning of 2023		Financial instruments granted during 2023		Financial instruments that vested in the year				Instruments vested but not exercised	Financial instruments at the end of 2023	
		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 instruments	No. of equivalent shares
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	RV 2023			437,613	437,613	165,138	165,138	1.19	197		272,475	272,475
Ms. MARÍA JOSÉ GARCÍA BEATO	RLP 2019-2021	12,175	12,175			6,088	6,088	1.19	7		6,088	6,088
Ms. MARÍA JOSÉ GARCÍA BEATO	RLP 2020-2022	83,985	83,985			50,391	50,391	1.19	60		33,594	33,594
Ms. MARÍA JOSÉ GARCÍA BEATO	Indemnities	408,928	408,928			102,232	102,232	1.19	122		306,696	306,696
Mr. DAVID VEGARA FIGUERAS	RLP 2019-2021	10,768	10,768			5,384	5,384	1.19	6		5,384	5,384
Mr. DAVID VEGARA FIGUERAS	RLP 2020-2022	105,484	105,484			63,291	63,291	1.19	75		42,194	42,194
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	RLP 2023-2025			73,896	73,896			0.00			72,619	72,619
Mr. DAVID VEGARA FIGUERAS	RV 2021	33,960	33,960			8,490	8,490	1.19	10		25,470	25,470
Mr. DAVID VEGARA FIGUERAS	RV 2022	27,135	27,135			5,427	5,427	1.19	7		21,708	21,708

Name	Plan	Financial instruments at the beginning of 2023		Financial instruments granted during 2023		Financial instruments that vested in the year				Instruments vested but not exercised	Financial instruments at the end of 2023	
		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 instruments	No. of equivalent shares
Mr. DAVID VEGARA FIGUERAS	RV 2023			51,492	51,492	19,432	19,432	1.19	23		32,060	32,060

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
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 GUZMÁN	
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	

Name	Remuneration from vesting of rights within savings systems
Ms. ALICIA REYES REVUELTA	
Mr. MANUEL VALLS MORATÓ	
Mr. DAVID VEGARA FIGUERAS	1
Mr. PEDRO VIÑOLAS SERRA	

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Mr. JOSEP OLIU CREUS							1,489	1,387
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	1	1	855		3	2	876	
Ms. MARÍA JOSÉ GARCÍA BEATO					4,660	4,473	1,500	1,143
Mr. DAVID VEGARA FIGUERAS	1	1	104	100	3	2	467	346

iv) Details of other items

Name	Description	Remuneration amount
Mr. JOSEP OLIU CREUS		
Mr. PEDRO FONTANA GARCÍA		

Name	Description	Remuneration amount
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 GUZMÁN		
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ		
Ms. ALICIA REYES REVUELTA		
Mr. MANUEL VALLS MORATÓ		
Mr. DAVID VEGARA FIGUERAS		
Mr. PEDRO VIÑOLAS SERRA		

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	Per diems	Remuneration for membership of Board of Directors committees	Wages	Short-term variable remuneration	Long-term variable remuneration	Indemnities	Other items	2023 total	2022 total
Mr. JOSEP OLIU CREUS										

Name	Fixed remuneration	Per diems	Remuneration for membership of Board of Directors committees	Wages	Short-term variable remuneration	Long-term variable remuneration	Indemnities	Other items	2023 total	2022 total
Mr. PEDRO FONTANA GARCÍA										
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN										
Mr. ANTHONY FRANK ELLIOTT BALL										
Ms. AURORA CATÁ SALA										15
Mr. LLUÍS DEULOFEU FUGUET	30								30	30
Ms. MARÍA JOSÉ GARCÍA BEATO										
Ms. MIREYA GINÉ TORRENS	30								30	15
Ms. LAURA GONZÁLEZ MOLERO										
Mr. GEORGE DONALD JOHNSTON III										
Mr. DAVID MARTÍNEZ GUZMÁN										
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ										
Ms. ALICIA REYES REVUELTA										19
Mr. MANUEL VALLS MORATÓ										15
Mr. DAVID VEGARA FIGUERAS										
Mr. PEDRO VIÑOLAS SERRA										

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 2023		Financial instruments granted during 2023		Financial instruments that vested in the year				Instruments vested but not exercised	Financial instruments at the end of 2023	
		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 instruments	No. of equivalent shares
Mr. JOSEP OLIU CREUS	-							0.00				
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	-							0.00				
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	

Name	Remuneration from vesting of rights within savings systems
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	
Ms. LAURA GONZÁLEZ MOLERO	
Mr. GEORGE DONALD JOHNSTON III	
Mr. DAVID MARTÍNEZ GUZMÁN	
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	
Ms. ALICIA REYES REVUELTA	
Mr. MANUEL VALLS MORATÓ	
Mr. DAVID VEGARA FIGUERAS	
Mr. PEDRO VIÑOLAS SERRA	

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Mr. JOSEP OLIU CREUS								

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	
	2023	2022	2023	2022	2023	2022	2023	2022
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 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		
Ms. LAURA GONZÁLEZ MOLERO		

Name	Description	Remuneration amount
Mr. GEORGE DONALD JOHNSTON III		
Mr. DAVID MARTÍNEZ GUZMÁN		
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ		
Ms. ALICIA REYES REVUELTA		
Mr. MANUEL VALLS MORATÓ		
Mr. DAVID VEGARA FIGUERAS		
Mr. PEDRO VIÑOLAS SERRA		

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 companyi					Remuneration accrued in group companies					2023 total company + group
	Total cash remuneration	Gross profit on vested shares or financial instruments (thousand euro)	Remuneration under savings systems	Remuneration under other items	2023 total company	Total cash remuneration	Gross profit on vested shares or financial instruments (thousand euro)	Remuneration under savings systems	Remuneration under other items	2023 total group	
Mr. JOSEP OLIU CREUS	1,639	64			1,703						1,703
Mr. PEDRO FONTANA GARCÍA	342				342						342
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	1,498	298	1		1,797						1,797

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Name	Remuneration accrued in the companyi					Remuneration accrued in group companies					2023 total company + group
	Total cash remuneration	Gross profit on vested shares or financial instruments (thousand euro)	Remuneration under savings systems	Remuneration under other items	2023 total company	Total cash remuneration	Gross profit on vested shares or financial instruments (thousand euro)	Remuneration under savings systems	Remuneration under other items	2023 total group	
Mr. ANTHONY FRANK ELLIOTT BALL	24				24						24
Ms. AURORA CATÁ SALA	173				173						173
Mr. LLUÍS DEULOFEU FUGUET	175				175	30				30	205
Ms. MARÍA JOSÉ GARCÍA BEATO	234	189			423						423
Ms. MIREYA GINÉ TORRENS	165				165	30				30	195
Ms. LAURA GONZÁLEZ MOLERO	145				145						145
Mr. GEORGE DONALD JOHNSTON III	206				206						206
Mr. DAVID MARTÍNEZ GUZMÁN	95				95						95
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	170				170						170
Ms. ALICIA REYES REVUELTA	170				170						170

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

Name	Remuneration accrued in the companyi					Remuneration accrued in group companies					2023 total company + group
	Total cash remuneration	Gross profit on vested shares or financial instruments (thousand euro)	Remuneration under savings systems	Remuneration under other items	2023 total company	Total cash remuneration	Gross profit on vested shares or financial instruments (thousand euro)	Remuneration under savings systems	Remuneration under other items	2023 total group	
Mr. MANUEL VALLS MORATÓ	178				178						178
Mr. DAVID VEGARA FIGUERAS	749	121	1		871						871
Mr. PEDRO VIÑOLAS SERRA	90				90						90
Total	6,053	672	2		6,727	60				60	6,787

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 annumi								
	2023	% Change 2023/2022	2022	% Change 2022/2021	2021	% Change 2021/2020	2020	% Change 2020/2019	2019
Executive directors									
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	1,797	-27.42	2,476	30.04	1,904	-	0	-	0
Mr. DAVID VEGARA FIGUERAS	871	15.36	755	12.02	674	21.44	555	-6.41	593
External directors									

	Total amounts accrued and % change per annumi								
	2023	% Change 2023/2022	2022	% Change 2022/2021	2021	% Change 2021/2020	2020	% Change 2020/2019	2019
Mr. JOSEP OLIU CREUS	1,703	-3.62	1,767	-5.46	1,869	-5.89	1,986	-35.81	3,094
Mr. PEDRO FONTANA GARCÍA	342	2.09	335	30.35	257	29.80	198	1.54	195
Ms. AURORA CATÁ SALA	173	-10.82	194	-4.43	203	9.14	186	16.25	160
Mr. LLUÍS DEULOFEU FUGUET	205	0.00	205	365.91	44	-	0	-	0
Ms. MARÍA JOSÉ GARCÍA BEATO	423	22.61	345	10.93	311	-49.02	610	-25.06	814
Ms. MIREYA GINÉ TORRENS	195	11.43	175	16.67	150	284.62	39	-	0
Ms. LAURA GONZÁLEZ MOLERO	145	383.33	30	-	0	-	0	-	0
Mr. GEORGE DONALD JOHNSTON III	206	15.73	178	-5.32	188	0.00	188	1.08	186
Mr. DAVID MARTÍNEZ GUZMÁN	95	-5.00	100	0.00	100	0.00	100	0.00	100
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	170	-5.56	180	7.78	167	21.01	138	-25.41	185
Ms. ALICIA REYES REVUELTA	170	0.59	169	-20.66	213	-	0	-	0
Mr. MANUEL VALLS MORATÓ	178	14.84	155	-8.82	170	-5.56	180	12.50	160
Mr. PEDRO VIÑOLAS SERRA	90	-	0	-	0	-	0	-	0
Consolidated results of the company									
	1,890,780	52.16	1,242,646	100.43	619,990	-	-120,830	-	951,076
Average employee remuneration									

Total amounts accrued and % change per annumi									
	2023	% Change 2023/2022	2022	% Change 2022/2021	2021	% Change 2021/2020	2020	% Change 2020/2019	2019
	65	3.17	63	6.78	59	9.26	54	-1.82	55

D. OTHER INFORMATION OF INTEREST

This Annual Remuneration Report was approved by the company's Board of Directors at a meeting on:

[22/02/2024]

Indicate whether any board members voted against or abstained with respect to the approval of this report.

[] Yes

[☒] No