

Non-Financial Disclosures Report

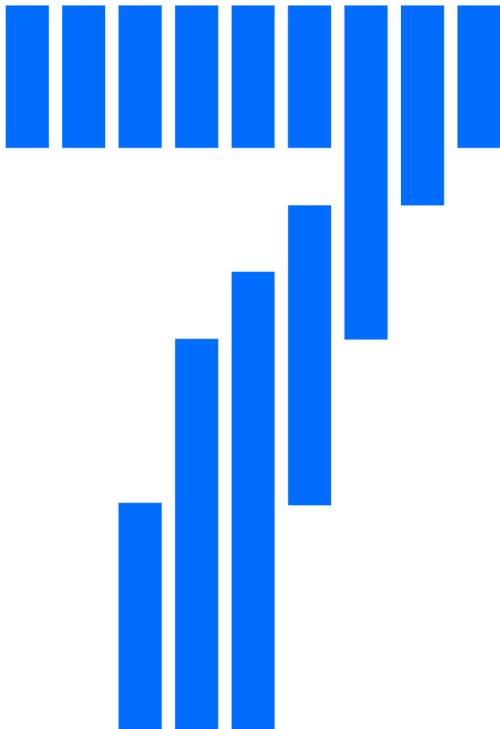


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1. Introduction

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>

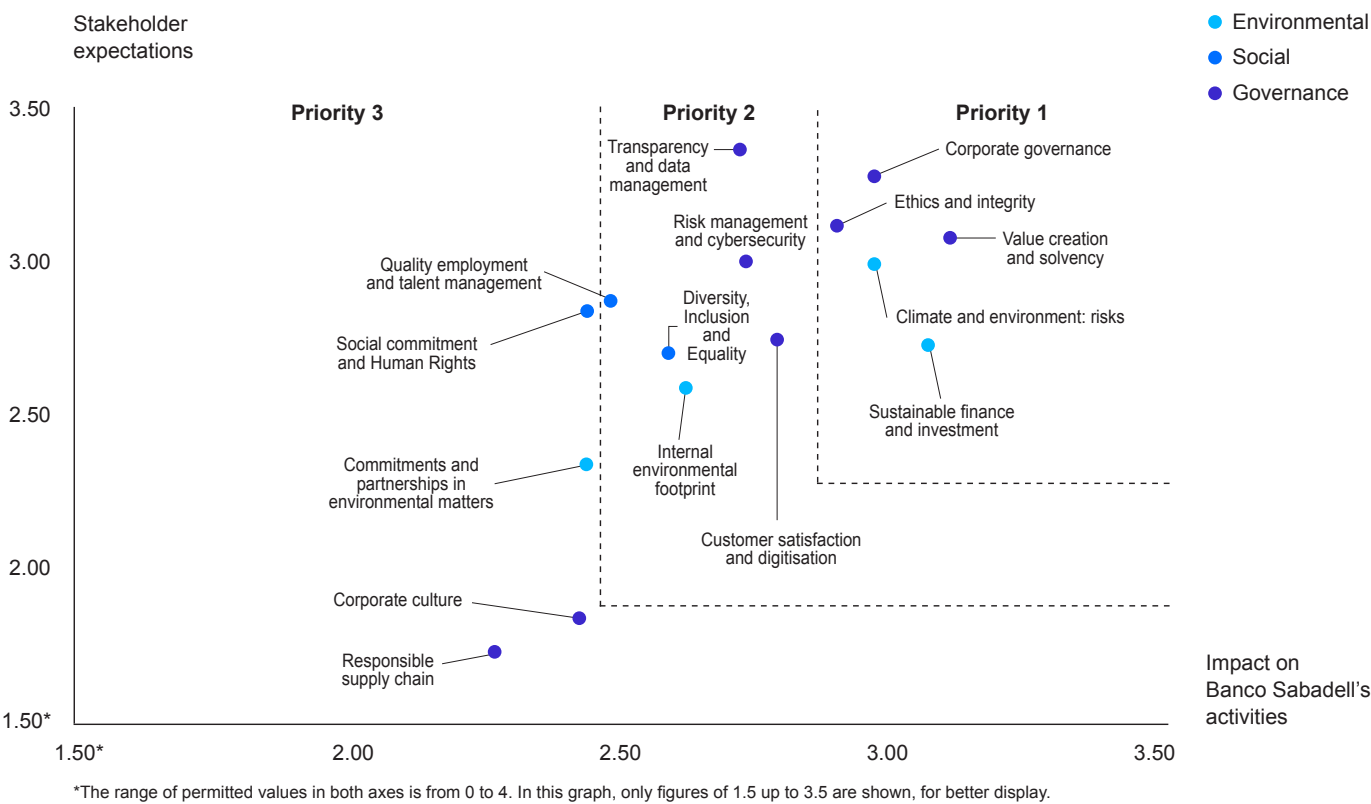
Double materiality approach

	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 / rpk 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: rpk: 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.

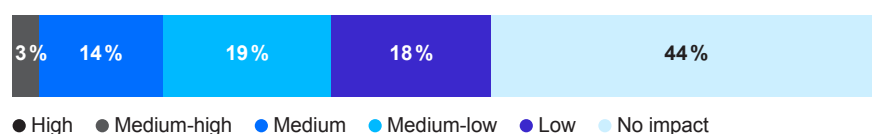
¹⁴ For more information about the scenarios used, see section "Climate scenarios and stress test" of chapter 4.3.1.

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’).

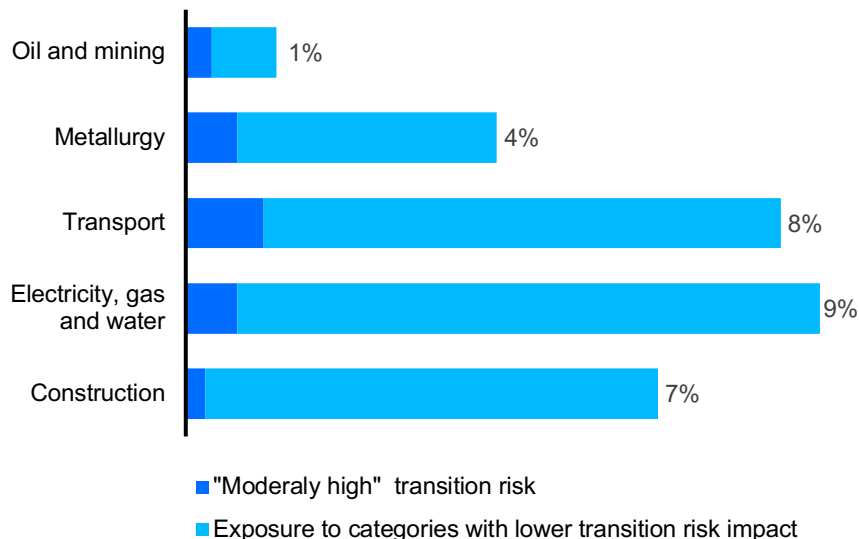
Based on everything mentioned thus far, the Group’s most affected portfolio is its portfolio of companies, although as shown in the graph¹⁵, it is currently thought that the Bank has minimal exposure (around 0.01%) to the segment with the highest transition risk (‘High’).

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	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 analysis 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

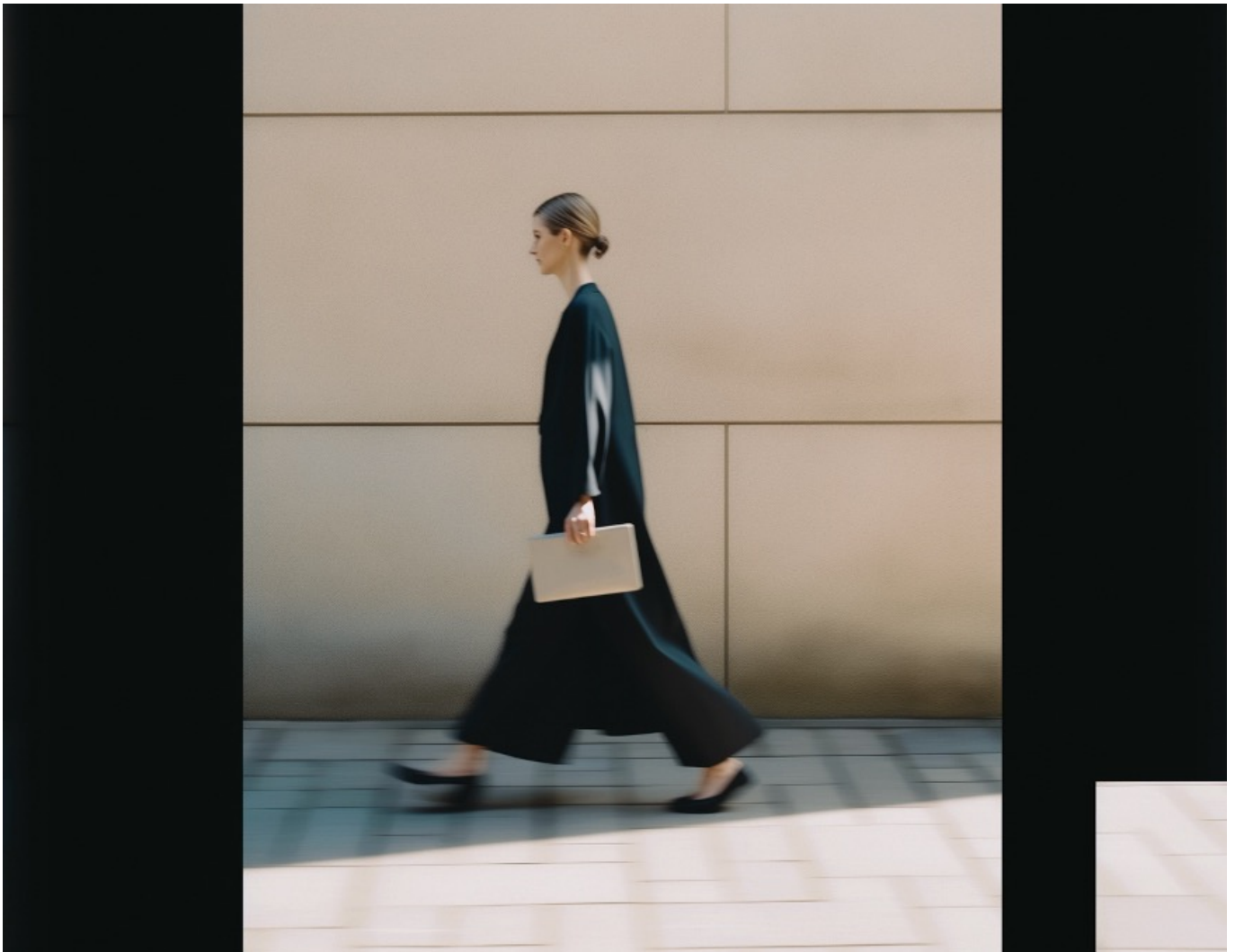
Corporate buildings ISO 14001 certification

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.

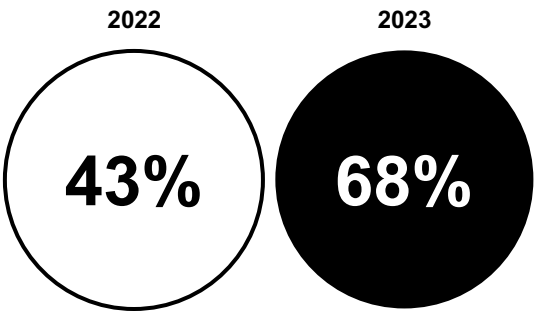
On the other hand, the percentage of new ECO vehicle contracts stood at 30% at the end of 2023, achieving the target set for the year (30%), although the pace of ECO vehicle leasing in the year did not surpass the figure at the end of 2022, which was 36%.

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.

2023			2022	
Gender	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.

2023			2022	
Age range	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.

2023			2022	
Gender	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		
Type of contract and gender	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.

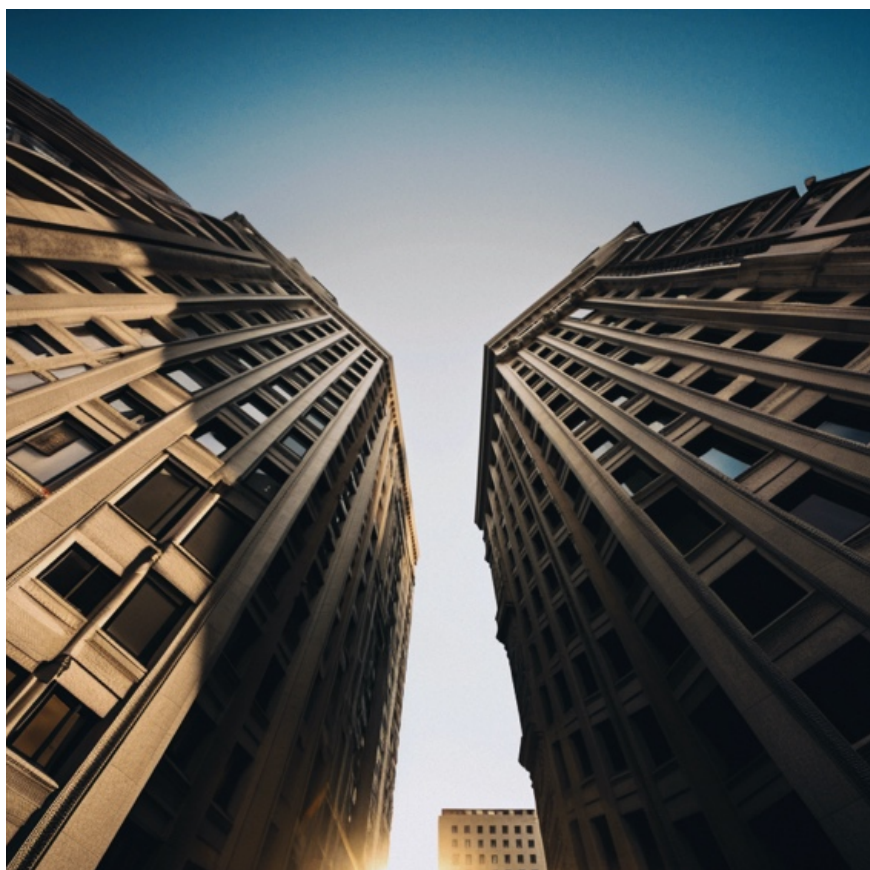
⁶⁶ Rate that measures those leaving the Group (ex-TSB) on an involuntary basis.

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.

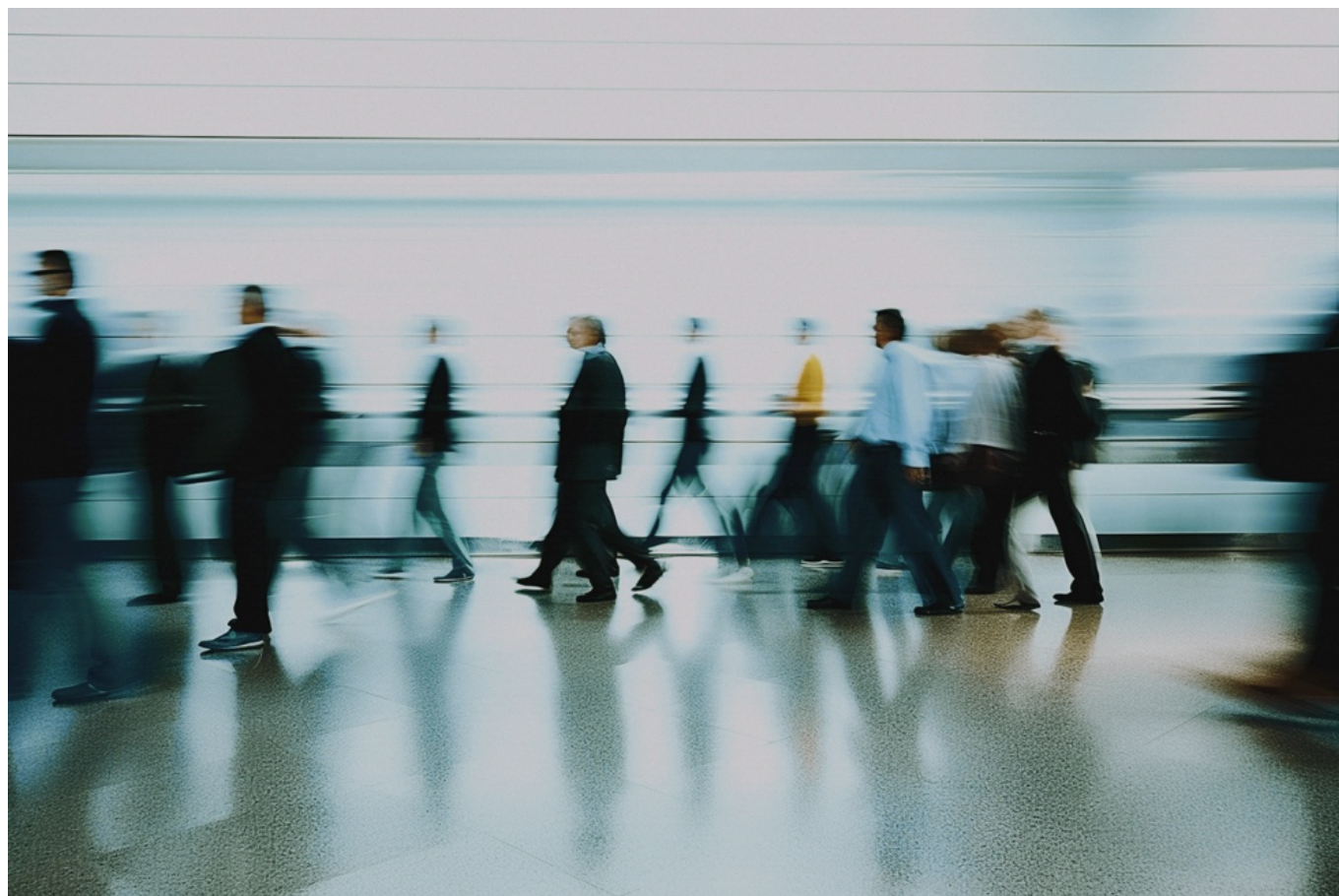
2023

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.

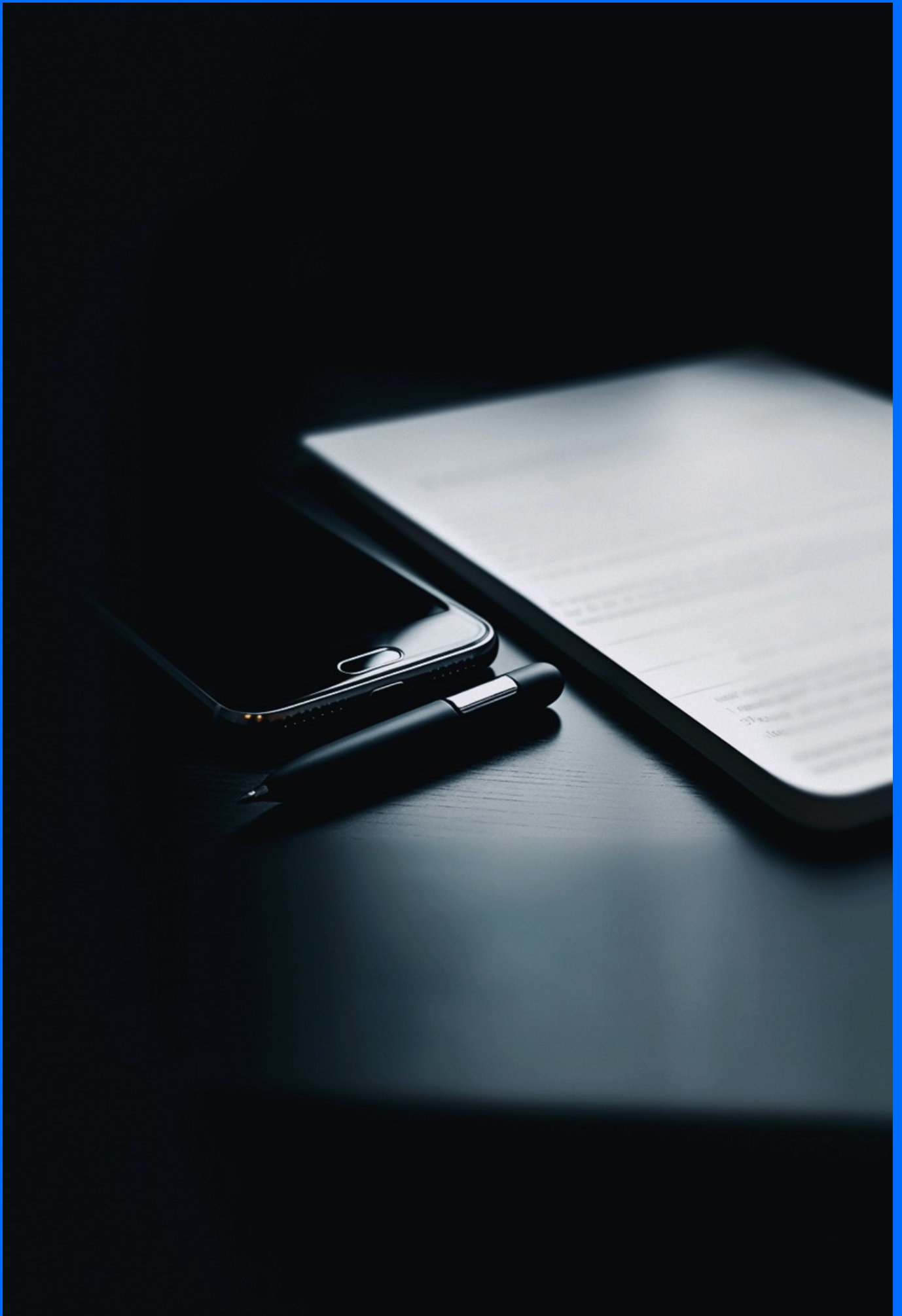
Created in 2013, 'Link' is TSB's People Forum, which serves as the voice of the workforce, with regular meetings and representatives from all areas of the bank. Every quarter, Link members meet with the Executive Committee to share their ideas, comments and recommendations. Link members also meet with 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 Fundació 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 Dáoris.

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.

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
	Contributions to foundations and non-profit organisations	7.6 Institutional relations 7.3 Social housing management 8. Commitment against corruption and bribery	167-167 164-165 184-186 415-1	2-28	Membership associations
				201-1 in relation to community investments	Direct economic value generated and distributed
					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
Consumers	Consumer health and safety measures	10. Commitment to information 6.6.2 Health and safety	195-204 138-142	3-3	Management of material topics
	Whistleblowing systems, complaints received and their resolution	7.7 Consumers DR - 1.5. Customers AFS, Note 42 – Other information	167-171 DR 1.5	3-3	Management of material topics

		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	<u>Marco de Gobierno Interno de Banco Sabadell</u>
	2-10 Nomination and selection of the highest governance body	<u>Regulation of the Board of Directors</u>
	2-11 Chair of the highest governance body	<u>Banco Sabadell Internal Governance Framework</u>
	2-12 Role of the highest governance body in overseeing the management of impacts	<u>Regulation of the Board of Directors</u>
	2-13 Delegation of responsibility for managing impacts	<u>Regulation of the Board of Directors</u>
	2-14 Role of the highest governance body in sustainability reporting	<u>Regulations of the Strategy and Sustainability Committee Art. 4</u>
	2-15 Conflicts of interest	<u>Regulation of the Board of Directors</u>
	2-16 Communication of critical concerns	<u>Regulation of the Board of Directors</u>

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.

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?.

4.3.2. Assessment and measurement: Emissions of the financed portfolio

7.1 Commitment to education

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.

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.

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

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.

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.

3.3 Materiality

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:

—

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	—	—	—	7.5	7.5	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	—		

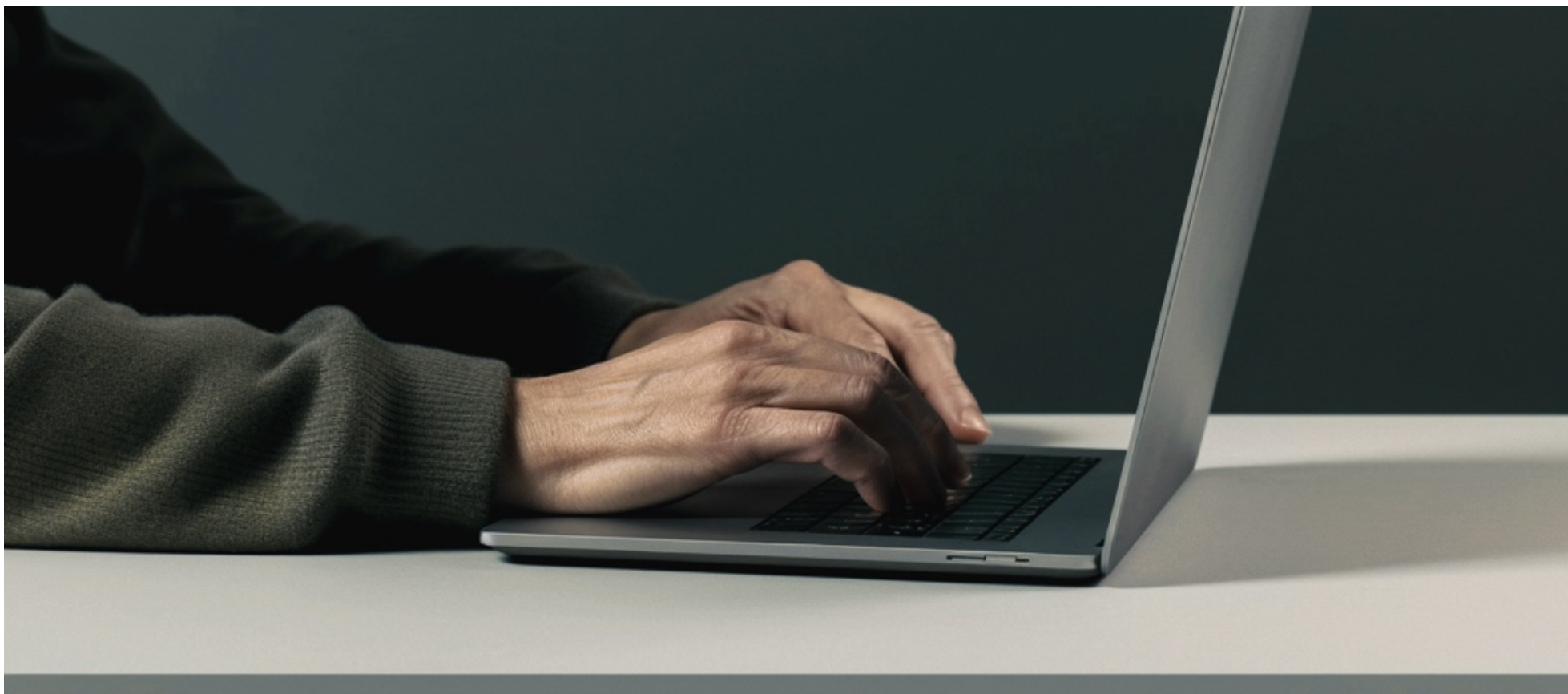
240	4614	Agents involved in the sale of machinery, industrial equipment, ships and aircraft	1.5	0.1			—	—			1.5	0.1		
241	4615	Agents involved in the sale of furniture, household goods, hardware and ironmongery	9.7	—			—	—			9.7	—		
242	4617	Agents involved in the sale of food, beverages and tobacco	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)					
% (compared to total covered assets in the denominator)				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 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 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 enabling				Of which Use of Proceeds	Of which transitional		Of which enabling		
% (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 %																	
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															Proportion of total new assets covered
		Mitigación del cambio climático (CCM)					Adaptación del cambio climático (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		
% (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

% (compared to total eligible off-balance sheet assets)		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)		
			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

% (compared to total eligible off-balance sheet assets)		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)		
			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

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 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

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	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

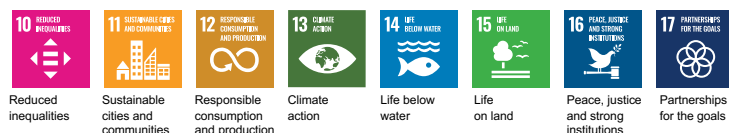
Row	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	— %
2	Amount and proportion of 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									