



**BANCO SABADELL GROUP GENERAL POLICY ON
CONFLICTS OF INTEREST**

This document is a translation of a Spanish language document, which was approved by the Board of Directors of Banco de Sabadell, S.A. on 21/11/2019. The Spanish version of this document will prevail in the event of any discrepancy or dispute.

Contents

1. Introduction	3
1.1. Definition	3
1.2. Objective and unit responsible	4
1.3. Scope of application.....	4
1.4. Regulatory framework	4
2. Principles and critical management parameters	6
2.1. Principles	6
2.1.1. Promotion and supervision of the Board of Directors.....	6
2.1.2. Governance in the prevention and resolution of conflicts of interest	7
2.1.3. Acting in the best interests of customers.....	7
2.1.4. Inhibition in matters affecting private interests	7
2.1.5. Information for supervisors	7
2.1.6. Training of liable individuals.....	8
2.2. Critical management parameters	8
2.2.1. Detection and identification of conflicts of interest	8
2.2.2. Adoption of measures to ensure objectivity and independence	9
2.2.3. General criteria for the prevention and management of Conflicts of Interest	9
2.2.4. Setting recording and control programmes	11
2.2.5. Regular reporting	11
3. Governance structure	12
4. Organisation	13
4.1. Business and Management Units (1 ^a LoD)	13
4.2. Control function (2LoD)	14
4.3. Independent Supervisory Function (3LoD)	15
5. Procedures	16
6. Tools	17
7. Policy control.....	18
7.1. Control system.....	18
7.2. Monitoring mechanisms	18
7.3. Alerts	18
8. Document governance	19
8.1. Document approval	19
8.2. Policy validity, monitoring plan and updates	19
8.3. Policy publication.....	19

1. Introduction

Within Banco Sabadell Group, made up of its parent company Banco de Sabadell, S.A., its domestic and foreign subsidiaries and its overseas branches (hereinafter, “the Group”), there is a corporate governance framework in which Policies, Codes, Rules and other regulatory documents help to shape a compliance culture and an action model based on honesty, professional responsibility and objectivity. This General Policy on Conflicts of Interest is part of this framework, which covers the identification, assessment, management and mitigation or prevention of actual and potential conflicts of interest.

1.1. Definition

For the purposes of this policy, conflicts of interest may refer to:

- Those arising from the wide range of products and services that Group companies market, which may give rise to conflicts of interest among them and their customers or among the customers themselves.

To consider the existence of a conflict of interest of this kind, it is not necessary for the event to occur, but it will only suffice that there is the possibility of it occurring in the future. However, it is not sufficient for the Group to obtain a profit or avoid losses if there is not also a potential damage to a customer nor is it sufficient for a customer with whom the Group maintains relations to obtain a profit or avoid a loss if there is no possibility of a concurrent loss to another customer.

- Actual or potential conflicts between the Group’s interests and the staff’s private interests, including members of the Board of Directors of each of the Group companies.
- Actual or potential conflicts between the interests of the different Group companies or different business units of the same entity.
- Actual or potential conflicts related to outsourcing agreements, including those that may occur between Group entities.
- Actual or potential conflicts arising from political influence or political relations.
- Actual or potential conflicts arising from relations with third parties.

1.2. Objective and unit responsible

By setting this Policy, we aim to, ultimately and essentially, guide the actions of people subject to it in accordance with the ethical norms and principles that govern the Group's activities, underpinned by the following guidelines:

- Existence of measures to avoid conflicts of interest.
- If there are or are going to be conflicts of interest, the existence of measures that enable their detection for recording and immediate management.
- If possible, eliminate these conflicts and, failing that, disclose the nature and origin of the conflict to the customer or to the relevant decision-making bodies in each case, so that they adopt appropriate decisions.

The unit responsible for this policy is the Compliance Division of the Group's parent company, Banco de Sabadell.

1.3. Scope of application

This Policy shall apply to all Group companies and, accordingly, to their directors, managers, employees and partners and to any individual directly or indirectly related¹ to them. For the purposes of this Policy, the individuals detailed above (natural persons or legal entities) shall be referred to, hereinafter, as "liable individuals".

It is worth noting that the Group also has at its disposal a Conflicts of Interest Policy for Directors and Senior Management, specific to this group, in order to deal with concrete situations and cases, completing and reinforcing this Policy.

The application of this Policy shall require, where appropriate, the development of specific policies and procedures in certain Group companies, adhering, as appropriate, to legal requirements and special features of the activities and services provided in each jurisdiction.

1.4. Regulatory framework

The legal instruments used as a reference for this Policy shall be those applicable, in each case, depending on the type of entity and the region in which it is located or carries out its activities. In any case, for reference purposes, the legal instruments applicable at the European and Spanish levels are detailed below:

- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II).
- Commission Delegated Regulation (EU) 2017/565, of 25 April, supplementing Directive MiFID II with regard to organisational requirements and operating conditions of investment firms and terminology defined for the purposes of this directive.
- Regulation (EU) 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council, and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
- Directive 2016/97/EU on insurance distribution.

- ESMA Guidelines on cross-selling practices (11/07/2016 ESMA/2016/574).
- Internal Governance Guidelines (EBA/GL/2017/11).
- Royal Legislative Decree 4/2015, of 23 October, approving the revised text of the Securities Market Act.
- Royal Decree 217/2008, of 15 February, on the judicial regime of investment firms and other institutions providing investment services.
- Commission Delegated Regulation (EU) 2017/2359, of 21 September 2017, supplementing Directive (EU) 2016/97 of the European Parliament and of the Council with regard to the reporting requirements and code of conduct applicable to the distribution of insurance-based investment products.
- Capital Companies Act, modified by Act 31/2014, of 3 December.
- Act 10/2014, of 26 June, on the Organisation, Supervision and Solvency of credit institutions, developed by Royal Decree 84/2015, of 23 February.
- Final report on outsourcing guidelines EBA GL/2019/02, of 25 February 2019.

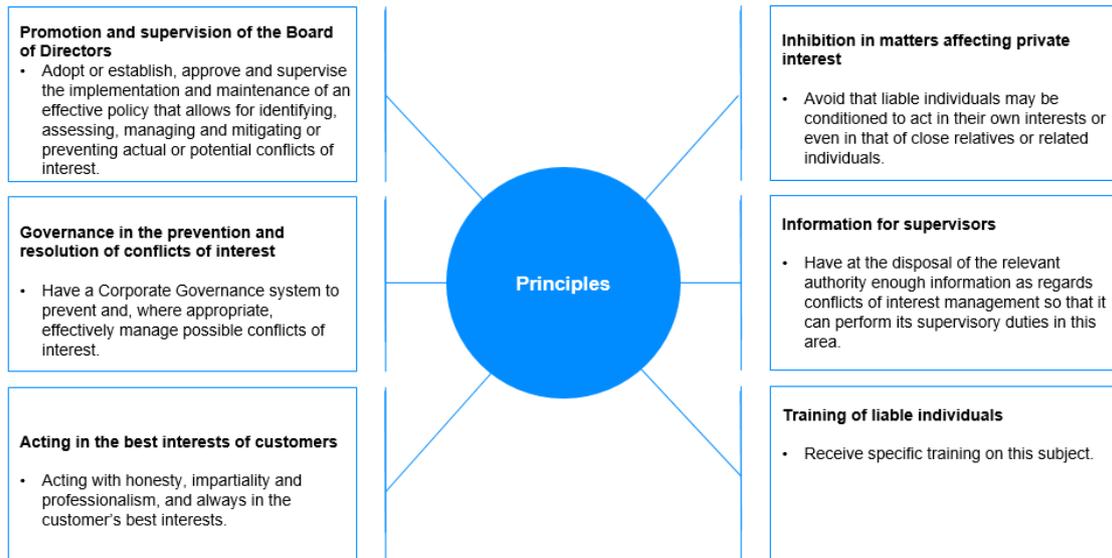
¹ According to regulations applicable to the area in which the potential conflict of interest situation occurs.

2. Principles and critical management parameters

2.1. Principles

The general principles which shall govern the management of conflicts of interest are as follows:

Figure 1. Principles for managing Conflicts of Interest



2.1.1. Promotion and supervision of the Board of Directors

The Management Body of each of the Group companies shall be responsible for transposing and approving this Policy or, where appropriate, adopting BANCO SABADELL, S.A. GENERAL POLICY ON CONFLICTS OF INTEREST as its own, in accordance with the criteria set forth in the GROUP GOVERNANCE DOCUMENT POLICY, and in both cases, supervising its implementation and maintenance in order to effectively identify, assess, manage and mitigate or prevent actual or potential conflicts of interest.

The Group parent company's Board of Directors delegates the supervision and control of this Policy to the Corporate Ethics Committee (CEC).

Those Group companies that establish their own policy may, by naming their management body, set their own supervision and control body.

In all cases, control, management and reporting duties shall be the remit of the Compliance Division of the different Group companies, if any, failing that, otherwise undertaken by the parent company's Compliance Division.

The different management bodies of the subsidiaries shall establish in their policies and procedures their control, management and reporting model, in which any case that, due to its relevance, requires mandatory management through the Group parent company's Compliance Division must be defined. To define these cases, the subsidiary must have the latter's approval.

2.1.2. Governance in the prevention and resolution of conflicts of interest

The Group must have a Corporate Governance system in place to prevent and, where appropriate, effectively manage potential conflicts of interest.

A series of effective administrative and organisational measures must be applied in order to prevent, detect and manage the conflicts of interest defined in this Policy.

Furthermore, it must regularly review and assess the effectiveness of the management measures for conflicts of interest and carry out all the necessary actions to remedy any weaknesses detected.

2.1.3. Acting in the best interests of customers

The Group's liable individuals must act with honesty, impartiality and professionalism, and always in their customers' best interests. In the event that the product or service offering may give rise to conflicts of interest among the Group itself and its customers (or among them), measures or mechanisms that ensure that these conflicts do not damage the customers' interests must be established.

2.1.4. Inhibition in matters affecting private interests

To avoid that liable individuals may have their actions conditioned by their own interests or those of related individuals, they shall refrain, in any case, from making those decisions in which their actions, at the opinion of an unbiased observer, may be compromised.

2.1.5. Information for supervisors

The different Group companies to which this policy applies must have at the disposal of the relevant authority enough information as regards conflicts of interest management, so that it can carry out its supervisory duties in this regard.

Consequently, they must regularly keep and update a record that includes:

- Activities which could potentially generate conflicts of interest carried out by the Group companies or on their behalf and in which a conflict of interest leading to a risk of damage to customers' interests has arisen or, in the case of a service of an ongoing activity, in which such a conflict may arise.
- The personal situations declared by the liable individuals in which there is a conflict among their private interests and those of the Group.

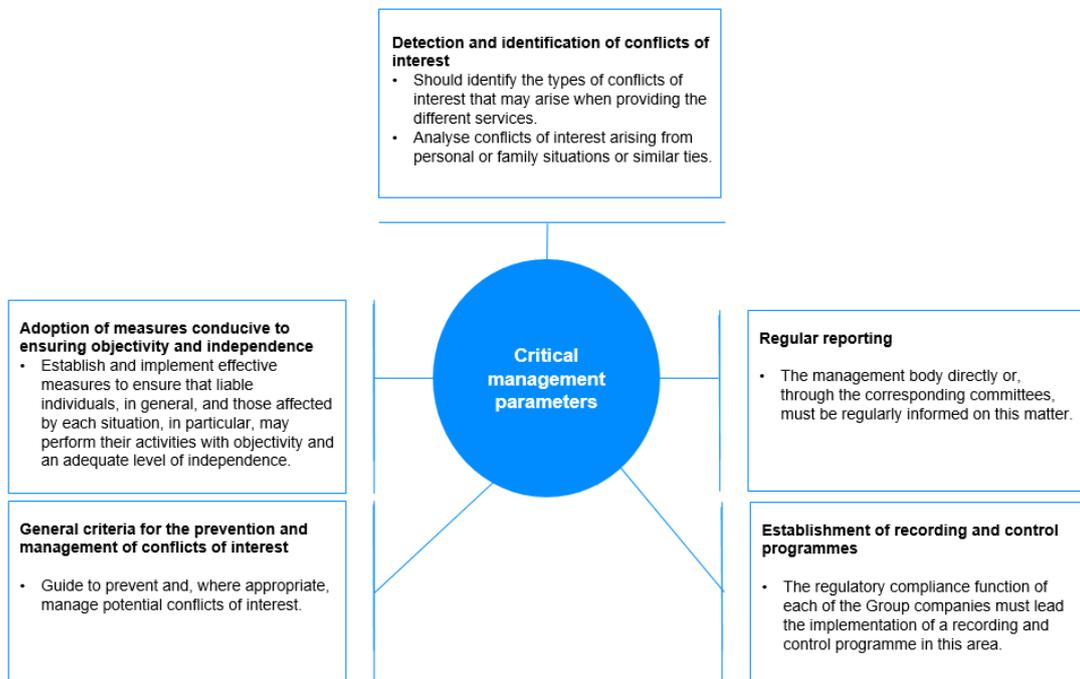
2.1.6. Training of liable individuals

All liable individuals must receive specific training on this subject. This training shall be mandatory for new Group employees and for those people who change their role and become part of an area affected due to the existence of potential conflicts of interests.

2.2. Critical management parameters

These are detailed in the following sections.

Figure 2. Critical management parameters



2.2.1. Detection and identification of conflicts of interest

The various Group companies must identify the types of conflicts of interest that may arise when providing different services, and whose existence may damage customers’ interests, also distinguishing among persistent conflicts of interest that need to be managed permanently and those which, unexpectedly caused by a single event, may be managed with a one-off measure.

In addition, they shall analyse notifications received from liable individuals to identify conflicts of interest arising from their personal situation or family or similar ties.

To facilitate the identification of situations involving a potential conflict of interest, all Group professionals whose role so requires must receive adequate training through the persons responsible for each of the areas affected.

2.2.2. Adoption of measures to ensure objectivity and independence

The different Group companies must establish and implement effective measures for managing conflicts of interest and procedures to follow to ensure that liable individuals, in general, and those affected by each situation, in particular, may carry out their activities with objectivity and an adequate level of independence, as well as, avoiding, or ultimately mitigating, the risk of damaging customers' interests or those of the Group.

The measures to adopt in each of the Group companies shall be forced by the circumstances in which they undertake their activities and, therefore, by specific applicable regulations. In any case, some of these regulations are detailed below by way of reference:

- Setting separate areas and information barriers.
- Previous analysis when designing and distributing new products or services.
- Setting a remuneration system that avoids conflicts of interest, in general, and disassociation, in particular, from the remuneration systems between areas that perform different activities.
- Blocking simultaneous or consecutive involvement in specific areas or services.
- Differentiated supervision of the areas that provide services on behalf of customers.
- Notification to all individuals subject to the requirement of notifying personal situations involving actual or potential conflicts of interest when performing their activities.

2.2.3. General criteria for the prevention and management of Conflicts of Interest

Although each situation generated must be analysed individually, general criteria that might act as a guide to prevent and, if appropriate, manage potential conflicts of interest are detailed below:

- a) Disclosure of any changes in verbal and written agreements entered into with customers and suppliers.
- b) Transparency in relations with customers and suppliers, striving for integrity in all professional activities.
- c) When outsourcing functions, if the service provider is part of the Group, the conditions applicable to the outsourced service, including financial conditions, shall be set at market conditions.
- d) Free or low-cost service offerings by suppliers who may at the same time be customers should be kindly turned down. In the event that this compromises our position with the customer, they may be accepted provided that they are previously communicated and approved by the Corporate Ethics Committee or, where appropriate, the body that assumes the supervision and control in this matter in the various Group companies.

- e) Acting as a proxy or any other form of representation of the interests of customers and suppliers must not be accepted, except in those cases where the Group company's operational norms require this.
- f) The name of the company must not be used to unduly influence the execution of personal transactions.
- g) No use should be made of corporate assets, including the company's confidential information, for personal purposes.
- h) It is prohibited to take undue advantage of the company's business opportunities. For example, all real estate transactions must be carried out adhering to the principle of best execution and under the same economic and legal conditions as those offered to other employees, customers and non-customers.
- i) No activities should be performed which, directly or indirectly, pose a threat to effective competition, whether actual or potential, with the company or which otherwise involve a permanent conflict with the company's interests.
- j) Any gift, contribution or personal benefit of any kind (including, but not limited to: gifts, goods, services, tickets to sporting events or shows, trips, preferential treatment, special discounts or anything else of value) that is offered by an actual or potential customer or supplier and that may limit or condition the employee's ability to make decisions regarding professional tasks within the various Group companies must be rejected. However, sometimes gifts from customers or suppliers are common practice and rejecting them may be just as or more compromising than their acceptance. Under this premise, it is considered that a gift does not limit or condition the employee's decision-making capacity and, therefore, may be accepted if the following conditions are met:
 - I. Its market value does not exceed 150 euros or its equivalent in any other currency (for calculating this amount, all gifts received from the same customer or supplier in the last 12 months must be taken into consideration). Those of a value higher than the one indicated above must be rejected and, when this is not possible, the Corporate Ethics Committee must be made aware or, where appropriate, it must be brought to the attention of the body that assumes the supervision and control in this matter in the different Group companies, so that it may issue a decision on the matter.
 - II. No gifts can be received at a person's personal residence.
 - III. Amounts in cash or any other means of payment cannot be accepted under any circumstances.
 - IV. They must be avoided when, due to their value or circumstances, it can be understood that their real motivation exceeds that of traditional gift-giving and, in any case, when their purpose is to alter the recipient's will.
 - V. If the gifts received are in response to the performance of a professional duty in any of the Group companies, the practice of distributing the gifts received among all the members of the Division or branch is considered appropriate, provided that, in any case, none of the foregoing conditions is breached.

- k) Employees must request authorisation from the Corporate Ethics Committee or, as the case may be, the body responsible for the supervision and control in this matter in the different Group companies, to hold a second job or act as advisors or consultants to a supplier, customer, distributor or competitor of any company in Banco de Sabadell Group.
- l) The individual affected is the one who knows best their personal situation and current or recent family or similar ties and, therefore, in the event of any doubt, early notification of this situation to the Corporate Ethics Committee or, where appropriate, the body responsible for supervising and controlling in this matter in the various Group companies represents the best alternative.

2.2.4. Setting recording and control programmes

The regulatory compliance unit of each of the Group companies must lead the implementation of a recording and control programme in this regard, acting as a second line of defence as regards the application of this Policy performing the following duties:

- a) Ensure compliance with the established policy and keep the Group parent company's Compliance Division informed of those relevant cases identified when monitoring its correct implementation and, where appropriate, the corresponding improvement and reporting actions.
- b) Update the policy and associated procedures, the types of activities/services which could potentially give rise to conflicts of interest and all those necessary annexed documents.
- c) Keep the list of activities/services which could potentially give rise to conflicts of interest and the list of affected individuals updated.
- d) Make recommendations for the adoption of organisational measures required to prevent conflicts of interest when exchanging information between the various affected units or as a result of the hierarchical or functional dependence of the various activities and services, when the exchange of such information could be detrimental to one or more customers.
- e) Design the necessary training programmes to ensure adequate dissemination and knowledge by all members of the subsidiary of the procedures for action relating to situations which could potentially give rise to conflicts of interest.
- f) Verify compliance with the policy and procedures and report their outcome to the Group parent company's Compliance Division by way of quarterly, half-yearly or annual reports.
- g) Make the first line of defence aware of detected incidents for their immediate remedy or to give rise to potential modifications to the policy or associated procedures.
- h) Coordinate adequate compliance with the policy through the individuals responsible for each affected unit.

2.2.5. Regular reporting

The management bodies of those Group companies that have transposed this policy, directly or through the corresponding committees, must be regularly informed on this matter.

3. Governance structure

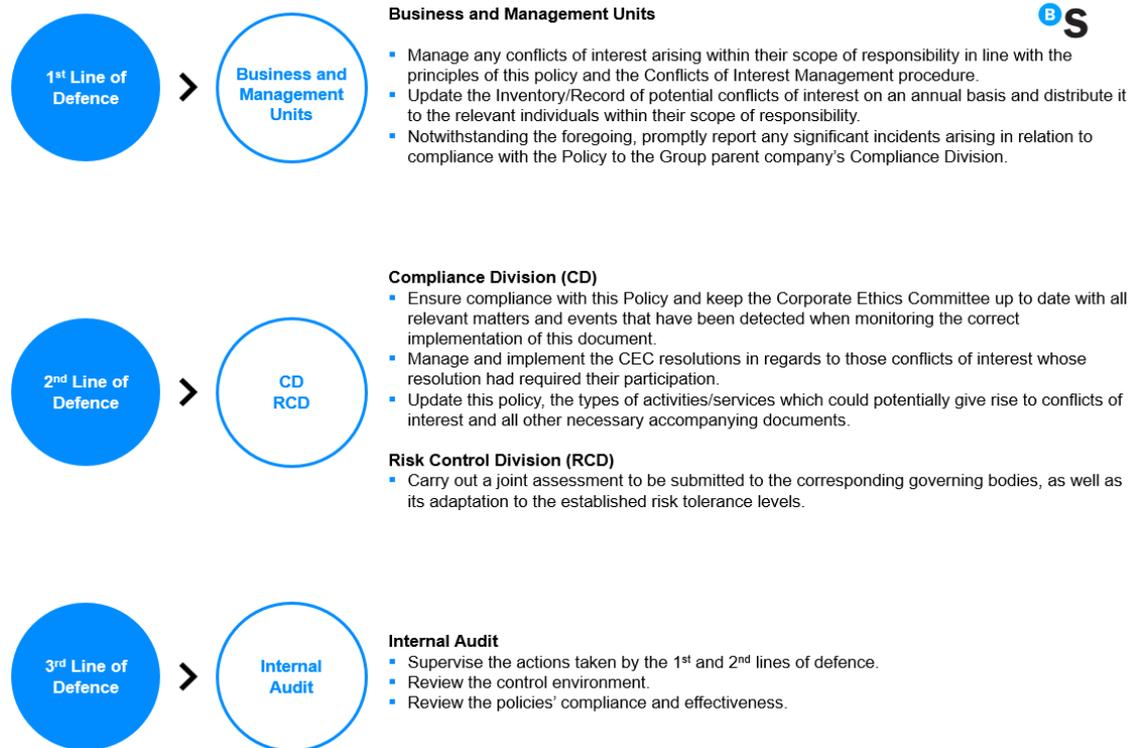
The bodies involved in the Policy and a high-level description of their duties are indicated below:

- Banco de Sabadell, S.A. Board of Directors: responsible for formally approving the Policy and any amendments and/or updates required to uphold its validity and effectiveness, and for promoting conduct and behaviour aligned with this Policy.
- Senior Management: encourages and guides the adoption, execution and development of the guidelines necessary to ensure the effective implementation of the Policy approved by the Board of Directors.
- Board Risk Committee: responsible for supervising and ensuring adequate prevention, control and management of the risks associated with the identification, prevention and management of conflicts of interest.
- Audit and Control Committee: supervises the effectiveness of the internal controls and the risk management systems implemented by the company, including those relating to regulatory compliance.
- Delegated Committee: monitors and oversees work undertaken in this regard by the Compliance Division and by the Supervisory and Control Body (the Corporate Ethics Committee or CEC), ensuring that they implement all matters and aspects defined by the Board of Directors.
- Corporate Ethics Committee: promotes ethical behaviour of the entire organisation to ensure compliance with the principles of action included in the General Code of Conduct, the Internal Code of Conduct relating to the securities market and the Crime Prevention Policy and is in charge of managing potential conflicts of interest which they are made aware of.
- Finally and according to the provisions of BANCO DE SABADELL GROUP POLICY ON OUTSOURCING OF FUNCTIONS:
 - Where conflicts of interest between Banco Sabadell and subsidiaries or between subsidiaries are concerned, Banco Sabadell Board of Directors shall be responsible for managing them, according to the defined criteria and procedures.
 - As regards conflicts of interest between an Outsourcing Entity and other local units involved, the management body of the Outsourcing Entity defined in the local Policy is the one responsible for managing them, according to the criteria and procedures established therein.

4. Organisation

The Group defines roles and responsibilities on the basis of the model of the three lines of defence.

The main duties of each line of defence are indicated below. *Figure 3. Roles and responsibilities of the three lines of defence*



4.1. Business and Management Units (1^a LoD)

Management staff and employees of the Business and Management Units of the various Group companies are those who, due to their position within the company, analyse and manage the risks associated with these units and mitigate such risks through the implementation of controls. They are therefore the primary representatives of the first line of defence. They are required to use their knowledge and experience in these areas to:

- Manage any conflicts of interest arising within their scope of responsibility in line with the principles of this Policy and the General Procedure for the identification, assessment and management of Conflicts of Interest.
- Keep the necessary interaction with the Group parent company's Compliance Division or, where appropriate, with the Compliance unit of the corresponding subsidiary, for the management of conflicts of interest that affect their scope of responsibility.
- Update the Inventory/Record of potential conflicts of interest on an annual basis and distribute it to the relevant individuals within their scope of responsibility.

- d) Notwithstanding the foregoing, promptly report any significant incident arising in relation to compliance with the policy to the Group parent company's Compliance Division.
- e) Train and inform the relevant individuals within their scope of responsibility on how to adequately identify and manage conflicts of interest.
- f) Forward to the relevant individuals any additional information that the Group parent company's Compliance Division deems appropriate.

4.2. Control function (2LoD)

Group parent company's Compliance Division

Group parent company's Compliance Division is in charge of carrying out the following duties:

- a) Ensure compliance with this Policy and keep the Corporate Ethics Committee up to date with all relevant matters and events that have been detected when monitoring the correct implementation of this document.
- b) Manage and implement the CEC resolutions in regards to those conflicts of interest whose resolution had required their participation.
- c) Update this Policy, the types of activities/services which could potentially give rise to conflicts of interest and all other necessary accompanying documents, the list of affected units and the list of relevant individuals.
- d) Make recommendations for the adoption of organisational measures required to prevent conflicts of interest when exchanging information between the various Group units or as a result of the hierarchical or functional dependence of the different activities and services, when the exchange of such information could be detrimental to one or more customers.
- e) Participate in the design of the necessary training programmes to ensure adequate dissemination and knowledge by all Group members of the procedures for action relating to situations which could potentially give rise to conflicts of interest.
- f) Execute controls to verify compliance with this Policy and report on its outcome to Senior Management by way of regular reports.
- g) Make the first line of defence aware of detected incidents for their immediate remedy or to give rise to potential modifications to this Policy.
- h) Coordinate adequate compliance with the policy through the individuals responsible for the unit of each of the Group companies and, where appropriate, the affected areas.

Risk Control Division

Within the scope of this Policy, the risk control function shall receive information from the regulatory compliance function relating to: i) the identification of potential conflicts of interest (inventory of units and conflicts); ii) the group of controls related to this matter; iii) possible impacts due to non-compliance; and iv) corrective measures taken, with the aim of carrying out a joint assessment to be submitted to the corresponding governing bodies, as well as their adaptation to the risk tolerance levels established.

4.3. Independent Supervisory Function (3LoD)

Internal Audit supervises the activities of the 1st and 2nd Lines of Defence. To this end, it reviews the control environment, verifying compliance with and effectiveness of policies and providing independent information relating to the control model.

5. Procedures

For the sole purpose of this Policy, only the General Procedure for Identification, Assessment and Management of Conflicts of Interest is linked as a summary guide.

6. Tools

The Group has a set of control tools for operating procedures derived from this Policy, among which the following should be highlighted:

- a) Control plan linked to the inventory of conflicts of interest.
- b) Management chart with monitoring of securities transactions by staff subject to the Internal Code of Conduct in the securities market arena.
- c) Management chart with monitoring of securities transactions by staff subject to operational restrictions due to the Entity's results publication.
- d) Management chart with monitoring of securities transactions by staff subject to the operational restriction arising from their inclusion in a privileged information file.
- e) Management chart with monitoring of securities transactions carried out by the affected individuals themselves and their related parties.
- f) Internal channel for the resolution of doubts, queries and authorisation requests to the Corporate Ethics Committee in relation to potential conflicts of interest.

7. Policy control

7.1. Control system

In order to comply with the provisions of this Policy, the Compliance unit of each of the Group companies must execute its own supervision and control plan.

For instance, the regular controls that the Compliance Division of the parent company carries out are detailed below:

- adequate marketing of products and services (for example, control of forced operations);
- verification of the disclaimers included in the analysis reports;
- update of the conflicts of interest inventory;
- control of the online publication of incentives; and
- requests from customers to detail incentives.

7.2. Monitoring mechanisms

The results of these control programmes must be reported in line with the established requirements, allowing the results obtained, along with any applicable corrective measures, to be adequately monitored by the entities' governing bodies.

7.3. Alerts

The Group parent company's Compliance Division shall manage the alerts received from the different Group companies, based on their severity and in line with the controls and procedures established to implement, where appropriate, improvement actions and regularly report the outcome of works to the CEC.

8. Document governance

8.1. Document approval

Banco Sabadell Group General Policy on Conflicts of Interest is approved by the Group parent company's Board of Directors.

8.2. Policy validity, monitoring plan and updates

This policy shall enter into effect on the date of its approval by the Board of Directors of Banco de Sabadell, S.A. It shall be reviewed on at least an annual basis (review of general structure and content). It shall also be reviewed when certain circumstances arise, including but not limited to:

- a) Changes in the regulatory framework and/or the supervisor's recommendations.
- b) Development of new policies or amendments to existing policies which impact this Policy.
- c) Substantial changes in any procedures related to this Policy.
- d) When the results of monitoring and control activities make it advisable to change certain actions in order to increase the level of compliance or reduce the impacts of such activities on the Group or its employees.

Any proposed changes shall be made following the guidelines set forth in the Normative Documents Governance Policy, as indicated hereafter:

- a) The Division responsible for the policy, as the policy owner, shall coordinate the analysis and evaluation of the suitability of the changes, amendments and/or adjustments proposed by any Division.
- b) The division responsible for the policy shall submit the proposed aspects to be changed and the corresponding justification for such changes to the Policies Committee.
- c) The Policies Committee shall decide whether or not to accept the changes.
- d) The Division responsible for the Policy makes the necessary adjustments to ensure that the new version follows its validation and approval process.

8.3. Policy publication

This Policy shall be available to all Banco Sabadell Group's employees through "CanalBS" or through any other channel deemed appropriate by Banco Sabadell at any given time.

