



BANCO SABADELL GROUP TAX STRATEGY

TAX STRATEGY

1. INTRODUCTION

1.1. Context

The Board of Directors of Banco de Sabadell, S.A. (hereinafter, Banco Sabadell or Banco Sabadell Group, indistinctly) is the maximum decision making body as it is entrusted, legally and statutorily, with the administration and representation of Banco Sabadell Group, except for the matters reserved for the competence of the General Meeting.

The Board of Directors acts mainly as an instrument of supervision and control, and delegates the management of ordinary business matters of the Company to the executive organs and management team.

To ensure adequate and normal performance of its general supervisory duties, the Board undertakes to discharge the responsibilities provided by law, including:

- approving Banco Sabadell's general strategies;
- identifying Banco Sabadell's 's main risks and implementing and monitoring suitable internal control and reporting systems;
- setting policy on the reporting and disclosure of information to shareholders, the markets and the general public;
- approving the Annual Corporate Governance Report; and
- generally deciding on business or financial transactions that are of particular importance for Banco Sabadell.

In the exercise of these functions, the tax strategy of Banco Sabadell is approved herein, as well as the tax strategy of companies and investments controlled by Banco Sabadell.

The Board of Directors, in accordance with article 529 ter. 1. i) of Royal Legislative Decree 1/2010, of 2 July, approving the restated text of the Spanish Corporations Law, approves the tax strategy of Banco Sabadell and the principles and fundamental pillars which govern it.

1.2. Recipients and scope

Banco Sabadell's tax strategy shall be applicable to all companies controlled by the Group, regardless of their geographical location.

Furthermore, Banco Sabadell shall promote the investments the control of which is shared with partners external to the group, or in which it has a significant investment, follow principles in tax matters which are aligned with the current tax strategy.

The tax strategy shall be applicable to all direct taxes on corporate earnings, indirect taxes and taxes on earned income, movable and immovable property and other tax obligations which are

applicable or for which Banco Sabadell Group is responsible, as well as all information obligations with regard to the same.

2. TAX STRATEGY

2.1. General Principles

The tax strategy is governed by the principles of efficiency, prudence, transparency and minimisation of tax risk, which, in general, are aligned with the business strategy of Banco Sabadell Group.

Tax risk reflects the possible breach or uncertainty associated with the interpretation of tax legislation in any of the jurisdictions in which ordinary activities are carried out. Uncertainty may arise from:

- the interpretation of tax laws or regulations;
- double taxation risk;
- risk of error in the calculation or reporting of tax data and reports; and
- the risk of tax surcharges deriving from disagreements between Banco Sabadell Group and the Tax Authority.

The objective of Banco Sabadell Group in this regard is to ensure compliance with tax obligations, always observing the current legal framework.

Lastly, Banco Sabadell Group conveys tax information in a direct, clear and transparent manner to its customers and shareholders, to tax authorities and other relevant stakeholders. .

2.2. Action principles in tax matters

In the context of the principles of Corporate Governance of Banco Sabadell Group, the tax strategy is based on the following principles:

- Guaranteeing and ensuring compliance and adherence to tax laws and regulations valid in each and every country and territory in which Banco Sabadell operates and/or is present, as well as observing guidelines and international principles stipulated in tax matters by the OECD.
- Establishing tax criteria founded on Law, covered by existing doctrinal and judicial criteria, as well as by international guidelines and regulations.
- Verifying that transactions are carried out only where there are sound commercial and business reasons, whilst ensuring that obtaining maximum tax efficiency is not prejudiced in the achievement of such an objective.
- Carrying out prior analysis of tax implications in the transactions, with the objective of minimising tax risks, including reputational risk.
- Configuring and commercialising banking products, assessing any and all of their tax implications, which shall be conveyed in a clear and transparent manner to customers.
- Valuing related party transactions, as legally defined at all times, based on the arm's length principle under the terms established by the OECD, considering the functions, assets and risks of the intervening parties and observing the recommendations approved in the OECD.

- Not using opaque structures or entities resident in tax havens whose objective is to reduce the tax burden of Banco Sabadell Group. In the case of having presence or transactions in territories deemed as tax havens, this shall be for economic and business reasons.
- Ensure that relationships with tax authorities are constructive and collaborative, on a reciprocal basis of good faith and transparency, seeking mutually agreed solutions in the event of a discrepancy. Banco Sabadell is adhered to the Code of Good Practice of the AEAT, and acts in line with the recommendations formulated in this text and in a collaborative manner with the State Tax Authority.

3. TAX RISK CONTROL

3.1. Governance

In the framework of the mandate set forth in the Spanish Corporations Law for the improvement of Corporate Governance and in the Articles of Association of Banco Sabadell, the Board of Directors is responsible for the following functions, which cannot be delegated:

- The determination of the Company's tax strategy.
- The approval of investments or transactions of any type which, due to their high amount or special characteristics, have a strategic nature or special tax risk, unless their approval corresponds to the General Meeting.
- The approval of the creation or acquisition of a participation in special-purpose entities or those domiciled in countries or territories which are considered to be tax havens.
- The approval of any similar transaction which, due to its complexity, may undermine the transparency of the company and of its group.

3.2. Tax risk management

Banco Sabadell has implemented precise control mechanisms for adequate and due compliance with tax regulations, having allocated the necessary material and human resources for the achievement of this objective.

The Group's risk management programme includes, amongst others, the management of tax risk, having implemented the necessary controls for the achievement of the objectives set forth in the tax strategy and for compliance with guiding principles set forth therein.

The establishment, update and implementation of risk controls is carried out by the Risk Control Division which receives support from the Tax Department (Legal Division) which regularly reviews the suitability of the controls to the current regulatory framework. The execution of these controls corresponds to the different Divisions of the Group responsible for the management of each process. The internal audit function, as the third line of defence, must, independently to the first and second lines of defence, regularly supervise the control environment following a risk based approach, with the objective of verify suitability and compliance with the Policy and procedures.

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