

Non-Financial Information Statement
for the year ended
31 December 2020

This non-financial information statement was issued as required by Spanish Non-Financial Information and Diversity Law 11/2018, of December 28th, amending the Spanish Commercial Code, the Consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, of July 2nd, and Spanish Audit Law 22/2015, of July 20th.

This document refers to the business activities of WIZINK BANK, S.A.U. and companies comprising the Group ("WiZink" or "the Company"). *Global Reporting Initiative's* (GRI) sustainability reporting guidelines, were used as the reporting standard for the preparation of this non-financial information statement, following the principles and content defined in their latest version, the *GRI Standards*.

The Company has identified the key areas relevant to both the business and its stakeholders, integrating the main priorities of its Corporate Social Responsibility (CSR) strategy "The Value of Everyday Life." This analysis was carried out in 2018 and its review is scheduled to take place during 2021.

The CSR strategy was defined based on an assessment and participation of 12 internal areas of the company, the analysis of best practices in the sector and the main challenges and trends in sustainability that impact WiZink's activity. The approach defined focused on the value of commitment to what is close to us, to everyday life and attention to the small details that create great experiences, with a focus on improving people's lives on a day-to-day basis.

In addition to the CSR and sustainability strategy, WiZink considers other important topics in its activities a priority. The Company has taken into account the industry context and regulations, as well as the main demands of its stakeholders, industry trends and best practices in order to determine which non-financial matters are relevant to WiZink

As a result, taking into consideration the Company's business model, the following were identified as the main relevant matters:

- Solvency
- Good corporate governance
- Management of risk and compliance
- Transparency
- Digitalisation
- People management
- Solutions adapted to customers

In this non-financial information statement, the performance results of these relevant aspects are reported on an annual basis, also integrating related environmental, social and governance matters.



1. Business model

WiZink is the on-line bank specialising in credit cards and simple savings solutions that meet the day-to-day needs of more than 1.8 million customers in Spain and Portugal. Furthermore, through agreements with strategic partners, WiZink offers co-branded credit cards adapted to its partners' needs and a multiple variety of insurance of nationally relevant entities.

In line with the Company's intention to explore new opportunities for business development, in 2018 WiZink acquired 100% of the Spanish instant online credit start-up Aplazame.

The WiZink Group, with head office in Madrid, is subject to the supervision of both the Bank of Spain and the Bank of Portugal. WiZink is wholly owned by Värde Partners Europe Limited (Aneto S.à.r.l).

WiZink's corporate policy is based on two core values: integrity and transparency. Both values serve as an inspiration and guide not only for the executive team, but for everyone across the organization. WiZink's updated corporate governance structure was approved by WiZink's Board of Directors in December 2020, applicable from January 1st, 2021.

Board of Directors

WiZink's highest governance body is the Board of Directors (the "Board"), which composition and role are based on compliance with the provisions established in Article 29.5 of Act 10/2014, of 26 June, on the arrangement, supervision and solvency of credit institutions (hereinafter, "LOSSEC") and Article 37 of Royal Decree 84/2015, of 13 February, implementing Act 10/2014, of 26 June, on the arrangement, supervision and solvency of credit institutions (hereinafter, "ROSSEC") as well as other applicable national regulations. In addition to this, it is in line with best market practices established in the EBA (European Banking Authority) Guidelines on Internal Governance, ESMA (European Securities and Markets Authority) Guidelines and the Joint ESMA and EBA Guidelines, on the assessment of the suitability management body members and key function holders.

The WiZink Board of Directors carries out all the tasks assigned to it under LOSSEC and ROSSEC. It is also the body in charge of establishing strategic objectives, as well as the Company's risk strategy and internal governance model. Part of the Board of Directors' formal governance structure is delegated to committees, such as the Audit Committee, the Risk Committee and the Appointments and Remuneration Committee, all of which are chaired by independent directors.

The Board of Directors has its management powers delegated in the Chief Executive Officer. At the same time, there is an Executive Committee to assist the Chief Executive Officer in the performance of his duties within the bounds of his authority. The Executive Committee members assigned internal control duties (Risk and Compliance) report directly to the Risk Committee. In turn, the Head of Internal Audit reports to the Audit Committee.

Board members	Position	Type of director	Committee(s)
José Luis del Valle Doblado	Chairman	Independent	-
Elena Lieskovska	Deputy chairwoman	Non executive	-
Miguel Ángel Rodríguez Sola	CEO	Executive	-
Krzysztof Drozd	Director	Non executive	ARC, AC
Geeta Gopalan	Director	Independent	RC, AC
Peter Ronald Herbert	Director	Independent	RC, ARC
Joaquim Josep Saurina Maspoch	Director	Independent	RC, AC
Anna Gatti	Director	Independent	RC, ARC
Blanca Rivilla Calle	Secretary Non-director	-	-
Diego Calleja de Pinedo	Deputy Secretary Non-director	-	-

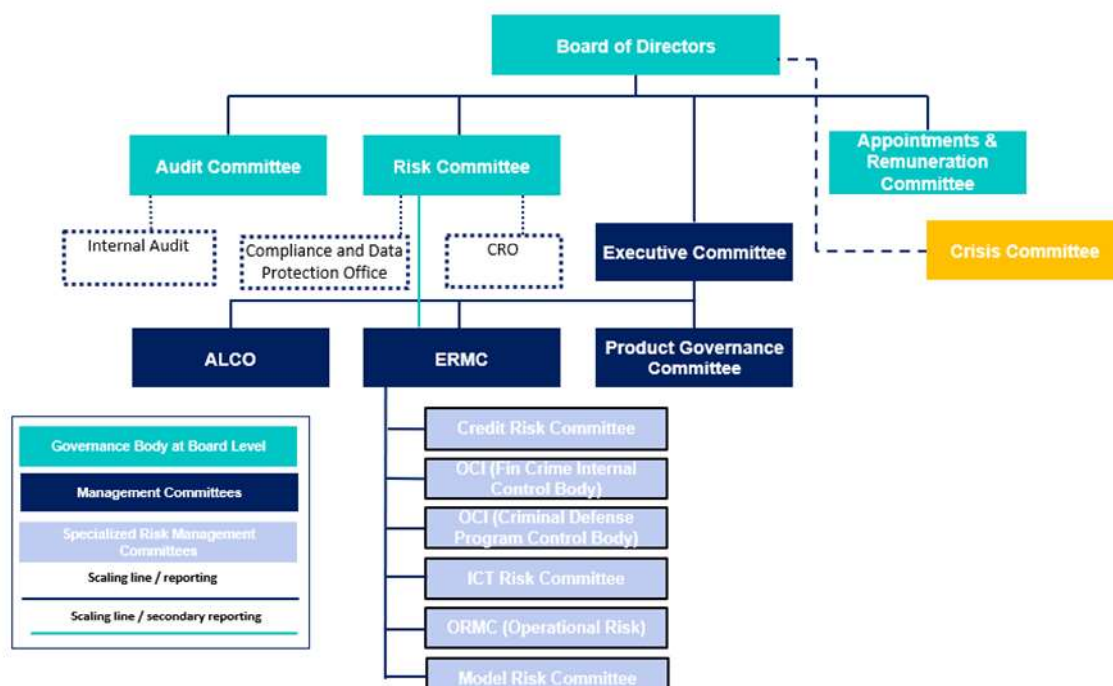
In 2020 WiZink appointed a new member of the Board of Directors, Ms. Anna Gatti, being currently five independent directors, taking another step in the professionalization and independence of the administrative bodies.

WiZink implements a procedure to assess the suitability of the members of the Board of Directors and key management personnel. The assessment is entrusted to the Board of Directors, with the assistance of the Nomination and Remuneration Committee and the Board Secretary.

The directors and key management personnel must meet the suitability requirements, as defined in the regulatory requirements and the EBA guidelines. Furthermore, they must act consistently with WiZink's corporate values.

Moreover, they must have a strategic vision (in line with their responsibilities) and bring relevant experience in executive positions, thorough knowledge of the industry as well as planning, management and have enough time to dedicate to the position.

The following diagram summarizes corporate governance structure in WiZink:



Board committees

Risk Committee

The Risk Committee ("RC") submits the risk management policies for approval by the Board, assisting the Board to ensure that the strategy, goals, principles, policies and resources are consistent with the risk appetite of WiZink, regulatory requirements and industry best practices. The RC, together with the Board of Directors, also oversees and reviews the formal provisions with respect to internal risk and the control environment. The RC is currently composed of three members of the Board of Directors who do not discharge executive functions at the bank. The RC is chaired by an independent director.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee ("ARC") is responsible for assisting and advising the Board on matters relating to the appointment of the Board members and the remuneration of the Board and senior executives, with the aim of motivating and retaining executives and ensuring that the Company attracts the best talent in the market, thereby maximising its shareholder value. Remuneration of directors and senior executives must be defined in accordance with market benchmarks. The ARC is currently composed of 3 members of the Board of Directors who do not discharge executive functions at the bank. The ARC is chaired by an independent director.

Audit Committee

The Audit Committee ("AC") is responsible for overseeing the preparation of the Financial Statements together with the external auditors. Furthermore, the AC is responsible for overseeing the effectiveness of the Bank's the internal control and risk environment, the audit and risk management systems and processes and, when deemed appropriate, it may submit recommendations or proposals to the Board of Directors. The AC is currently composed of three members of the Board of Directors who do not discharge executive functions at the bank. The AC is chaired by an independent director.

According to the structure approved in December 2020 for application from January 1st, 2021:

Management level committees

Executive Committee ("ExCo")

It is responsible for ensuring the control, coordination and oversight of the Company's risk and internal controls. In addition, the ExCo is responsible for reviewing and approving the policies within the committee's field and the recommendation thereof to the RC and BoD for approval. It is also responsible for guaranteeing compliance with the current regulations and legislation, as well as making recommendations on the Risk Appetite Framework (RAF).

Asset-Liability Committee ("ALCO")

Oversees and grants final approval of management activity risks of structural balance with the objective of maximizing the entity's performance, ensuring that the profile of the level of aggregate risk created by the different business units remains aligned with the Bank's risk appetite. The ALCO is responsible for identifying, managing and controlling balance sheet risks in the performance of the business strategy, by:

- Active monitoring of the liquidity, financing, market risk and capital risk profiles by means of the metrics defined and the early warning indicators (the EWIs);
- Having sufficiently broad representation in those functions that can have a direct or indirect impact on the risk profile;
- Guaranteeing reports disclose accurate, timely and relevant information on the level and sources of risk exposure;
- Approving capital and liquidity plans in support of the dividend proposals;
- Forecasting to identify potential breaches of risk appetite or regulatory requirements;
- The execution of stress tests to ensure the resilience of the structure of balances to shocks in structural risks.

Enterprise Risk Management Committee ("ERMC")

Provides the appropriate surveillance and management of all types of risk within the Company in order to guarantee compliance with the RAF (Risk Appetite Framework). The ERMC controls risk appetite-associated breaches and submits recommendations to the ExCo and the RC on risk management matters.

Product Committee

Approves any new product launch or change in products and/or services commercialized by the Bank and its subsidiaries and branches and guarantees that the Customer Value Proposition meets customers' needs, takes into consideration the competitive and regulatory environment, minimizes and mitigates the legal and conduct risks arising from the design and marketing of the products and ensures an adequate transparency.

Crisis Committee

It is an ad-hoc committee for the management of a crisis, which shall be activated I) once a Major or Relevant impact event has been identified and evaluated by the CRO or the CLCO as indicated in the Delegation and Risk Escalation Policy, or II) in case the Board activates the Recovery Plan.

It is the executive body with the ultimate responsibility to manage the crisis, and is therefore responsible for proposing a specific communication plan to the ExCo/Board on the basis of the measures and recovery options that need to be implemented to manage the crisis.

Committees specialized in Risk Management (dependent on the ERM C)

Credit Risk Committee ("CRC")

Monitors all key aspects of credit risk management to understand credit risk appetite, profile, performance and credit policy adequacy. The objective of the Committee is to provide the appropriate oversight and governance of WiZink's credit risk, ensuring adherence to risk appetite and credit risk policy. The Committee will provide recommendations to the ERM C every time a relevant credit risk needs to be escalated.

Internal Control Body ("OCI") - FinCrime

Committee appointed according to article 26 of Spanish Law 10/2010, of 28 April on the prevention of money laundering and combating the financing of terrorism and article 35 of the Royal Decree 304/2014, dated on May 5, to oversee and manage the financial crime risk and anti-money laundering policy to be aware of prevent and impede operations linked to money laundering/financing of terrorism.

Internal Control Body ("OCI") - Criminal Defense

The purpose of this committee is to ensure compliance with the criminal defense regulations, namely, i) Organic Law 5/2010, of 22 June, amending the Organic Law 10/1995, of 23 November, Spanish Criminal Code, ii) Organic Law 1/2015, of 30 March, amending the Organic Law 10/1995, of 23 November, Spanish Criminal Code iii) Circular 1/2016, on the criminal liability of legal entities pursuant to the reform of the Spanish Criminal Code introduced by Organic Law 1/2015, iv) Requirements of the crime prevention management system at AENOR (Spanish standards body) organizations, v) Organic Law 1/2019, of 20 February, amending the Organic Law 10/1995, of 23 November, Spanish Criminal Code.

IT Risk Management Committee ("ITRM C")

Monitors all aspects of ICT&Security Risks to understand IT Risk Appetite, profile, performance and control framework adequacy. The purpose of the Committee is to provide the appropriate oversight and governance of WiZink's ICT&Security Risk, ensuring alignment with the ICT&Security Risk Management Policy and related standards. The Committee will provide recommendations to the ERM C every time a relevant ICT or Security risk needs to be escalated.

Operational Risk Management Committee ("ORM C")

Monitors all aspects of Operational Risk to understand Operational Risk Appetite, profile, performance and control framework adequacy. The purpose of the Committee is to provide the appropriate oversight and governance of WiZink's Operational Risk, ensuring alignment with the Operational Risk Management Policy and related standards and procedures. The Committee will provide recommendations to the ERM C every time a relevant operational risk needs to be escalated.

Model Risk Committee

Serves as the primary body for all material matters related to model risk management. The objective of the Committee is to provide the appropriate oversight and governance of WiZink's Model Risk, ensuring adherence to Risk Appetite and Model Risk Policy and related Standards. It will lead an interaction between all key members to discuss/debate main model's statistical indicators & tiering evolution, identification of model weaknesses, the definition and follow up of corrective actions. The Committee will provide recommendations to the ERM C every time a relevant model risk needs to be escalated.

Corporate structure

Company	Shareholding		Activity	Business line
	Shareholder/Partner	%		
WiZink Bank, S.A.U.	Aneto, S.à.r.l.	100.00%	Loans and credits, including consumer loans and financing of commercial transactions.	Banking services
Iberalbion, A.I.E.	WiZink Bank, S.A.U.	95.00%	Entity specialized in providing call centre services and other supporting services to the WiZink group.	Commercial services
	Aplázame, S.L.U.	5.00%		
WiZink Gestión, A.I.E.	WiZink Bank, S.A.U.	95.00%	Entity specialized in collections.	Debt and asset recovery services.
	Aplázame, S.L.U.	5.00%		
Aplázame, S.L.U.	WiZink Bank, S.A.U.	100.00%	Fintech that provides instant consumer loans. The company's core combines an instalment payment method integrated at the e-commerce checkout with marketing tools enabling the use of financing as promotional lever to boost merchant sales.	Credit intermediation services
Aplázame LoanBook 1, S.L.	Aplázame, S.L.U.	100,00%	Non-mortgage loans and credits provision with deferred payment formula, open-end credit line or any other equivalent financing form.	Financial technology
Aplzm SPV Uno, S.L.	Aplázame, S.L.U.	100,00%	Non-mortgage loans and credits provision with deferred payment formula, open-end credit line or any other equivalent financing form.	Financial technology
Aplazame Sociedad Anónima Promotora de Inversión de Capital Variable	Aplázame, S.L.U.	99%	All sorts of loans and credits provision.	Credit intermediation services
	Aplázame LoanBook 1, S.L.	1%		
Aplazame, Unipessoal LDA	Aplázame, S.L.U.	100,00%	Credit intermediation services	Credit intermediation services
WiZink Bank, S.A. - Sucursal em Portugal	WiZink Bank, S.A.U.	100.00%	Loans to retailers through the marketing of credit cards.	Banking services

Goals and strategy

WiZink seeks to consolidate its leading position in the consumer finance market through its credit card proposition while exploring new business opportunities to become a diversified consumer digital lender.

WiZink's strategy is articulated around 3 strategic priorities:

- Continue evolving our traditional credit card, deposits and savings account products and services to enhance our customers' experience; efficiency of our operating and business models and our risk management capabilities.
- Accelerate the growth and value of our Point-of-Sale business (Aplazame), positioning it as the market reference for merchants and customers in the PoS financing market.
- Grow in further digital financing solutions, developing additional products such as personal loans.

In parallel, the successful implementation of our strategic priorities requires to actively manage the main structural challenges that the consumer finance industry is facing: managing the impacts related to the health crisis while adapting and complying with the new regulatory standards on transparency, responsible lending and usury.

The strategy will allow WiZink to be a bank which is more present in people's day-to-day lives while helping them to manage their money better. For this purpose, it is essential to develop new capabilities around the WiZink's main strengths:

- Comprehensive expertise in credit risk cycle management
- Stable customer base with more than 1.8 million customers with an average tenure over 5 years
- Modern and modular technology architecture
- Digital bank brand attributes
- Leadership management team's proven experience in leading entities at all stages of the economic cycle

Business environment, trends and regulation

Consumer finance/ revolving credit market

In Spain, consumer finance market balances in June 2020 amounted up to €91.8BN, reversing the growth trend observed from 2014 (€57.9BN) to 2019 (€94.3BN). This tendency reversal is a consequence of both the reduction in credit demand generated by Covid-19 pandemic and the increased constraints on entities' funding in an uncertain economic environment. The consumer finance balances reduction affects all segments, although credit card balances (€12.1BN as of October 2020) have shrunk faster (-12% year over year as of October 2020) than overall market (-3% year over year as of June 2020).

In addition to volumes reduction, the structural profitability of credit card business has been affected by the reduction in prices of credit products. We observed a convergence on the market's APR applicable to credit cards financing resulting from the Supreme Court ruling on March 4th 149/2020 stating that credit cards financing interest rate is "notably higher" than the regular cost of money. As a result, average market APR has decreased from 22.9% at the end of 2019 to 21.5% at the end of Q3 2020.

In Portugal, consumer finance market has also been negatively impacted by Covid-19, with balance growth slowing down from 17% in 2019 to 2.5% in September 2020. Total balance amounting to €26BN in September 2020.

Despite performance worsening of the financing market, we observed positive trends in the rest of WiZink's segments:

- Deposits and saving accounts: trend in household deposits has been positive, increasing balances to €1.1BN in October, 14% higher than during the same period last year. The deposit market has also reduced interest rates to levels around 2% for term deposits, 50% lower than in 2019 for new acquisitions, converging with saving accounts rates.
- Payments: As a result of the Covid-19 pandemic, consumer's behaviour has changed, increasing the need to use digital, contactless and mobile channels. Solutions such as instant payments, wallets and instant loans on digital channels have grown during the pandemic, reducing the weight of cash versus alternative payment methods. This trend is reflected in the growth of e-commerce sales, which has doubled from 27% CAGR between 2017 and 2019 to more than 50% estimated in 2020.

Market Regulation

Covid-19 REGULATION

2020 was a year of great policy and regulatory guidance, driven in large part by the global Covid-19 pandemic.

All this new regulatory development has meant an important effort of compliance and adaptation for financial institutions and, of course, for WiZink Bank S.A.U., a financial institution whose main product is closely linked to consumption and use by private individuals.

In general terms, the regulations issued due to Covid-19 have been an important support for families, companies and vulnerable groups, as well as for financial institutions. Many areas have been regulated in this legislation: social, leases, procedural measures within the scope of Justice, freeze of judicial and administrative deadlines, but one of the main measures is the moratoriums on the fulfilment of obligations. These moratoriums, in their three modalities: legal, sectoral and specific to each financial institution, have provided a sufficient regulatory framework for the temporary suspension of obligations arising from loan and credit contracts.

WiZink has applied the public moratorium for all those customers who met the requirements set out in the RDL, and has designed a private moratorium to alleviate situations of financial stress caused by Covid-19, even if they did not meet all the criteria set out in the RDL for customers; in addition, on 27th April ASNEF (National Association of Credit Financial Institutions – in Spanish, Asociación Nacional de Establecimientos Financieros de Crédito, previously Asociación Nacional de Entidades de Financiación) published the characteristics of a sectoral moratorium, following the specifications set

out in the EBA guidelines, to which institutions could adhere. WiZink joined this sectoral solution on the 25th May.

In the case of Portugal, the Royal Decree (Decreto-Lei) nº 10-J/2020, de 26th of March only included business loans and mortgages. However, sectorial Moratoria was established by ASFAC (Associação de Instituições de Crédito Especializado) on the 10th of April 2020 following EBA guidelines to cover other products, including credit cards. WiZink joined the ASFAC solution on June 12th, 2020 after ensuring full comprehension of the norm and operational capacity to comply with the requirements.

It is important to highlight the major role played by the EBA, the highest European Banking Authority, which since the beginning of the pandemic has been issuing recommendations for the regulators of each country, such as:

The EBA Guidelines EBA/GL/2020/02, as amended by the EBA/GL/2020/08 Guidelines, establish conditions for the granting of moratoriums by institutions and also something very important for the financial sector, which is the specific treatment from the accounting point of view of the operations subject to them that are not automatically classified as a "default" or restructured operation.

In December 2020 the EBA has recommended the extension of this important moratorium instrument until 31st March 2021.

In Spain, the Royal Decrees that have covered all the legislative measures developed to mitigate the effects of Covid-19 have been:

- Real Decreto Ley 6/2020 of 10 March
- Real Decreto Ley 7/2020 of 12 March
- Real Decreto Ley 8/2020 of 17 March
- Real Decreto Ley 9/2020 of 27 March
- Real Decreto Ley 10/2020 of 29 March
- Real Decreto Ley 11 /2020 of 31 March
- Real Decreto Ley 12/2020 of 31 March
- Real Decreto Ley 13/ 2020 of 7 April
- Real Decreto Ley 14/ 2020 of 14 April
- Real Decreto Ley 15/ 2020 of 21 April
- Real Decreto Ley 16/2020 of 28 April



Similar regulatory abundance related to the pandemic has existed in Portugal, affecting the WiZink Branch:

- Decreto-Lei n.º 10-A/2020

- Decreto-Lei n.º 10-J/2020
- Lei n.º 1-A/2020
- Decreto-Lei n.º 20/2020
- Aviso n.º 2/2020
- Decreto-Lei n.º 20-F/2020

EUROPEAN COMMISSION WORK, EBA GUIDELINES AND COMMUNITY DIRECTIVES

Among the work carried out by the European Commission in 2020, we can highlight the completion of the Final Report on the evaluation of Directive 2008/48/EC on Consumer Credit Agreements. This work highlights some shortcomings of the Directive, for example, that it does not fully fulfil its objectives, especially with regard to microcredit, nor does it satisfactorily cover the impact on consumer credit of the online market. These shortcomings will have to be addressed in the new legislative proposal expected in the second quarter of 2021. Other work to be mentioned is the Digital Finance package and the publication of the "New Consumer Agenda" with a set of actions to be implemented over the next five years.

Also in 2020 another final report by the European Commission has also been published on the evaluation of Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002, regarding the distance marketing of consumer financial services, which was transposed into Spanish law by Law 22/2007 of 11 July 2007 on the distance marketing of consumer financial services. In 2021, the new legislative proposal by the European Commission for the revision of the aforementioned Directive 2002/65/EC should reflect these conclusions mentioned on the report.

As community directives, we can mention Directive (EU) 2020/1828 of the European Parliament and the Council of 25 November 2020 on representative actions for the protection of the collective interests of consumers to be transposed by December 2022.

From the European Banking Authority its guidelines have been based on the legislative and non-legislative moratoria issued to mitigate the effects of Covid-19, (EBA/GL/2020/02), amended by the EBA/GL/2020/08 E Guidelines.

There are some guidelines such as (EBA/GL/2020/06) published on 29 May 2020 of relevance for the Financial Sector which specify the internal governance mechanisms for granting and monitoring credit lines throughout their life cycle and introduce requirements for the assessment of the creditworthiness of borrowers and meet prudential and consumer protection objectives.

NATIONAL LEGISLATION

We only mention the most significant legislation in terms of subject matter or impact on the Sector.

SPAIN:

In terms of labour and equality, two regulations are noteworthy in Spain this year:

- Real Decreto Ley 901/2020 of 13 October, regulating equality plans and their registration and Real Decreto Ley 902/2020 of 13 October on equal pay for women and men.
- Real Decreto Ley 28/2020 of 22 September, on remote working.

In tax matters: Ley 4/2020 of 15 October on the Tax on Certain Digital Services, as well as Ley 5/2020 of 15 October on the Financial Transaction Tax.

Other matters: Ley 7/2020 on digital transformation of the Financial System. Regulation on the so-called "Sand Box".

We highlight the entry into force, on 2 January 2021, of the Ministerial Order on the regulation of revolving credit, which amends Order ECO/697/2004, of 11 March, on the Central Credit Register, Order EHA/1718/2010, of 11 June, on the regulation and control of the advertising of banking services and products and Order EHA/2899/2011, of 28 October, on transparency and customer protection in banking services and which establishes additional solvency assessment and information obligations in the marketing of open-ended consumer credit.

PORTUGAL:

- Decreto-Lei n.º 10-H/2020 – on electronic payments
- Lei n.º 49/2020 – on changes to VAT Code
- Lei n.º 53/2020 e Lei n.º 53/2020 – on changes in fees charged by banks
- Lei n.º 58/2020 – Prevention of Money Laundering and Terrorism - transposition of European Directives

BANK OF SPAIN

The Bank of Spain has initiated the public consultation process on the draft Circular amending Circular 1/2013 on the Central Credit Register and Circular 5/2012 on the transparency of banking services and responsibility in the granting of loans.

Circular 4/2019 November 26th, to financial credit establishments, on public and reserved financial information standards and account models.

Circular 1/2020, January 28th, Bank of Spain, modifies Circular 1/2013, May 24th, on Central Credit Register (BOE 5th February 2020)

Circular 2/2020, June 11th, Bank of Spain, modifies Circular 4/2017, November 27th, to credit institutions, in regards public and reserved financial information, and financial statement models. (BOE de 16 june 2020).

Circular 3/2020, June 11th, Bank of Spain, modifies Circular 4/2017, November 27th, to credit institutions, in regards public and reserved financial information, and financial statement models. (BOE de 16 june 2020).

Circular 2/2020 of 11th June, of the Bank of Spain, amending Circular 4/2017 of 27 November, to credit institutions, on public and confidential financial reporting standards and financial statement formats. (BOE of 16 June 2020).

Circular 3/2020 of 11th June, of Banco de España, of the Bank of Spain, amending Circular 4/2017 of 27 November, to credit institutions, on public and confidential financial reporting standards and financial statement formats. (BOE of 16 June 2020).



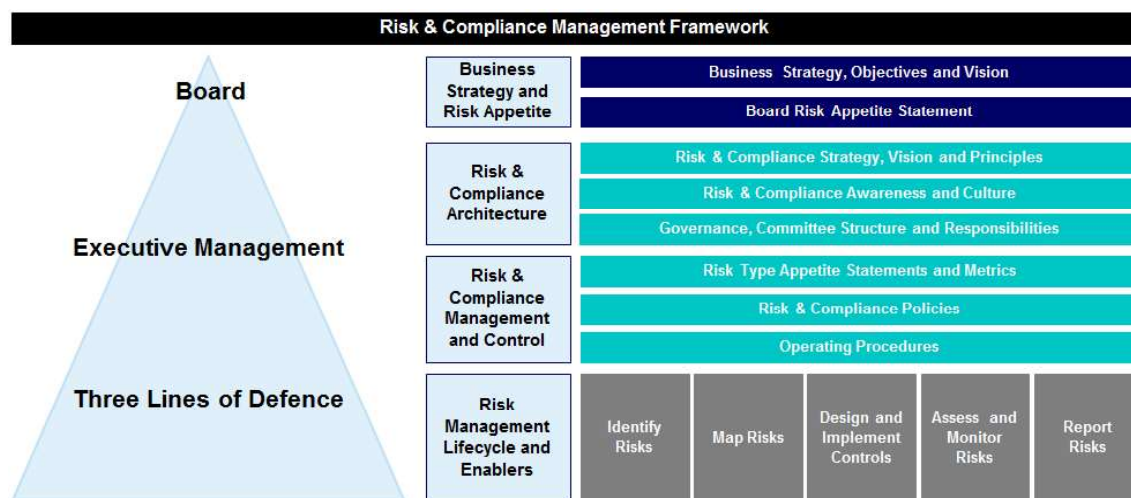
Circular 4/2020 of 26th June on advertising of banking products and services.

2. Risk Management

WiZink's goal is to be the most flexible, appropriate and easy payment solution in the market. The Group accepts a certain level of risk as an inherent part of its operations and its business model, to provide service to its targeted sectors, mainly the credit card and savings account markets.

Managing and controlling these risks efficiently is one of the main priorities for the bank and all its stakeholders.

Key elements in Risk Management and Control



The Board of Directors, Executive Committee and executive team establish and actively promote the risk culture and values, which cascade through the entire Group, and continuously oversee the integration of the risk culture throughout the organisation. Also, WiZink fosters this culture at all levels of the company with the goal of ensuring that all employees understand the fundamental values of the culture of risk and compliance.

The Board has also implemented corporate risk policies that define the minimum requirements to ensure compliance with approved risk appetite. It is the responsibility of the management to ensure that the staff is informed of the strategy and policies that apply and that they comply with them, providing the required training and informative sessions.

WiZink's risk management strategy is based on ensuring that all relevant risks are identified, measured, monitored and controlled, with the appropriate human resources, tools and information systems to ensure a sensible and consistent risk profile is kept within the established risk appetite and a tight control over all identified risks.

Once WiZink has identified its risks and has evaluated them based on their materiality and the effectiveness of the control environment, tools have been designed and implemented to enable their mitigation:

- Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS): comprehensive tool approved by the Board of Directors to determine the types and thresholds of risk that they are willing to accept in order to achieve the

strategic objectives of the Group with relation to the identified risks. The RAS is the link between the global strategy of the Group and the risk management framework. Metrics have been defined for each type of risk in order to follow up on the appetite, with quantitative limits and an escalation process in case these are breached.

- Risk and Control Assessment (RCA): risk self-assessment exercise performed to evaluate the mitigation level for significant risks of the Group in order to establish risk mitigation strategies and/or accept risk if required.
- Manager's Control Assessment (MCA) Programme: diagnostic tool that helps all Group areas to self-assess the effectiveness of their control environment on a continuous basis.

Summary of the risk management model for WiZink's main risks as follows:

Type of risk	Mitigation actions
Credit risk The risk of the Company suffering losses as a result of the inability of the counterparty to meet its obligations.	<p>WiZink's risk management is based on extensive use of scoring models to predict the payment behaviour of our clients. Consequently, WiZink is capable of promoting acquisition and portfolio management programs, avoiding increasing exposure to high risk profiles.</p> <p>Risk management and recovery policies have been developed, aligned with the credit risk appetite defined by the Board of Directors. To monitor, make decisions and mitigate credit risk, various metrics are used to monitor the risk profile of customers (from the beginning to termination of the relationship with the customer).</p>
Operational risk Risk of suffering losses due to failures or inadequacies of processes, people, internal systems, technology, or due to external events.	<p>Operational risk management at WiZink focuses on maintaining robust operational controls in all its processes, minimizing the possibility of incidents that cause operational losses or negative impacts to the Group. Focus is on reduction of losses due to external fraud as well as control of outsourced service providers.</p>
Model risk The risk associated with the development, use and misuse of models involved in the decision-making process in the Group.	<p>Model risk management relies to a considerable extent on credit risk scoring models (application and behaviour scores) and IFRS 9. WiZink has a low tolerance for any delay or validation failure on high risk models</p>
Product concentration risk The risk that the Group will suffer losses as a result of the risk of concentration on a particular product.	<p>The business model is based on granting credit through a single product: credit cards. Thus, the bank assumes significant product concentration risk. However, this level of risk can be mitigated by a high level of specialisation in the management of the product and extensive knowledge of the market in which WiZink operates.</p>
Interest rate risk	<p>The interest rate risk management strategy serves to minimise the impact of adverse changes in interest rates on</p>

<p>The exposure to changes in market interest rates due to different repricing schedules of interest-bearing financial assets and financial liabilities.</p>	<p>the profit and loss account and on computable own funds. The main purpose of such management is to optimise the net interest margin and to obtain results that are stable and sustainable over time.</p>
<p>Business risk This risk stems from the elements of the business plan that could threaten the viability and sustainability of the company's business model.</p>	<p>WiZink aims to determine plausible business objectives during the development of its Business Plan and to achieve those objectives through its normal activity.</p>
<p>Solvency risk Risk related to Wizink's ability to meet long-term obligations, maintaining sufficient regulatory capital levels, which allow it to assume the risks derived from its financial activity and absorb losses under normal and adverse economic conditions.</p>	<p>The bank's aim is to maintain an adequate level of solvency that allows for the development of the business in both normal and adverse economic environments. In order to achieve this, WiZink will maintain adequate capital to ensure that it is above the minimum regulatory requirements. (Pillar 1 and Pillar 2).</p>
<p>Profitability risk This is the risk related to the company's ability to obtain benefits from limited resources.</p>	<p>The goal is to achieve sustainable strong results, maintaining high profitability and efficiency in the long-term.</p>
<p>Liquidity risk Risk that the company cannot meet its financial obligations when due and cannot liquidate its assets to meet those commitments on time and / or without incurring excessive cost.</p>	<p>WiZink's objective is to maintain a stable and diversified liquidity and financial structure that allows it to meet its liquidity obligations under both normal and adverse market conditions.</p>
<p>Information and communication technology (ICT) risk This is the current or potential risk of losses due to the inadequacy or failure of the hardware or software of technical infrastructure, which can compromise the availability, integrity, accessibility and</p>	<p>Ensure that IT investment is consistent with bank's business strategy and regulatory requirements, avoid IT operational failures that could materially impact bank's ability to serve its customers or cause adverse financial impact; fix all data, information and IT security weaknesses that could lead to customer dissatisfaction, reputational damage or regulatory sanctions; and manage failures in IT projects, which reduce established tolerances concerning scope, cost, time and quality are key objectives regarding ICT&Security Risk Management in WiZink..</p>

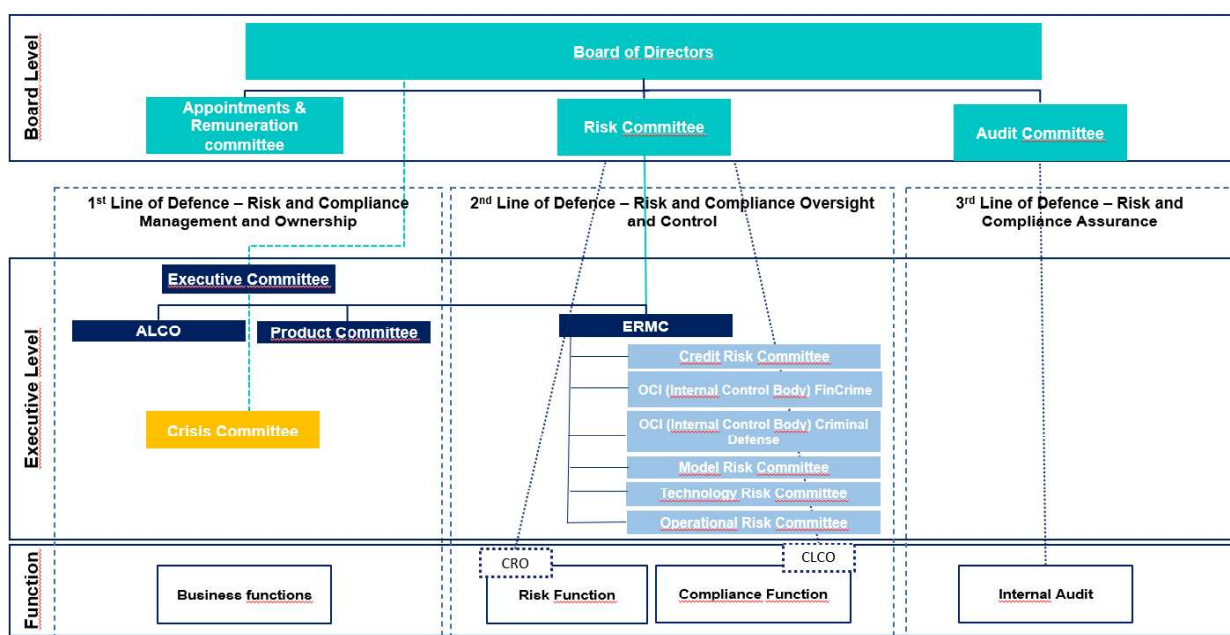
security of such infrastructure and of data.	
<p>Conduct risk</p> <p>This is the risk of suffering material losses generated by inadequate financial services, including both wilful misconduct and bad practice during sales and other processes.</p>	<p>WiZink assumes that its banking model and activity are vulnerable to this type of risk and actively works to minimise it. As part of the management strategy, WiZink has implemented initiatives to strengthen the compliance culture and minimise losses resulting from non-compliance. Unfair customer outcomes are not tolerated, and thus customers are offered simple, transparent products/services through adequate channels.</p> <p>The goal is to achieve secure business processes based on management of risks related to strategic objectives, effectiveness and efficiency of established processes and controls and compliance with regulations and internal policies. To that end, the bank encourages all members of the organisation to get involved with risk management in order to minimise the existence of conduct risks.</p>
<p>Reputational risk</p> <p>This is the risk that the company will suffer losses as a result of damage to its reputation. WiZink considers reputation to be a valuable asset and therefore it does not tolerate business activities that might jeopardise its reputation.</p>	<p>WiZink considers reputation as a valuable asset that must be looked after and therefore has no appetite to conduct business in a way that puts reputation at risk.</p> <p>WiZink aims to obtain, protect and maintain the trust, loyalty and the best consideration of all its stakeholders. WiZink carries out adequate management of reputational risk, a determining factor for WiZink's long-term plans and objectives. Reputation is considered not just a past performance, but also an opportunity for the future.</p>
<p>Legal and regulatory risk</p> <p>This is the risk of being fined or sanctioned as a result of violations of legislative or regulatory requirements. It includes the risk of incorrect or missing contractual documents, which might adversely affect the business activities.</p> <p>Legal and regulatory risk also includes the risk that the Group does not have the legal capacity to operate.</p>	<p>WiZink does not tolerate deliberate violations of legislative or regulatory requirements. The bank is committed to compliance with relevant legislation, regulations, industry codes and standards as well as internal policies and sound corporate governance principles. Any breaches identified will be remedied as soon as possible.</p>
<p>Financial crime risk</p> <p>This is the facilitation of money laundering, terrorist financing, breaches of economic</p>	<p>WiZink is committed to preventing financial crime and ensuring that its products are not used for money laundering or terrorist financing. The bank is also committed to ensuring that none of its products or transactions are provided or executed for the benefit of sanctioned</p>

<p>and financial sanctions and bribery and corruption. WiZink is subject to the legal requirements of the EU and Spain. The Portuguese branch applies additional local policies and procedures to comply with local legislation.</p> <p>For WiZink, financial crime risk is the risk that employees, third parties or products and services may be used to facilitate financial crime. This may undermine market integrity and give rise to regulatory breaches and/or losses to clients, customers, counterparties or employees. Financial crime risk events may also result in financial fines (pursuant to Spanish Law 10/2010 on the prevention of money laundering and of terrorist financing and Portuguese Law 25/2008 on the prevention of money laundering and of terrorist financing), reduced market performance and reputational damage.</p>	<p>individuals or entities. Compliance with applicable laws and regulations regarding money laundering, sanctions, bribery and corruption is critical to the bank's business. The company is committed to maintaining strict and transparent standards and to strengthening processes to ensure compliance with applicable laws and regulations. Occasionally some compliance tasks are outsourced or delegated to third parties or other group entities. WiZink takes into account that the involvement of other entities in the bank's operations might complicate financial crime risk management. However, the bank is committed to ensuring that such outsourcing does not affect the application of the established standards and requirements.</p>
<p>Data Protection</p>	<p>Wizink is committed to be compliant with Data Protection regulation. The company has policies, procedures and appropriate technical and organizational measures in place to ensure that all the risks have been mitigated conveniently. This extends also when subcontracting processing operations with third parties.</p> <p>Wizink is committed to have strict and transparent standards to prevent, to detect and to remediate any arising incident and to report it to the Data Protection Authorities according to data protection regulation.</p> <p>Wizink has no appetite for deliberate breaches of data protection regulation requirements.</p> <p>WiZink is, therefore, exposed to risk related to data protection from a wide range of activities that may be taking place within the scope of its day-to-day operations.</p>

Risk management governance

WiZink follows a risk management and control model based on three lines of defence that interact with the overall corporate governance structure to define risk and compliance management. This model ensures a clear delineation of responsibilities between ownership and management, oversight and control, and ensures independence. The model provides clarity on the key risk and compliance roles and responsibilities and is a core component of the risk management policy.

In addition to the three lines of defence, the Board of Directors and the Audit and Risk Committees are responsible for the proper management and control of risks at the highest level of the organisation. This model follows the guidelines published by the Basel Committee on Banking Supervision in July 2015 under the title “Corporate governance principles for banks”.



3. Fighting corruption and bribery

WiZink works continuously towards maintaining a solid compliance culture by promoting responsible finance principles. The Company has available various tools and policies to enable it to fight against corruption, bribery and money laundering.

In addition to having a policy for the prevention and detection of criminal risks, the bank also promotes its policy that irregularities should be reported. The bank also keeps the Code of Conduct, the Internal Whistleblowing Channel, the Conflicts of Interest Policy and the Gifts and Invitations Policy up to date, all of them fully adapted to WiZink's structure and organisation with the aim of strengthening the Group's commitment to ethics and transparency .

The main tasks of the Compliance function are to ensure that all customers are treated justly and to identify, assess, report and manage compliance and reputational risks affecting all business lines, employees, products and legal vehicles. In addition to having other control areas and functions, the Compliance function establishes the compliance standards and applies an approach based on overall risk. It is also charged with effectively overseeing and monitoring the regulatory environment affecting WiZink's activity; it supervises and monitors observance of the Code of Conduct, and is responsible for promoting a culture of compliance, in particular with respect to the regulations governing penalties and terrorist financing, money laundering, corruption and bribery, potential conflicts of interest and, in general, any criminal activity that could be perpetrated at WiZink.

Policy for the detection and prevention of criminal risks

WiZink has a policy to detect and prevent criminal risks, which is owned by the Compliance manager. This policy is communicated to all WiZink's executives and employees, thus demonstrating a commitment to permanently supervise behaviour and sanction any fraudulent acts and conduct. At the same time, this is an effective means of communication and raising awareness among all stakeholders by promoting an ethical and honest business policy.

During 2020 WiZink has made contributions to Sector Associations amounting to 380.137,11 euros.

Mitigation of the risk of money laundering and terrorist financing

WiZink's Compliance function works actively to prevent money laundering and terrorist financing. In order to avoid and mitigate these risks, both Spanish Law 10/2010 and Portuguese Law 83/2017 establish the need to take due diligence measures according to the operational risk and the profile of the customer.

For this reason, WiZink analyses all of its customers by cross-checking their data against the lists of sanctions and politically exposed persons both at the beginning of the business relationship and daily with the updating of the lists.

During this process WiZink checks whether customers have been sanctioned for money laundering, terrorist financing, corruption, bribery, embezzlement or other crimes. If an

incidence is detected during the verification-process, measures are taken immediately. Depending on the facts and the circumstances, WiZink may freeze or block the funds.

Risk management is based on the full identification and knowledge of the customer, which will enable the customer to be adequately monitored during the business relationship and thus reduce WiZink's exposure to the risk of being used for money laundering and terrorist financing.

In addition, the bank has implemented a series of measures to limit customer risk such as collecting more information depending on the origin of the funds and the background of the customer's transaction:

- The types of new products are limited to deposits, savings accounts and credit cards, which are mostly classified as low risk in terms of money laundering and terrorist financing.
- New contracts can only be entered into with customers resident in Spain and Portugal.
- In general, only fund transfers from entities operating in countries, territories or jurisdictions in the SEPA area are allowed.

The bank also has available a number of measures that allow it to reduce the risk of money laundering and terrorist financing, such as:

- Application of due diligence measures based on the level of risk attributed to the customer, extending the requirements for information and documentation where appropriate.
- Customer monitoring and profiling through the AML-Check application, verifying that the transaction in question is consistent with the business declared, with an alert being sent if this is not the case.
- It has an independent Internal Control Body equipped with sufficient human and technical resources to act effectively and diligently in this area.
- The bank has a representative to the SEPBLAC (Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences), whose mission is to channel communications between the Executive Service and the bank and to represent the Company in the event of a citation by the Executive Service.
- Preparation of an annual training plan in the prevention of money laundering and terrorist financing, together with information in this area.
- The bank has a money laundering prevention unit with sufficient human and technical resources for prevention and with staff dedicated exclusively to this area.
- The annual internal audit plan includes the area of prevention of money laundering and terrorist financing, and the performance of regular checks on the application of the model for the prevention of money laundering and terrorist financing.
- The bank is subject to annual review by an external expert registered with the SEPBLAC, which consists of a full review the first year and follow-up reviews in the following two years.

In 2020, the annual online training for the prevention of money laundering and terrorist financing was given in accordance with the established plan. Likewise, the UPBC (unit for the prevention of money laundering) has also attended seminars and online conferences given by specialized consulting firms and the regulator (SEPBLAC) itself.

Code of conduct and internal whistleblowing channel

WiZink's aim is to encourage ethics, honesty and professionalism within the Company and among its employees and to develop and maintain a standard of conduct acceptable to the Company, third parties, customers and employees.

To this end, the bank provides training on the Code of Conduct to all its employees, who are obliged to know it, comply with it and facilitate its implementation.

The Code of Conduct defines, inter alia:

- **Specific rules to avoid corruption**, both among public officials and private citizens, forbid any delivery, promise or offering of any payment, commission, gift or remuneration, and always upholding a duty of care.
- **Guidelines to follow with respect to environmental protection**; all employees, within their scope of competences, are obliged to comply with any legal requirements and internal procedures established by WiZink at any time to reduce or avoid, as far as possible, any impact caused on the environment by their activities.

General guidelines regarding internal relations at WiZink

Principle of equality and non-discrimination. One of WiZink's basic principles is to ensure a working environment where personal dignity is guaranteed and where any conduct that is contrary to fundamental human rights protected by the Spanish Constitution and the law and the legislation applicable in any country where WiZink operates is avoided.

Respect for persons in all professional relationships at WiZink. The bank encourages its employees to have professional relationships based on respect and reciprocal collaboration. WiZink is committed to ensuring a working environment free from violence and/or any harassment whatsoever; no abusive conduct is allowed, or intimidation, disrespect or any type of physical or verbal violence in the Company's professional relationships. WiZink has an action protocol in place to cover any possible workplace harassment, the aim being to establish an alternative action framework within the bank, in addition to the internal whistleblowing channel (Ethics Channel) available to any worker who detects or considers himself/herself affected by any type of harassment.

The work-life balance. WiZink encourages its employees to reach a balance between the performance of their professional activity and their personal and family needs. This is achieved through measures that facilitate flexible hours, among other things.

Collective rights. One of WiZink's principles is to encourage social wellbeing and employment stability through an open flow of communication with all the trade unions and by promoting dialogue, communication and transparency.

Occupational risk prevention. WiZink seeks to ensure that its employees understand and follow any preventive measures related to health and safety at work. The bank also aims to guarantee that all employees are adequately trained in occupational risk prevention matters and carry out their activity in a safe environment.

The Ethics Channel or Internal Whistleblowing Channel allows information relating to violations of the Code of Conduct, irregularities detected regarding the prevention of money laundering or terrorist financing, any breach of the law or WiZink's internal

regulations and any discriminatory or threatening action to be reported, with the possibility of making anonymous complaints. This channel makes it possible to detect any criminal conduct and provides an opportunity for any suspicious conduct to be identified at the earliest possible stage, with the utmost guarantee of impartiality and confidentiality.

This channel is clearly visible on the bank's intranet and is managed by a third party, thus guaranteeing the confidentiality of any complaints, since under no circumstances does WiZink have access to the identity of the whistle-blower. This supplier monitors the functioning of the channel and issues six-monthly reports on the number of complaints reported, handled and in progress. At least once a year the Compliance function carries out an assessment of the internal whistleblowing channel and issues a report.

For some matters this Channel acts as an additional channel or alternative to other existing tools, such as direct communication with the HR Department, trade unions, or the Health & Safety Committee to initiate a prevention protocol in the event of harassment, etc.

The cases reported by WiZink employees (including directors and senior management) through the internal whistleblowing channel are included in a report prepared every year. In 2020, no relevant incidents relating to discrimination, harassment, human rights or corruption were registered. Three complaints of potential discrimination have been received through the Internal Complaints Channel, one was withdrawn by the complainant voluntarily and before any investigation was initiated, another concluded without investigation, and the last one is still in progress.

Other policies in support of the Code of Conduct:

The Company has a **Conflicts of Interest Policy** as development of the Code of Conduct; its purpose is to identify, assess, manage and mitigate or prevent actual or potential conflicts of interest that might arise in the performance of WiZink's activities.

Also, WiZink has a **Gifts and Invitations Policy**, as development of the Code of Conduct. Although the exchange of gifts and invitations is part of business in the domestic and international sphere, in the area where WiZink carries on its activity, inappropriate or excessive gifts and invitations are occasionally made for the purpose of exercising inappropriate influence and give the appearance of bribery or corruption. In this connection, in order to minimise any type of related risk, the policy forbids employees from accepting any kind of income or commissions from transactions performed by WiZink, and employees are not allowed to take advantage of a position held to their own benefit.

4. Social and employee-related issues

WiZink's employees are a key component of the Company's strategy. Therefore, the bank aims to ensure that all employees are committed to WiZink's principles, which are based on transparency, integrity, respect and honesty, collaboration, personal fulfilment and commitment. Likewise, through several internal policies and control bodies, compliance with current legislation that apply in each labour field (equality, diversity, conciliation, prevention of occupational hazards, etc.) are guaranteed.

4.1 Employment

At 31 December 2020, WiZink had 1,404 professionals, increasing in 34 employees compared to 2019. Of these, 909 women (65%) and 495 men (35%), maintaining a stable distribution. In addition, WiZink provides 85% of permanent contracts, and 77% of the workforce were aged between 30 and 50 years old. The main quantitative data relating to the WiZink workforce are as follows:

Total number and distribution of employees by gender, age, country and professional category

Country	Employees	Age group			Professional category					
		<30	30-50	>50	Managers and senior executives		Employees in other categories		Clerical staff	
					W	M	W	M	W	M
Spain	1.323	163	998	162	13	23	223	158	623	283
Portugal	81		79	2	4		46	31		

Total number and distribution of employment contracts by type

Gender	Age group	Permanent contracts		Temporary contracts	
		Full-time	Part-time	Full-time	Part-time
Women	Under 30 years old	25	18	12	36
	30-50 years old	438	180	15	68
	Over 50 years old	71	33	1	12
Men	Under 30 years old	26	12	7	27
	30-50 years old	300	43	11	22
	Over 50 years old	36	8		3
TOTAL		896	294	46	168

Annual average and distribution of employment contracts by type

Gender	Permanent contracts		Temporary contracts	
	Full-time	Part-time	Full-time	Part-time
Women	584	226	17	101
Men	396	61	14	46

Age group	Permanent contracts		Temporary contracts	
	Full-time	Part-time	Full-time	Part-time
Under 30 years old	52	32	12	53
30-50 years old	806	216	18	78
Over 50 years old	122	39	1	16

Professional category	Permanent contracts		Temporary contracts	
	Full-time	Part-time	Full-time	Part-time
Managers and senior executives	42	-	-	-
Employees in other categories	548	4	3	
Clerical staff	390	283	28	147

Number of dismissals

Throughout 2020 there have been 145 dismissals in all WiZink legal entities, most of which have been due to the Collective Dismissal carried out this year and which has affected the parent company. The breakdown of dismissals by gender, age and professional category is as follows:

Gender	Age group	Professional category		
		Managers and senior executives	Employees in other categories	Clerical staff
Women	Under 30 years old	-	3	-
	30-50 years old	2	58	4
	Over 50 years old	1	16	-
Men	Under 30 years old	-	1	-
	30-50 years old	4	37	3
	Over 50 years old	-	13	3

4.2 Remuneration

WiZink's Compensation Policy, in force since October 2019, refers to corporate salary compensation criteria. In WiZink, salary compensation is adjusted to the market and the provisions of the collective agreement applicable in each legal entity, which are respected in all cases, therefore exceeding the minimum interprofessional salary. Average remuneration by gender, age and professional category are as follows:

Professional category	Age group	2019		2020	
		Women	Men	Women	Men
Managers and senior executives	Under 30 years old		99.764		
	30-50 years old	184.958	170.906	152.066	144.222
	Over 50 years old	151.580	172.225	141.583	139.556
Employees in other categories	Under 30 years old	45.304	45.446	34.500	42.652
	30-50 years old	47.180	54.257	44.611	50.302
	Over 50 years old	59.544	61.630	49.528	60.829
Clerical staff	Under 30 years old	15.472	20.622	17.003	20.626
	30-50 years old	18.038	21.402	19.192	23.108
	Over 50 years old	17.547	23.425	19.670	21.466
TOTAL		67.453	74.409	59.769	62.845

Includes annual base salary and bonuses and incentives paid in 2019 and 2020

The salary gap in WiZink at a consolidated level is 14.81%, mainly due to a greater presence of women in the positions identified for the purposes of the report with the category of "Clerical Staff", with usually lower remuneration. Specifically, 69% of the employees identified as "Clerical Staff" are women, which largely determines this deviation.

With regard to the average remuneration of directors and executives, on 30 October 2019 the Entity's annual general meeting approved the remuneration policy for members of the Board of Directors. It should be noted that only the services provided by the members of the Board of Directors who are considered independent and executive are remunerated.

The independent directors are entitled to fixed remuneration established on an annual basis at the annual shareholders general meeting and to the reimbursement of expenses incurred in the performance of their duties. This remuneration is paid in twelve monthly payments and must be paid on a pro-rata basis if the director performs his/her functions for less than twelve months of the year.

Information on the average remuneration of the directors and executives can be found in section 7. - Remuneration of the Directors and Senior Executives according to the Consolidated Financial Statements as at 31 December 2020.

4.3 Organisation of work

WiZink allows all employees to work remotely during the current period. Although this is an exceptional measure that has been adopted due to the pandemic, the truth is that it facilitates the reconciliation of work and personal life of employees. In this sense, the workplace remains open so that anyone who prefers it - or due to service needs their physical presence is required - can work from the office. However, in general, employees are working from their homes, saving commuting time and ensuring a presence at home during the day that facilitates family life. In this sense, it should be noted that not all WiZink entities were in a position to access telework immediately, so a very important investment in time and material resources has been made to ensure that all employees could access telework during the pandemic.

Additionally, WiZink maintains the internal working flexibility measures already implemented, such as the one related to the flexible working program, which provides employees with the systems and resources necessary to individually carry out their tasks and guarantees the environment and working methods of the company. These internal flexibility tools also allow employees themselves to manage their working hours, their connection to email and their participation in remote meetings. In this way, the company guarantees the availability of the following work tools for those job functions which require them:

- Laptop and company mobile phone which enable them to access their e-mails remotely.
- *Microsoft Teams* is installed on laptops, which can be used to send and receive messages, to make 1x1 or group calls or video calls and to participate / organize meetings
- Office 365 Cloud, which enables files, folders and SharePoint to be accessed, anytime, anywhere.

The FWP (Flexible Work Program), which we alluded to in the previous paragraph, has as main advantages offering employees mobility to work in unconventional spaces and flexibility to do so at different times. Flexible working hours is a solution designed so that employees have the opportunity to work their hours before or after working hours, and the reduced hours allow employees to work fewer hours than those established, with the corresponding proportional reduction in salary. Regarding rest periods, the company recommends disconnecting during weekends, holidays and outside working hours.

In compliance with Spanish regulations on the matter, WiZink implemented in WiZink Bank S.A.U. and WiZink Gestión A.I.E., in June 2020, the working day registration tool, as well as the digital disconnection protocol. Both documents were consulted with the workers' representatives, making the companies the decision to implement them as an agreement with the social part was not possible. In relation to both policies:

- The working hours registration tool, as well as its organization and documentation, complies with the provisions of both the Workers' Statute, as well as the sectoral agreements applicable to WiZink entities that have been published to date, as occurs with the agreement on the registration of working hours in the Banking sector. Furthermore, in some cases WiZink's internal policy improves what is established in the current regulation, establishing additional obligations for the company, such as the delivery to the legal representation of the workers of the working hours records on a monthly basis, the delivery of these reports in telematic support, etc.
- Regarding the digital disconnection protocol, it was also implemented unilaterally in the entities and its purpose is to make employees aware that they can make use of the discretionary right to digital disconnection at all times, and this circumstance cannot have negative consequences - for example, in terms of promotion or remuneration - for them. This protocol is also applicable in Aplazame.

All the documentation related to the working hours registration and the digital disconnection - including the protocols, training videos, user' guide to the use of the working hours registration tool and frequently asked questions - is available to employees on a specific site created in the Intranet.

It is intended that the above policies serve as a basis for other WiZink entities, as is the case of Iberalbión, having already shared the documents with the representatives of the workers of this entity and expecting its implementation in this entity in the month of January of 2021.

Additionally, we must indicate that, in the case of Aplazame, another series of measures are adopted that favour conciliation, such as the fact that, in the labour calendar itself that is published every year, reference is made to the establishment of the flexible hours and the intensive schedule during summer and every Friday of the year, as well as days with reduced hours (5 hours are worked on December 24 and 31).

4.4 Health and safety

WiZink is committed to improving its employees' working conditions, health and well-being and that of all the company's associates. Therefore, the bank's long-standing and fundamental objective is to continuously improve its health and safety policy.

Also, the bank has rolled out various initiatives with the following three objectives:

- Involve employees and make them aware of the importance of preventing the specific risks of each campaign.
- Encourage healthy lifestyles and promote the proposed health measures.
- Prevent absenteeism caused by cardiovascular diseases.

Annually, 2 weeks of Health Promotion are usually held, however, due to the exceptional situation experienced this year, due to Covid-19, the Cardiovascular Risk Prevention Week had to be cancelled, as well as the Security and Occupational Health Week.

In relation to health promotion, despite the circumstances, the Influenza Vaccination Campaign has been maintained.

Also, WiZink offers various services to ensure the health of its employees at work. For example, in Spain the bank has a medical assistance service, four semi-automated external defibrillators at its offices and a physiotherapy service. A free Valora Prevención healthcare card is also available for employees to access advice from healthcare specialists. Additionally, there are benefits for pregnant women, such as a special parking space available from the 20th week of pregnancy. Moreover, employees have access to bowls of seasonal fruit located on all floors and a catering service with a daily healthy menu option, although unfortunately, due to the situation caused by Covid-19 in which employees have been teleworking since March, this year it has only been active during the first quarter.

Lastly, WiZink encourages the use of bicycles and offers a parking area at its offices and changing rooms for those who exercise on their way to the workplace.

In 2016 the bank adhered to the Luxembourg Declaration and, therefore, included the basic principles for promoting and managing occupational health.

The situation caused by Covid-19 during this year 2020 has forced WiZink to carry out the following activities

- Teleworking: in March 2020, the Management of WiZink, ensuring the safety of its employees, made the decision, following the recommendations of the health authorities, that all employees should have the possibility of teleworking during the State of Alert.

The Technology department, in record time, provided employees who did not have the means with the necessary equipment so that they could telework.

- Training and continuous information as support, awareness and learning for employees.

o INFORMATIVE TIPS on the intranet.

o TRAINING: Covid-19- return to the workplace. Good practices.

- Regular meetings and communications to the Health and Safety Committee, keeping them informed of the news and current situation.

- Creation of the Coronavirus Committee "Contingency Plan", integrated by several areas for the operational management of the crisis.

- Contingency Plan - Transitory Work Plan until the end of Covid-19: creation and implementation.

- Update of the Occupational Risk Assessment including the risks derived from Covid-19.

- Voluntary evaluation of teleworking workstations and subsequent transfer of equipment (ergonomic chairs, monitors, ...) for the ergonomic adaptation of the workstations.

- Adaptation of the facilities to comply with current regulations.

- Procedure of purchase and delivery of EPIS (masks, ...)

- Evaluation and follow-up of the notified Covid-19 positive cases (detection of close contacts...).

- Offering serological tests for employees who access the facilities.

The breakdown of occupational accidents and the rates by legal entity are as follows:

2020	WIZINK BANK	WIZINK GESTION	PORTUGAL	IBERALBION	APLAZAME
Frequency rate	0	4.12	0	0	0
Incidence rate (*)	0	5.95	0	0	0
Severity rate	0.05	0.33	0	0.18	0

(*) Incidence rate for every 1,000 employees

In 2020 there have been only 8 accidents (including in-itinere ones), with only 3 of them in the workplace itself. There have been no occupational diseases in this period.

Below, the accidents are broken down by legal vehicle and gender of the injured:

2020	WIZINK BANK		WIZINK GESTION		PORTUGAL		IBERALBION		APLAZAME	
	M	W	M	W	M	W	M	W	M	W
Number of Accidents	0	2	0	2	0	0	1	3	0	0
No. of Accidents in itinere	0	2	0	1	0	0	0	2	0	0
No. of Accidents non in itinere with sick leave	0	0	0	1	0	0	0	0	0	0

The hours of absenteeism in 2020 were 116.618, 14% less than 2019.

4.5 Labour relations

Dialogue, consultations and commitment with employees

WiZink is the result of the inclusion of employees from various companies with very different cultures, which has helped develop and strengthen a corporate culture with well-defined values, generating a feeling of involvement and commitment.

An open dialogue with workers' representatives is guaranteed in those entities that have them, based on transparency and mutual trust. Formal and informal meetings with unions are held regularly, whenever requested by one of the parties. Likewise, agreements which both parties consider benefitting the interests of the employees are reached, improving what is established in the current regulation. As an example of this, we could mention the Collective Agreement on Homogenization of Working Time at WiZink Bank S.A.U. of March 20, 2018, which is renewed annually and whose purpose is to provide an intensive schedule working day on some days that are of special interest to employees (i.e. days prior to holidays, non-school days but working days, in which the children are at home, etc.).

In all matters related to employees, WiZink acts with full responsibility and in compliance with all national and international employment standards (European Union law and International Labour Organisation conventions signed by Spain and Portugal).

WiZink's internal communication

WiZink has an internal communication policy covering the values and principles underlying WiZink's internal communications, in order to disseminate a participative, open and transparent culture in the organisation. Also, the behaviour expected from employees, managers and senior executives is defined to ensure effective internal communication at WiZink.

As part of the culture modification project, and in line with WiZink's values, several dialogue and internal communication initiatives are under way, which are published on WiZink's intranet, the bank's main internal communication channel. There is one internal Company website for Spain and another for Portugal.

Additionally, WiZink carries out surveys to find out the opinion of all professionals of the bank and act thereon. The aim of these surveys is to gather suggestions, request opinions and assess initiatives.

Assessment of collective agreements

All employees in Spain and Portugal are covered by collective bargaining agreements. The Banking Collective Agreement, the Office Collective Agreement of the Autonomous Community of Madrid, the Collective Agreement for Credit Finance Establishments and the Contact Centre Collective Agreement are applied in Spain. In Portugal, all employees are covered by the Banking Agreement, except for one employee whose employment relationship is governed by General Law.

Specific occupational health and safety measures are included in the various collective agreements applicable at WiZink. In this regard, the Occupational Risk Prevention Department ensures compliance with the various provisions in this matter. With guidance from WiZink, this department also actively works to advocate health promotion activities (see section 4.4. Health and safety). In Spain there are workers' representatives on the health and safety committees.

4.6 Training

WiZink bases its current Development and Learning Model on three fundamental pillars: on-the-job learning, relationship development and formal learning, and seeks to generate an open, collaborative and self-responsible knowledge environment.

It offers people technical and regulatory training, as well as opportunities to develop their skills, facilitating, among other things, digital learning and development tools.

One of the key pillars of the Talent and Training plan, which covers the years 2019-2022, is Managers Leadership. In this sense, WiZink establishes lines of action, offering specific programs and workshops for this group.

During 2020 the following number of hours of training by professional category were given. Total number of hours includes training hours for all legal vehicles, including Aplazame.

Professional category	Number of hours
Managers and senior executives	422
Employees in other categories	4,608
Clerical staff	26,104
TOTAL	31,134

Throughout 2020, Iberalbión's training actions have focused mainly on preparing new recruits for Call Center and Collections services.

On the other hand, this plan has also focused its efforts on strengthening the knowledge and skills of the existing staff, to achieve the best levels of efficiency and excellent service for WiZink customers.

4.7 Universal accessibility

WiZink has 13 employees with disability and offers a fully accessible working environment that is free from discrimination. Also, the Company has entered into agreements with special employment centres and actively works with them to provide a number of services and products such as the preparation of Christmas hampers or the intermediation service to organize the business trips for WiZink employees. The Company is currently in the process of acquiring the certificate of exemption to enable it to adopt alternative measures, which had been previously granted. In Iberalbión there is a certificate of exceptionality granted in September 2019.

All three WiZink buildings have disabled access and have workstations adapted to people with disabilities. The specific needs of those with a disability are also considered and designated locker areas and parking spaces are made available to them. The bank also has a procedure through which, when an employee requires an adapted workstation, Occupational Risk Prevention confirms the need and specifies the necessary requirements (headrests, height adjustable desk etc.).

In 2017, WiZink participated in the first accessibility diagnosis of the Autonomous Community of Madrid and was granted the aforementioned certification.

4.8 Equality

WiZink is fully committed to equal treatment of and opportunities for men and women, encouraging and promoting policies that favour real gender equality, both in selection processes and at salary and executive level. Also, it is intended to continue with the current trend to promote and improve women's access and retention in employment, and increase their level of training and adaptability to the requirements of the labour market, with the aim of maintaining a balance between men and women in the organisation.

WiZink considers diversity to be one of the Company's core values, and as a means for creation of value. The bank therefore promotes diversity in all its teams. This encapsulates all dimensions such as age, nationality, experience and knowledge.

One of the most noteworthy aspects of the bank is the **balanced representation on its executive team**: half of the members of the Executive Committee are women. Also, the Company promotes **equality** and encourages equal pay between men and women. The salary differences that appear in the list of men and women's salaries are due to the diversity of categories and duties at WiZink, as a high percentage of the more operational functions (customer service department, recoveries and transactions), which have the lowest remuneration, are occupied by women.

WiZink has equality plans, some of which come from the entities to which the employees belonged in the past and which it intends to update in the near future. Others, such as the one that is applicable in Iberalbión, was recently negotiated with the legal representation of the workers and has been in force since February 11, 2019. Likewise, WiZink Gestión's equality plan is in the process of negotiation with the Company Committee of this entity and it is expected to soon have a consolidated document. In any case, there are, at all levels, different measures that favour flexibility on the work-life balance, with special attention to situations arising from maternity / paternity leave.

At WiZink we have a specific **procedure against harassment** for all of its employees. This enables the adoption of necessary measures, as part of its responsibilities, to guarantee a working environment free from harassment in psychosocial terms, where this type of conduct is not allowed or accepted. In the case of Iberalbión employees, they have a procedure specifically negotiated for them, and in force since February 11, 2019, having been incorporated as part of the Equality Plan.

The objective of the procedure against harassment is to establish a framework for alternative action at the Company, in addition to the whistleblowing channel for reporting irregularities in the Ethics Channel available to all employees who detect or are themselves affected by any type of harassment (in any of the forms or aspects defined in the protocol). In this way, the necessary steps can be followed in a swift and efficient manner, to resolve, with the upmost confidentiality and discretion, all circumstances that may arise, through the adoption of appropriate measures.



5. Commitment to society

5.1 Sustainable development commitments of the Company

In 2020, WiZink has continued to deploy its Corporate Social Responsibility strategy called "The value of everyday life". The strategy, created in a collaborative way with employees, values the commitment to closeness, to everyday life and to paying attention to the small details that generate great stories. The purpose of the company is to make people's lives easier and accompany them in their day-to-day credit and savings needs, being a support in their changing needs. That is why the focus on CSR will be above all linked to the daily life and close people.

WiZink activated its strategy in 2020 by supporting two social investment projects, which started in 2019 and focused on improving the lives and integration of disadvantaged people thanks to innovative initiatives in the social sphere linked to the restaurant industry. These projects are the result of alliances with the A LA PAR Foundation, which focuses in Spain on the rights and full participation of people with intellectual disabilities in the society, and with the Crescer Association, an organisation founded more than 18 years ago in Portugal that promotes the inclusion of vulnerable groups in the community.

In addition, it is especially relevant that both projects are developed near the WiZink offices on Ulises street (Madrid) and Avenida de Liberdade (Lisbon), and therefore they are aligned with the commitment to being close and focus on everyday life and gestures that change people's lives:

- **'The Rodilla de Arturo Soria' in Madrid.**

The A LA PAR Foundation franchised a Rodilla restaurant and it became the first restaurant in Spain managed and looked after by staff with intellectual disabilities. WiZink supports this project by facilitating the training of the people who work there, and in 2020 WiZink contributed through a financial donation (€ 9,700) and helped to promote the Rodilla restaurant on social media and among employees of WiZink.

- **'É um Restaurant' in Lisbon.**

WiZink is one of the entities which finance the Crescer Association project. It is a restaurant that aims to offer training and create job opportunities in the catering sector for homeless people or people who have lived on the street. Thanks to this project, the people who work in the restaurant are able to improve their quality of life, get an opportunity to enter the labour market and, therefore, their inclusion in society is strengthened. In 2020, WiZink supported the project through a financial donation (€ 15,000), promoting the sustainable business on social networks and among WiZink employees, and donating to the restaurant the supply of fruit for employees in its offices, from the start of Covid-19 confinement until the end of the year. The fruit has been also included in the distribution of 400 meals a day to people without a roof, a task that the restaurant has dedicated itself to in the most critical moments of this pandemic.

In addition to these two projects, WiZink is implementing several initiatives that seek to create a positive local impact.

- **We shared our adherence to the #200Challenge on social networks**

In times of health crisis due to Covid-19, it has been essential to raise awareness among the population about the importance of the safety distance recommended by health authorities to avoid the contagion and transmission of the coronavirus,

WiZink has joined the international initiative #the200challenge, in which it temporarily separated the characters of its logo by 200pts, in order to make the adherence to the project visible and to build awareness among its users of the importance of these measures through its social networks. It has been done through changing the profile photos of all its channels, sharing the challenge and the videos. In addition, a small campaign was developed, and the message associated with this initiative was viewed more than 600,000 times in Portugal, and 1,300,000 times in Spain.

- **New solidarity corner on the employee's intranet**

A new section has been created on the company's intranet for employees, under the CSR section: Our Causes. In this new space, WiZink Corporate Social Responsibility area or employees publish the causes and solidarity projects to which they want to give visibility and attract others to participate.

- **Donation of corporate gifts**

At WiZink, it is a tradition to organise a yearly Christmas market for employees, made with the received corporate gifts, where the bank raises money to be donated to local non-profit associations. In this year of a pandemic, characterised by remote work and reduced presence at the Madrid and Lisbon offices, it was decided to directly donate the corporate gifts to A La Par Foundation and Asociación Crescer, NPO's which used the gifts in their own Christmas markets, Christmas parties, or as Christmas gifts to people in need who are supported by their projects.

Lastly, the sponsorship of the WiZink Centre in Madrid has in turn had a significant impact on the promotion of sport and culture. The financing that the centre receives from WiZink contributes to the improvement of the arena in terms of security and facilities so that a huge number of significant cultural events can be held there, which contributes indirectly to the creation of employment and to the local economy.

This year the WiZink Centre has launched a specific security protocol to deal with Covid-19. The ventilation system stands out as it renews the air completely every 12 minutes by taking it 100% from the outside, which allows the room to achieve an IDA 2 air quality, close to an IDA 1 (by regulation an IDA 3 would suffice). In addition, among other measures, spectators' temperature is measured before entering, the use of a mask is mandatory, a distance of at least 2 seats is maintained between groups, and at the entrances or exits, the doors remain open to avoid contact.

Looking ahead to 2021, in addition to the exceptional security measures, WiZink will also contribute with its investment in projects related to minimising the centre's impact on the environment.

5.2 Subcontractors and suppliers

WiZink has a purchasing and supplier management policy in place called Supplier Selection and Management Policy, updated in April 2020. It establishes the guidelines for selecting and managing external suppliers, in order to guarantee that there are adequate controls for protect the assets, reputation and interests of WiZink and its customers.

In the case of a bank, the management of suppliers is especially important when any of the critical functions of the company are outsourced, so the policy was developed to facilitate the following objectives:

- Optimisation of suppliers to maximise economic leverage and risk supervision capacity.
- Standardise supplier selection and management criteria.
- Document the requirements for the selection and management of suppliers.
- Have a standard and consistent contract that meets the applicable legal and regulatory requirements.
- Gather accurate and relevant supplier information that can be shared across the company.
- Comply with the WiZink's Code of Conduct and applicable policies, as well as the legal and regulatory requirements applicable in all jurisdictions.
- Act in accordance with the socially responsible practices of the sector.

Effective supplier selection strategies and management of supplier-related risks are critical for WiZink to meet its operational objectives and mitigate key risks, including legal and compliance risk, operational risk, financial risk, strategic risk, technological risk and reputational risk. For this reason, in all cases a due diligence is carried out prior to hiring, and an annual review of critical suppliers is carried out. Additionally, the bank has successfully passed the Internal Audit Review on outsourcing essential business functions or services to external providers 2020.

Suppliers are divided into four categories according to the Company's risk exposure. Due diligence and supplier auditing processes are subject to their segmentation, so that the more critical the supplier, the more robust the control applied to it. The most critical suppliers are monitored to identify possible incidents, despite the fact that there are no suppliers with relevant risks related to the environment, society, or equality.

Each supplier has an assigned service owner who, as established by the policy, carries out the relationship with suppliers, including performance management and an annual risk assessment and review. These activities include daily dealings with vendors regarding support and service delivery. In 2020, 313 suppliers were evaluated.

Due to the activity of the company, its suppliers provide mainly auxiliary services for the development of financial activity such as advice or technological services. Although some of the contracts already included "sustainability" clauses focused on health, safety, and the environment, in 2020 a clause has been included in the standard contract template which includes social and/or environmental criteria for general management of suppliers.

Lastly, WiZink contributes to the development of employability and local development by counting on local suppliers which represent 88%.

5.3 Customers

Complaints management

WiZink has a Customer Service (hereinafter CS) department that reports to the Secretary of the Board of Directors and the Head of Legal Services and Regulatory Compliance area of the bank, and is the direct intermediary with the Customer Service Department

of the various regulators in relation to customer complaints and claims (in Spain: Bank of Spain and the General Directorate of Insurance and Pension Funds. In Portugal: Banco do Portugal (Bank of Portugal) and the Autoridade de Supervisão de Seguros e Fundos de Pensões (Insurance and Pension Funds Supervisory Authority)).

In general, the most common methods used by customers to file their claims are:

- In Spain, through email and postal mail (both ordinary and certified) sent directly to WiZink or through complaints filed with the Bank of Spain. The client, after WiZink's response, or if they have not received a response, can go to second instance to claim through the Spanish banking regulator.
- In Portugal, customers can either file complaints at WiZink or with the Bank of Portugal, i.e. there is no pre-requisite to submit a complaint to the bank prior to complaining to the regulator.

Detail of complaints received is shown in the following table:

Key data	Country	
	Spain	Portugal
Total number of customer complaints received	32,373	3,233
Number of complaints settled in favour of the customer	2,092	638
Number of complaints settled in favour of the bank	29,056	2,538
Number of complaints pending resolution	1,716	57
Number of complaints not admitted	3,378	N/A

WiZink has teams specialised in the management of claims and complaints, who process them by means of a systematised treatment of registration, management, analysis and control of claims and complaints received, and classify them according to the different types. All this makes it possible to identify the causes of customer dissatisfaction, the problems and, as a final result, the appropriate solutions for each case.

WiZink understands claims and formal complaints as those made by clients, non-clients, and local regulatory bodies, and addressed to CS. With the aim of guaranteeing the protection of clients' rights, and according to the transparency and clarity that govern the company's activity, ensuring diligence and good banking practices, the criteria applied in all resolutions are based on confirmation of:

- The correct application of policies and internal procedures.
- The proper fulfilment of WiZink's contractual obligations to customers.
- Compliance with applicable regulations and good practices issued by the Bank of Spain and the Bank of Portugal.

CS adopts decisions autonomously and independently, informing the different business units of those actions that require a review or adaptation to the regulations.

The principles, criteria and procedures that govern decision-making in the resolution of complaints in the area of WiZink Customer Service department are:

- Identify errors or omissions on the part of the bank and evaluate the impact they have had on the client, both financially and non-financially.
- Putting oneself in the "customer's shoes" and understanding their perspective, always putting customers at the centre of decision-making.
- Adopt a historical approach in the analysis of each complaint, taking into account all the points of complaint raised by the client, the facts of the case and all the available evidence. This allows for a complete picture of the customer's circumstances, as well as their complaint as a whole.
- The resolutions are complete, objective, fair and based on the facts.
- Identify the needs of customers, considering all the facts that have motivated the complaint.

Some of the claims filed by clients lead to legal claims. The nature and impact of these claims on the bank's financial position and results of operations are described in more detail in Note 20 and 43 of the Consolidated Financial Statements.

Customer safety measures

Help clients in managing their finances

In the day-to-day life of customers, WiZink keeps customers informed about their products, use and expenses through clear and accessible contractual terms and conditions, provides an up-to-date information via the App and sends customers a detailed monthly statement.

In addition, customers are offered the optionality of adapting their products and services to their needs, choosing and flexibly changing their payment method, selecting their preferred service channels, being informed at all times of the costs associated with the financing of purchases.

In Portugal we also offer the "Unido" platform, a PFM App that facilitates the daily management of all clients' accounts and financial products in one place, regardless of the bank with which they are contracted.

WiZink works to ensure the safety of its customers through various mechanisms related to money management and online behaviour, and has designed a comprehensive financial education program, acknowledging that customers have different information needs, when it comes to understanding and managing their products and services. This program provides a wide range of information, offered in a clear and simple way, providing transparency, and promoting the use of products and services in a planned and responsible way. It explains the use of the card, basic financial concepts such as the differentiation between a loan and a card, optionality and how to use payment flexibility, how to repay the debt and the available payment channels and more, and is offered through a Blog, public website, social media and direct digital communications.

Fraud prevention

For the bank, one of the main risks for the safety of its clients is fraud. Therefore, WiZink has a robust fraud prevention system. If unusual movements are detected with the WiZink credit card, the bank contacts the customer to confirm these transactions and to carry out a quick blocking of the card if necessary, to avoid possible fraud. In addition, the holder will not be responsible for the financial consequences resulting from the use of a lost, stolen, or falsified card, as long as there is no negligent behaviour on the client's side.

Accident insurance

All customers by the mere fact of being holders of a WiZink card have accident insurance, travel assistance and purchase protection for free in Spain and Portugal. In addition, in Portugal where we have stands in shopping centres, we guarantee customer protection, in the event of an accident, with a civil liability insurance.

Helping our customers through the pandemic

The pandemic brought great changes to our reality and the lives of our clients, threatening their health, and forcing everyone to change their individual, social, professional and financial habits for protection or as a consequence of Covid-19. WiZink has quickly adapted to evolve its ways of working and support emerging customer needs to adapt to the new reality, focusing on:

Ensuring continuity of service

We have ensured a rapid evolution to remote work, with the appropriate tools to continue offering a quality and safe service. All our customer service centres have remained fully operational.

Helping customers bank remotely and accelerate digital change

Covid-19 has made it even more important for people to be able to bank remotely, prompting WiZink to accelerate its digital capabilities, offering remote access and extended services, while maintaining control and security of its customers. We promote the use of our online banking among customers through the Web or the App. The cap for contactless payments was increased to €50, mobile payment tools are offered (Apple Pay, Samsung Pay, Wallet) and MBWay was launched in Portugal, expanding the range of remote payment and money management solutions.

Supporting customers through the pandemic crisis

WiZink has made loans with reduced APRs available to clients, as a measure to support their financial stability and recovery needs, and has implemented public and private moratoriums for credit agreements in Spain and Portugal, enabling its clients the option to stop repaying their credit while their households' income and financial condition are affected by the pandemic.

5.4 Tax information

Consolidated Group information:

Profit before tax (thousands of euros)	España	Portugal	Total
Continuing operations	(78.257)	12.651	(65.606)
TOTAL	(78.257)	12.651	(65.606)

Taxes paid (thousands of euros)	España	Portugal	Total
WIZINK BANK	5.465	2.920	8.385
APLAZAME	0	N/A	0
TOTAL	5.465	2.920	8.385

In 2020 WiZink has not received any Government grant.

6. Respect for human rights

Although there is no specific human rights policy at the bank, the WiZink Code of Conduct includes protection of these universal rights in the rules of conduct. This Code is complemented by the organisation's values and ethical principles, the good corporate governance, and professional ethics of its employees. Additionally, as a sign of relevance of ethics in WiZink, the company considers human rights in the corporate risk map.

WiZink has a zero-tolerance policy regarding harassment, discrimination, or any violation of human rights. To this end, the Company provides employees with an internal whistleblowing channel through which professionals can report any situation that is contrary to the ethical principles of the bank or the Code of Conduct and guarantees complete confidentiality and anonymity of the whistle-blower if requested.

In 2020 there were no cases of human rights violations reported through the internal whistleblowing channel, neither were there any laws or regulations infringements in relation to this matter, although three complaints of potential discrimination have been received through the whistleblowing channel, one of them was withdrawn by the complainant on a voluntary basis and before any investigation was initiated, another concluded without investigation, and the last one is still in progress.



7. Environmental matters

WiZink's commitment to the environment is reflected in the design of its offices, where sustainability is a reference value. The buildings in Madrid, Zaragoza and Lisbon have highly efficient energy facilities, and as a tenant, WiZink has contributed in obtaining the LEED (GOLD) certification in its Ulises building in Madrid, a voluntary certification that underlines the building's solid commitment to a more sustainable construction, which has economic, environmental and social benefits. In addition, WiZink has a preventive maintenance plan for all facilities, as well as an annual property budget (2020 Plan) for each building.

The building's cooling system has been changed at the Zaragoza facilities, including high-performance and more sustainable equipment. Likewise, this year an energy efficiency audit is being carried out to evaluate possible alternatives and improvements in management.

In the Aplazame offices, the company that supplies energy consumption, its largest source of generation is through renewable energy with 37% and a fact to highlight is that they have 5 trees planted inside.

During 2020 and due to the pandemic, a management and coordination of the different buildings was carried out for the recycling, cleaning and distribution of personnel in a coordinated way, avoiding the use of certain floors, having all environmental systems turned off.

Furthermore, the bank promotes paperless and waste recycling policies. In relation to transport, WiZink encourages employees to use public transport, as the Madrid office is opposite a metro station and every employee is entitled to a transport card to buy the public transport season ticket for travel. The use of bicycles is also promoted, by offering specific parking for them, encouraging a healthy and environmentally friendly habit, and the use of electric cars through the installation of charging points at the carpark in Madrid.

In line with the Company's CSR strategy, work is also being done to promote environmental awareness through daily actions such as the dissemination by Human Resources of internal information and ideas to improve daily behaviour with the environment that surrounds us.

The Code of Conduct also defines the guidelines that employees must follow, within the scope of their competencies, to reduce or avoid as far as possible any environmental impact caused by their activity.

Due to the digital activity and the WiZink sector, the current and foreseeable effects of the company with respect to the environment and climate change present a low risk, so no specific measures have been taken in relation to this.

Sustainable use of resources

The main consumption made by WiZink is that of electricity generated from the operation of its offices, where a sustainable use is guaranteed through:

- The closing of the doors and the lights off as of 7:00 p.m. on weekdays and during holidays and weekends.

- The installation of light and climate sensors.
- Planning of follow-up and improvement actions for all buildings.

The total electricity consumption of WiZink in 2020 was 3.615.399kWh, 30% less than in 2019.

The percentage of renewable energy that we are using varies depending on the building:

- Ulises and Zaragoza: Between 10.5% and 16.1% Renewable Energy, High efficiency Cogeneration between 3% and 5% and Cogeneration between 9% and 10.3%. Cogeneration is the procedure by which electrical and thermal energy is obtained simultaneously, this gives greater energy efficiency.

- Liberdade: The sources of energy consumed are generated in the following way, Wind 29%, Water 7% and Renewable 4% - these values are average values.

- Aplazame: Renewable 37%, Cogeneration 6.9%, High efficiency cogeneration 3.5%, Nuclear 22.3% Although it is true that this supplier company is different from Ulises and Zaragoza.

	2020	Measure
Sustainable use of resources		
Natural gas	43.857	m3
Gasoline	139	Liters
Gasoil	776	Liters
Evo Diesel	480	Liters
Energy consumption		
Direct (Electric Power)	3.615.399	Kwh
Indirect (Kwh Sustainable use)	479.534	Kwh
Emissions		
Scope 1 TnCo2 (Gas, Gasoline, Diesel)	92	TnCo2
Scope 2 TnCo2 (Electric Power)	1.116	TnCo2

As WiZink is a company with a presence in Portugal and Spain, the main impacts of the bank's activities in relation to CO₂ emissions arise from journeys made by professionals. In 2020, and as a consequence of the State of Alert due to Covid-19 and since last March 6, 2020, business trips have been reduced to the essentials. WiZink has implemented tools such as TEAMS, through which it encourages videoconference meetings.

WiZink's activity does not affect emissions related to noise or light pollution, or any other form of atmospheric pollution.

Other resources consumed:

WiZink promotes the reduction of other resources consumed such as water and paper. To minimise water consumption, WiZink has installed water flow regulators on taps in its offices.

	2020
Water consumption (m ³)	8.302
Paper consumption (kg.)	4.329

Furthermore, the responsible use of paper is part of WiZink's working method. In order to reduce paper consumption, mobile printing software has been rented for all office IT equipment, allowing printing using a card and so reducing unnecessary paper usage.

While the bank is committed to the sustainable use of resources, no specific reduction targets have been set.

Circular economy

In relation to prevention measures, recycling and reuse, WiZink has placed recycling points for packaging, glass and organic and paper waste on all floors. In addition, in reception, and in other places around the office, there are units for recycling batteries, various office consumable items, light bulbs and cardboard.

Also, WiZink performs internal communications and recommendations through the Intranet on recycling and general care for the environment, such as the Earth Hour campaign, day-to-day actions to reduce consumption of water and electricity, care for the environment, etc.

Furthermore, the Lisbon office has removed single use plastics and replaced this material with paper. Moreover, all employees in Lisbon have a reusable bottle and the plastic bottles have been removed in the meeting rooms in Spain and Portugal.

In 2020, the Madrid and Lisbon offices sent 2.8 and 0.308 tonnes of paper and cardboard respectively to be recycled through an authorized waste manager.

WiZink is equally concerned about the waste generated by the cards used by customers. Our card provider complies with Royal Decree 110/2015 on waste electrical and electronic equipment known as WEEE (WEEE), and is registered in the Comprehensive Industrial Registry with reference 6893, within the special section for EEE producers (RII -AEE), where it updates the data on a quarterly basis.

Additionally, we include the manufacturer's name on all cards and to provide information to our customers that helps to avoid further harmful effects on the environment, the following is indicated in the card's shipping letter:



Para evitar los efectos nocivos en el medioambiente y la salud debidos a la presencia de sustancias dañinas en los AEE (artículos eléctricos y electrónicos), por favor no tires tu tarjeta caducada al contenedor de basura común y deposítala separadamente para su reciclaje, de acuerdo al RD 110/2015. Información sobre el fabricante del plástico en www.idemia.com.

Translation: To avoid harmful effects on the environment and health due to the presence of harmful substances in EEE (electrical and electronic items), please do not throw your expired card in the garbage container and deposit it separately for recycling, according to RD110 / 2015. Information on the plastic manufacturer at www.idemia.com

Appendix: Table linking the requirements of Law 11/2018 and GRI indicators

As required by Spanish Non-Financial Information and Diversity Law 11/2018, of 28 December, the key indicators of non-financial results that are relevant to WiZink's business activity, and that meet the criteria of comparability, materiality, relevance and reliability, are included in this report. It also includes accurate, comparable and verifiable information.

Also, key non-financial indicators have been applied, such as the Global Reporting Initiative (GRI) standards, the list of which is shown in the table below.

Content of Law 11/2018 on non-financial information		Standard used	Page number
Business model			
Description of the Group's business model	<ul style="list-style-type: none"> - Description of the business model. - Location of operations. - Objectives and strategies. - Main factors and trends that affect future evolution. 	GRI 102-2, 102-3, 102-4, 102-6, 102-7, 102-15	2-12
Policies	Management focus.	GRI 102-15, 102-30, 103-2, 103-3	13-43
Results of policies, KPIs and Main risks	Results of policies and main risks and impacts arising from the Group's activities, and the management thereof.	GRI 102-15, 102-30, 103-2, 103-3	13-18
Information on environmental matters			
General	Effects of the company's activities on the environment, health and safety.	GRI 102-15	41-43
	Environmental certification or assessment procedures.	GRI 103-2	41-43
	Resources used to prevent environmental risks.	Not material for the Company	Not applicable
	Application of the precautionary principle.	Not material for the Company	Not applicable
	Provisions and guarantees for environmental risks.	Not material for the Company	Not applicable
Pollution	Contamination prevention measures.	GRI 103-2, 302-4	41-43
Circular economy and waste prevention and management	Waste prevention and management measures.	GRI 103-2	43
	Actions to combat food waste.	Not material for the Company	Not applicable
Sustainable use of resources	Consumption of water.	GRI 303-1	41-43
	Consumption of raw materials.	GRI 103-2, 301-1	41-43
	Energy: Direct and indirect consumption: Measures adopted to improve energy efficiency and use of renewable energies.	GRI 103-2, 302-1	41-43
	Greenhouse gas emissions (GHG)	GRI 305-1, 305-2, 305-3	41-43
Climate change	Measures to adapt to climate change.	Not material for the Company	Not applicable
	Targets to reduce GHG emissions.	Not material for the Company	Not applicable
Biodiversity protection	Measures taken in order to conserve or restore biodiversity.	Not material for the Company	Not applicable
	Impacts caused by business activities.	Not material for the Company	Not applicable

Content of Law 11/2018 on non-financial information		Standard used	Page number
Information on social and personnel-related matters			
Employees	Total number of employees by gender, age, country and professional category.	GRI 102-7, 102-8, 405-1	23
	Total number and distribution of employment contracts by type.		23
	Annual average of indefinite-term, short-term and part-time employment contracts by gender, age and professional category.		24
	Number of terminations by gender, age and professional category.	GRI 401-1	24
	Average remuneration by gender, age and professional category or equivalent value.	GRI 102-35, 102-36, 405-2	25
	Gender pay gap.		25
	Remuneration of identical job positions or average positions at the company.		25
	Average remuneration of directors and senior executives, by gender.		Note 7 to Consolidated Financial Statements
	Measures to disconnect from work.	GRI 103-2	26-27
	Employees with disabilities.	GRI 405-1	31
Work organisation	Organisation of working hours.	GRI 102-8	26-27
	Number of hours of absenteeism.	GRI 403-2	29
	Measures to facilitate work-life balance.	GRI 103-2	26-27
Health and safety	Occupational health and safety conditions.	GRI 103-2	27-29
	Accident rates by gender.	GRI 403-2, 403-3	27-29
	Occupational diseases.	GRI 403-2, 403-3	27-29
Labour relations	Organisation of labour/management dialogue.	GRI 103-2	29-30
	Percentage of employees covered by collective bargaining agreements.	GRI 102-41	29-30
	Assessment of collective agreements in the occupational health and safety area.	GRI 403-4	29-30
Training	Training policies.	GRI 103-2, 404-2	30-31
	Total training hours by professional category.	GRI 404-1	30-31
Accessibility	Universal accessibility for people with disabilities.	GRI 103-2, 405-1, 406-1	31
Equality	Measures for equality between men and women.		31-32
	Equality plans.		
	Measures to promote employment.		
	Protocols against sexual and gender harassment.		
	Universal accessibility for people with disabilities.		
	Anti-discrimination policy and management of diversity.		
Information on respect for human rights			
Human rights	Performance of due diligence reviews.	GRI 102-16, 102-17, 103-2 412-2, 419-1	40
	Measures to prevent and manage possible instances of abuse.		
	Complaints of violations of human rights.		
	Promotion of and compliance with ILO provisions.		
	Elimination of discrimination in employment and occupation.		
	Elimination of forced and compulsory labour.		

Content of Law 11/2018 on non-financial information		Standard used	Page number
	Effective abolition of child labour.		
Information relating to anti-corruption and bribery issues			
Corruption and bribery	Anti-corruption and anti-bribery measures.	GRI 103-2, 205-2	19-22
	Anti-money laundering measures.		
	Contributions to foundations and not-for-profit entities.	GRI 103-2, 413-1	19
Information on the Company			
The Company's commitment to sustainable development	Impact of the Company's activity on employment and local development.	GRI 204-1	33-34
	Impact of the Company's activity on local populations and on the territory.		
	Relationships with local communities.	GRI 103-2	33-34
	Association or sponsorship activities.	GRI 102-12	33-34
Outsourcing and suppliers	Inclusion of ESG matters in the purchasing policy.	GRI 102-9, 103-2	34-35
	Consideration of social and environmental responsibilities in supplier and subcontractor relationships.		
	Supervisory systems, audits and their findings.		
Consumers	Consumer health and safety measures.	GRI 103-2, 416-2	37-38
	Complaints and grievances management system.	GRI 102-17, 103-2	35-37
Tax information	Profit/loss by country.	GRI 201-1	39
	Income tax paid.		
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