

Wizink

# Non-Financial Report 2018

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This Report describes Wizink's Statement of Non-Financial Information in 2018 in accordance with the requirements of Law 11/2018, of 28 December, concerning non-financial information and diversity.



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## 1 - Introduction to the Non-Financial Report

This Non-Financial Report is part of the Wizink's Consolidated Financial Statements for the year ended 31 December 2018. By publishing this Statement of Non-Financial information Report, Wizink complies with the requirements set out in Law 11/2018 concerning non-financial information and diversity.

The entities included in the scope of the non-financial report are the same as those included in the Consolidated Financial Statements for the year ended 31 December 2018 of the Wizink Group and are listed in section 2.2 of this report.

This Statement of Non-Financial information has been prepared in accordance with the requirements set out in Law 11/2018, which defines the reporting requirements related to non-financial information, as well as with the global reporting framework provided by the Global Reporting Initiative (GRI) Standards. Further details can be found in the Annex relating the requirements of Law 11/2018 to the GRI indicators.

In line with these global reporting standards, the matters included in this Statement of Non-Financial Information follow the principles of comparability, materiality, relevance and reliability, and the information contained herein is accurate, comparable and verifiable. Since this is this first Non-Financial Report published by the company upon the adoption of the new Law 11/2018, the report includes the data available in 2018 for the required indicators, and comparable data are expected to be included in the subsequent financial years. We have analysed the legal requirements to determine the relevance of indicators taking into account materiality and the relevance based on the nature of Company's business. This is described in more detail in each of the sections of the report and in the Annex.

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## 2 - Business model

### 2.1. Description of the business model

Wizink is a leading Iberian digital bank focused on cards and deposits, offering financial flexibility in a simple and convenient manner.

We have nearly 30 years of market experience. Following our rebranding and transformation from a branch-based funding model to a fully online-based funding model in 2016, today we are a digital bank operating in Spain and Portugal focused on credit cards and deposits.

The Wizink value proposition is based on simplicity, flexibility and convenience.

We will continue to implement forward-looking initiatives designed to keep our product in line with customer expectations in the years to come. We aim to keep Wizink as the simple, transparent and easy-to-use banking option in our geographies.

Based in Madrid (with a banking license granted by the Bank of Spain), the Wizink Group is 100% owned by Aneto. The ultimate parent of the Group is Teide Pte. Ltd., located in Singapore.

### 2.2. Organisation and structure

#### Governance

Wizink has built up its corporate policy around 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 Corporate Governance structure was approved by Wizink's Board of Directors in November 2017.

Wizink's main governance body is the Board. Its composition and operation are based on strict 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.

Wizink's Board of Directors carries out all the tasks assigned to it by virtue of LOSSEC and ROSSEC. It is also the body in charge of setting strategic objectives, as well as the company's risk strategy and internal governance model.

Part of the formal governance structure of the Board of Directors are 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.

In addition, to supplement the Board's supervisory duties, an Executive Committee, chaired by the Managing Director, is in charge of the company's day-to-day management. The formal governance chart of the board and delegated committees is outlined below. The Executive Committee members assigned with internal control duties (Risks and Compliance) directly report to the Risk Committee. In turn, the Head of Internal Audit directly reports to the Audit Committee.

### Board Members

Board Members	Appointed	Identification	Committees
José Luis del Valle Doblado	Chairman	Independent	
Krzysztof Drozd	Counsellor	Non-Executive	RC, ARC, AC
Elena Lieskovska	Vice-President	Non-Executive	
Geeta Gopalan	Counsellor	Independent	RC, ARC, AC
Peter Ronald Herbert	Counsellor	Independent	RC, ARC, AC
Richard Iñaki Perkins del Valle	Counsellor	Executive	
Blanca Rivilla Calle	Secretariat		

### Board of Directors

The Board (the "**Board**") is responsible for setting the enterprise annual Risk Appetite Statement (RAS) within which the bank must operate in order to achieve our business objectives, ensuring that robust risk and compliance management frameworks are in place and for exercising oversight of their effectiveness"

### Board Level Committees:

#### Risk Committee

The Risk Committee (the "**RC**") approves risk management policies, ensuring that strategy, goals, principles, policies and resources are consistent with our risk appetite, regulatory requirements and industry best practices. The RC also monitors and reviews the formal arrangements established with respect to the internal risk and control environment. Currently, it is composed of 3 members of the Board who do not perform executive duties in the Bank. The RC is chaired by an independent non-executive director (INED).

#### Appointments and Remuneration Committee

The Appointments and Remuneration Committee (the "**ARC**") is responsible for assisting and advising the Board on matters relating to the remuneration of the Board and senior management, in order to motivate and retain executives and ensure that the Company is able

to attract the best talents in the market, maximising shareholder value. Remuneration of directors and senior management should be set by reference to the benchmarks of the market. Currently, it is composed of 3 members of the Board who do not perform executive duties in the Bank. The ARC is chaired by an independent non-executive director (INED).

### ***Audit Committee***

The Audit Committee (the "AC") is responsible for monitoring the integrity of our financial statements in conjunction with external auditors. In addition to this, the AC is responsible for reviewing our internal risk and control environment, including processes and systems. Currently, it is composed of 3 members of the Board who do not perform executive duties in the Bank. The AC is chaired by an independent non-executive director (INED).

### **Management Level Committees:**

#### ***Executive Committee***

The Executive Committee (the "ExCo") is responsible for ensuring the control, coordination and monitoring of risk and internal controls within the Company. In addition to this, the ExCo is responsible for reviewing and approving policies within the scope of the committee and recommending them for RC approval. It is also responsible for ensuring compliance with relevant legislation and regulations, as well as making recommendations on the Risk Appetite Framework (the "RAF").

#### ***Enterprise Risk Management Committee***

The role of the Enterprise Risk Management Committee (the "ERMC") is to provide the appropriate oversight and governance across all risk types within the Company, ensuring compliance with the RAF. The ERMC monitors associated risk appetite breaches and provides recommendations to the ExCo and the RC on risk management matters.

#### ***Credit Risk Committee***

The Credit Risk Committee (the "CMC") serves as the primary, internal decision-making body for the senior management team on all material matters related to credit risk management.

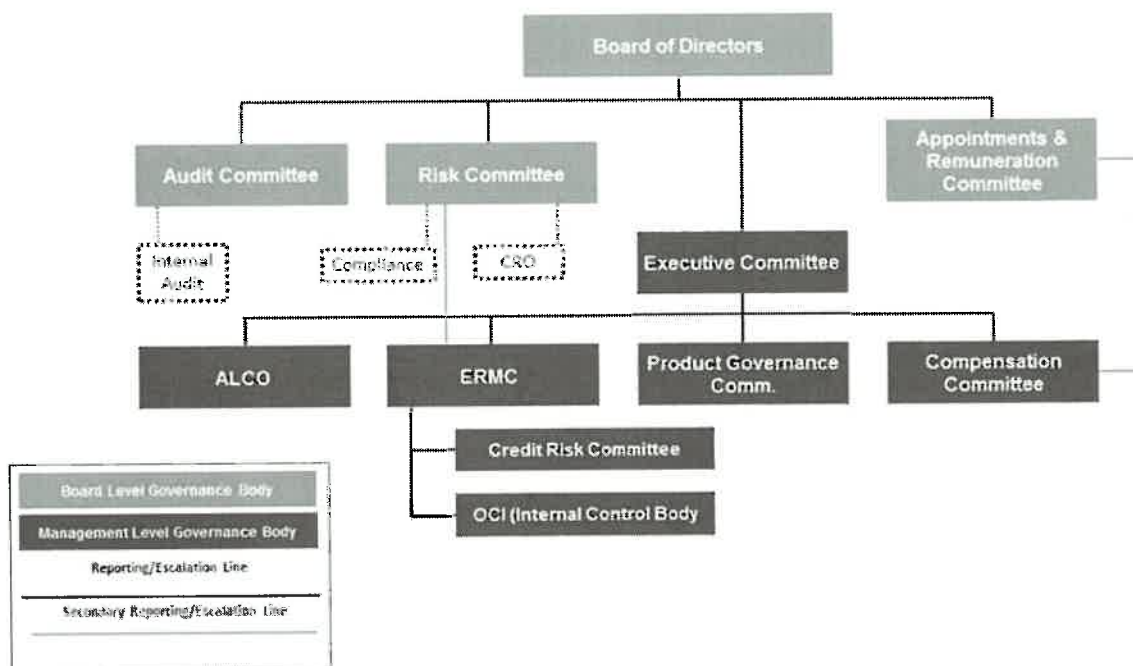
#### ***Internal Control Body***

The Internal Control Body (the "OCI") provides oversight and governance over financial crime risk and anti-money laundering policy.

#### ***Asset Liability Committee***

The Asset Liability Committee (The "ALCO") oversees and grants final approval for interest related risk management activities and oversees legal and regulatory restrictions on the business for the different legal vehicles. This ALCO is responsible for identifying, managing and controlling balance sheet risks when executing business strategy, through:

- Actively monitoring the liquidity, funding, market risk and capital risk profiles through defined metrics and EWIs;
- Having sufficiently broad representation across functions that can directly or indirectly influence the risk profile;
- Ensuring that reports show accurate, timely, and relevant information about the level and sources of risk exposure;
- Approving liquidity and capital plans in support of dividend proposals;
- Forecasting to identify the potential breaches either in risk appetite or regulatory requirements; and
- Escalating new and emerging Treasury risks to ExCo, including breaches of limits in the established metrics.



### Procedure to evaluate the suitability of directors and key staff

Wizink has a procedure in place to evaluate the suitability of members of its Board of Directors and key management personnel.

The assessment of Directors and key management personnel is entrusted to the Board of Directors, with assistance from the Appointments & Remuneration Committee and the Human Resources Department.

Both directors and all key management personnel must meet the suitability standards, as required by regulatory requirements and EBA Guidelines. Furthermore, they must act consistently with Wizink's corporate values. These include amongst others: disclosure, integrity, respect and openness, collaboration, self-achievement and commitment.



In addition to this, they must have a strategic vision (in line with their responsibilities) and bring relevant historical experience in senior positions, thorough knowledge of the sector as well as planning, management and flexibility skills.

### Corporate Structure

Company	Shareholding		Corporate purpose	Field of activity
	Shareholder/Partner	%		
Wizink Bank, S.A.	Aneto, S.a.r.l.	100.00%	Loan and credit institution, including consumer credit and financing of commercial transactions	Banking Services
Iberalbion, A.I.E.	Wizink Bank, S.A.	90.00%	An entity specialised in providing call centre services and other supporting services to the Wizink Group	Commercial Services
	Wizink Mediador Operador de Banca Seguros Vinculados, S.A.U.	10.00%		
Wizink Gestión, A.I.E.	Wizink Bank, S.A.	90.00%	An entity specialised in collections	Recovery and Collections Services
	Wizink Mediador Operador de Banca Seguros Vinculados, S.A.U.	10.00%		
Wizink Mediador Operador de Banca Seguros Vinculados, S.A.U.	Wizink Bank, S.A.	100.00%	An insurance broker specialised in the sale of protection insurance for the Bank's credit card customers and provides preparatory advisory on the formalization of private insurance contracts between individual persons or private entities with legally authorized insurance companies or these ones among each other	Insurance brokerage
Aplazame, S.L.	Wizink Bank, S.A.	100.00%	Aplazame is a 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.	Financial Technology
Wizink Master Trust Securitisation Fund	N/A - it is a fully internalized securitization (the Group keeps all the risk and rewards associated with the ownership)		The securitisation fund under the form of a master trust has been designed to acquire credit card receivables from Wizink	Financial Technology

## 2.3. Markets in which it operates

Wizink operates in Portugal and Spain, offering Credit Solutions, Saving Solutions and Acting as an Insurance Mediator.

- Portugal: Credit Cards (Wizink Bank – Sucursal em Portugal) and Insurance Mediation (Wizink Mediador).
- Spain: Credit Cards and Savings (Wizink Bank), Loans (Aplazame) Insurance Mediation (Wizink Mediador).

## 2.4. Objectives and strategy

We have developed the following 3 pillars to maintain and enhance our market-leading positions, make our business more profitable and exploit market opportunities:

### 1. *Enhance customer experience*

Further digitalisation of our operational model to expand our digital footprint to better engage with customers and further enhance their experience with our products.

#### **During 2018 Wizink:**

- Increased customer interactions via its digital channel.
- Streamlined its on-boarding process by for example, equipping its physical stands with tablets to grant speed and convenience to customer, improve the administrative process and increase control.
- Furthermore, we've introduced digital signatures in its telesales-process.

#### **Future aims**

We aim to continue our focus on digitalisation and innovation for our acquisition channels to extend our prime market reach and grow our customer portfolio.

### 2. *Maintain our market leadership*

We intend to maintain our leading market positions in Spain and Portugal, where we hold an estimated 16% and 27% market share respectively in the consumer revolving credit finance market, as per the first half of 2018.

#### **During 2018 Wizink**

- Implemented instant credit access in Spain, by providing immediate approval through real-time scoring models and offering at the point of sale either a virtual card to spend online.

### **Future aims**

We aim to build on our market positions by developing and marketing additional service offerings such as insurance products. Furthermore, our objective is to explore opportunities to design new products and respond to new market forces, technological evolutions and customer demands across our geographies.

### **3. Operational efficiency**

Drive operational efficiency and continue unlocking synergy value from previous acquisitions, e.g. Barclaycard and Aplazame.

We are leveraging technology platforms and tools in a way that will allow us to improve efficiency, identify further areas for cost savings and enable quick responses to market shifts.

#### **During 2018 Wizink**

- Successfully completed IT integration of Barclaycard into its structure by realising €20m of IT and Operational related synergies.

#### **Future aims**

We aim to further improve by developing a continuous efficiency improvement culture.


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## **2.5. Business environment and trends**

### **Consumer finance/revolving credit market**

The consumer finance market, and in particular the revolving credit segment in which we operate, has also grown in recent years. Outstanding balances of credit card users in the revolving credit market in Spain and Portugal have grown by 9.7% and 4.6% CAGR, respectively, between 2016 and 2018.

Revolving credit is offered by banks, monoliners (who offer revolving credit cards as their key product) as well as retailers & specialists. In recent years, Wizink has experienced higher competition from full-service banks due to their increased focus in Consumer Finance and Revolving Credit, an answer to their need to improve margins.

Deposits represent 37% of Spanish households' financial assets and have been losing share against high yield asset classes. Deposits Market has been growing at a slower rate and stands at €786B, with current accounts gaining share compared to long-term deposits. This is driven by the convergence of the rates of both long-term deposits and current accounts despite market pressures and rising inflation.

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With regards to payments, consumer behaviour is shifting rapidly from traditional methods to more digital, convenient and innovative methods such as contactless and mobile solutions that are being adopted quickly in both markets.

### Opportunities

The growth in the revolving credit segment, combined with the overall economic recovery in Spain and Portugal, contributes to a base of potential and existing consumers with a strong credit profile that can continue to support our growth through acquisition of new accounts and increased engagement of our existing customers.

Overall, the consumer finance and revolving credit markets remain underserved with strong growth potential.

### Disruption of new digital players

Traditional banking is being disrupted at each stage of the value-chain as new digital players enter the market with dynamic consumer-centric solutions aimed at sophisticated consumer preferences, such as personalisation, convenience, speed and transparency.

At the same time, online access for financial use in Spain (49%) is catching up with the European average (54%), while in Portugal however growing; internet banking is still behind (39%). Digital interaction between financial institutions and individuals is increasing and consumer preferences are shifting towards online access as a determining factor for choosing a bank.

New digital players are offering techniques to perform mobile payments and convenient alternative payment methods. Instant money such as P2P lending and payday consumer finance grant instant access to paperless loans. Other providers and retailers offer deferred payment methods. Providers that offer its customers the possibility to pay at a future date are also giving access to financing operations for payments, replacing the traditional revolving model.

### Market regulation

There are a number of impending regulatory market changes in Europe, and Spain and Portugal in particular, that whilst defending consumers, their data and granting a fair competitive environment, are affecting the banking and payment service industries, and how players need to operate.

#### *The PSD2 (Payments Service Directive)*

Regulates the payment service industry and promotes financial innovation and competition. It was implemented in 2018 and leads to increased security standards and customer protection, increased access to brand infrastructure and account information. PSD2

represents an opportunity to develop innovative payment methods and leverage customer information through new technological developments.

*GDPR (General Data Protection Regulation)*

Updates EU data protection directives, extending the scope to foreign companies and harmonising regulation across member states, ensuring customers greater empowerment and control over their own data and how it is used.

Additional regulatory threats include amongst others: local payments interchange fees and increases in capital requirements potentially imposed by Basel IV reforms, imposed on banks to set standards for credit reserves and mitigate against the risk of potential financial crisis. Additionally Portugal's regulatory environment requires a different pricing strategy. In 2010, the Bank of Portugal started regulating the interest rate charges to credit products, setting the APR cap quarterly. In Spain, apart from forbidding the charge of 'disproportionate' Annual Percentage Rates (APR) for consumer credit, the law does not regulate or disclose maximum APR rates.

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## 3 - Risk policy and management

### 3.1. Policies and procedures for the identification, assessment, prevention and mitigation of risks and significant impacts, verification and monitoring

#### General vision and internal control policy

The mission of Wizink is to be the most flexible, suitable and simple payment and lending solutions in the market. To achieve this, the Bank assumes a certain level of risk as an inherent part of its business model and operations, and in serving its chosen sectors, primarily the credit cards and savings markets. The Bank aims to effectively manage and control these risks, and recognizes that excessive risk taking and poorly managed risks can lead to losses and reputational damage increasing the risk to the Bank's customers and shareholders.

Risk -in this context- means the possibility of an outcome or event which may have an adverse impact on the Bank's customers, capital, liquidity, profitability, reputation and ultimately its viability. The Bank is subject to a range of legal and regulatory requirements with which it aims to remain compliant at all times in pursuit of its business strategy and when undertaking day-to-day business operations.

The various risks inherent to Wizink's banking activity are handled further to principles of absolute caution, permanently upholding its basic objectives of solvency, return, efficiency and adequate liquidity.

The risk policy outlines strictly professional criteria followed by the bank to assess, evaluate, undertake and supervise risks, with the view of enhancing the risk/return relationship in relation to credit risk. At the same time it aims to minimise all other risks (operational, liquidity, interest, market, business, conduct and reputational risks, amongst other).

### 3.2. Main risks

#### *Credit Risk*

Credit risk is the risk that a company will suffer losses as a result of a counterparty's inability to meet its obligations.

Our business is focused on providing credit cards to individuals. Part of our growth is driven by attracting new customers that we initially provide credits with conservative terms and conditions in addition to monitoring their exposures during the life cycle.

We focus on non-subprime borrowers and use stringent affordable and responsible lending criteria.

## **Mitigation**

Over the last almost 30 years, we have developed expertise in underwriting and risk management.

Conservative underwriting policies and the extensive use of scoring models to predict risk behaviours have allowed us to build a good risk profile. To monitor, take decisions and mitigate credit risk, we use several metrics to track the credit performance and changes in the customer profiles from acquisitions to the extinguishment of the customer relationship and contractual cash flows. We have developed a Collections Policy to bring the customers in delinquency to compliance helping them with different mitigation tools offers and a Vulnerability Policy to identify vulnerable customer and support them with preventive actions or specific treatment.

## **Operational Risk**

Operational risk is the risk of suffering losses due to external events or the insufficiency of internal processes, personnel or systems. Operational risk also covers the risk of losses created by internal or external fraud, excluding losses generated by conduct risk.

### **Mitigation**

Our operational risk management strategy is to identify the events that cause operational losses and control those events in order to minimise their possible negative impacts. To that end, improvements in operational processes and reinforcement of operational controls have been implemented. We define two categories of operational losses, (i) losses related to credit card fraud and (ii) ordinary losses, which are all other losses we might experience that are not related to fraud.

We have developed a specific management tool to handle both operational losses related to fraud and ordinary operational losses. Regarding fraud, the aforementioned management framework includes provisions to reduce, mitigate and recover losses. We aim to reduce fraud and ordinary operational losses and to achieve an adequate level of recovery from operational losses related to fraud.

## **Conduct Risk**

Conduct risk is the risk of suffering material losses generated by inadequate financial services, including both wilful misconduct and bad practice during sales and other relevant processes.

### **Mitigation**

We assume that our own banking model and activity are vulnerable to this type of risk and we actively work to minimize it. As part of our management strategy, we have implemented initiatives to reinforce compliance culture and minimize losses resulting from non-compliance.



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We have no tolerance for unfair customer outcomes, and thus provide customers with simple, transparent products/services delivered through adequate channels.

We aim to obtain security in business processes based on management of risks related to our strategic objectives, effectiveness and efficiency of established processes and controls and compliance with regulation and internal policies. To achieve this, we encourage all members of the organization to get involved with risk management in order to minimize the occurrence of conduct risks.

### ***Reputational Risk***

Reputational risk is the risk that a company will suffer losses as a result of damage to the company's reputation. We consider our reputation to be a valuable asset and therefore we have no tolerance for business activities that would jeopardize our reputation.

#### **Mitigation**

We aim to obtain and maintain the confidence and loyalty of all our shareholders in order to remain competitive in the market. To that end, our reputational risk management plan is tailored to our overall business strategy and long-term objectives.

### ***Product Concentration Risk***

Product concentration risk is the risk that a company will suffer losses as a result of the risk of concentration on a particular product.

#### **Mitigation**

Our business model is based on the provision of loans through a single type of product: credit cards. Thus, we assume significant product concentration risk. Nevertheless, we believe that this level of risk can be mitigated by a high degree of specialisation when managing our product and significant knowledge of the market in which we operate.

### ***Interest Rate Risk***

Interest rate risk is defined as the Group's exposure to changes in market interest rates due to different repricing schedules of the Group's interest bearing financial assets and financial liabilities. The Group analyses the sensitivity of the net interest margin to changes in interest rates arising from maturity and interest rate repricing gaps for the different balance sheet items.

#### **Mitigation**

Within the finance structure, the treasury is in charge of managing interest rate risk. The ALCO oversees and grants final approval for interest related risk management activities and oversees legal and regulatory restrictions on the business for the different legal vehicles. The



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Company also has a division that monitors and controls risks independently from the treasury, with its own measurement and control systems based on regulatory recommendations and market best practices.

Our interest rate risk management strategy is developed to minimize the impact of adverse interest rate movements on the profit and loss account and on the computable own funds. The main purpose of such management is to optimize the net interest margin and to obtain results that are stable and sustainable over time.

### ***Business Risk***

Business risk stems from those elements of the business plan that could threaten the viability and sustainability of a company's business model.

#### **Mitigation**

We endeavour to determine promising business objectives during the development of our business plan and to accomplish such objectives through our normal operations.

### ***Solvency risk***

Solvency risk relates to our ability to meet our long-term obligations. From the regulatory standpoint it is intended to ensure that banks operate with sufficient and adequate capital resources to be able to take on the risks arising from their financial activity and to support the business in both normal and adverse economic conditions. An entity is considered solvent when the value of its assets is greater than its long-term debt obligations.

#### **Mitigation**

We aim to maintain an adequate level of solvency that allows for the development of our business in both normal and adverse economic environments. In order to achieve this, we aim to exceed minimum regulatory requirements (Pillar 1 and Pillar 2). This provide us with a cushion in case stricter regulatory requirements are implemented, giving us the financial flexibility necessary to continue developing our business.

### ***Profitability Risk***

Profitability risk is risk related to a company's ability to derive benefits from limited resources.

#### **Mitigation**

Our goal is to achieve sustainable strong results, maintaining high profitability and efficiency in the long-term.

### ***Liquidity Risk***

Liquidity risk is the risk that a company will be unable to meet its financial obligations due to insufficient liquidity. This can occur when a company is unable to liquidate its assets in a timely manner and/or without significantly reducing its price due to a lack of market depth (market liquidity risk).

#### **Mitigation**

Our objective is to maintain a liquidity and funding structure that allows us to meet our liquidity obligations under both normal and stressed market conditions. We aim to maintain stable and diversified funding and ensure that we are able to rebuild liquidity levels quickly under stress scenarios without jeopardizing the business.

#### ***Legal and Regulatory Risk***

Legal and regulatory risk is the risk of being punished, fined or forced to pay punitive damages as a result of violations of legislative or regulatory requirements. In particular, it includes the risk of incorrect or missing contractual documents, which negatively affects business activities. It also includes the risk that an operation cannot be executed due to a prohibition, limitation or uncertainty about the laws of the country of residence of one of the parties, or due to errors in the interpretation thereof. Legal and Regulatory Risk can also include the risk that the bank does not have the legal capacity to operate in a particular sector, currency or provide certain product or service, and that the people acting on behalf of the bank do not have sufficient legal power to execute it.

#### **Mitigation**

We have no tolerance for deliberate violations of legislative or regulatory requirements. We are committed to compliance with relevant legislation, regulations, industry codes and standards as well as internal policies and sound corporate governance principles. Identified breaches of compliance will be remediated as soon as practicable.

#### ***Financial Crime Risk***

Financial crime is defined as the facilitation of money laundering, terrorist financing, breaches of economic and financial sanctions and bribery and corruption. The requirements of EU and Spanish legislation apply to us. Our branch may also have to implement additional local policies and procedures designed to comply with local legislation.

For us, financial crime risk is the risk that our employees, third parties or products and services may be used to facilitate financial crime. This may undermine market integrity, resulting in regulatory breaches and/or detriment to clients, customers, counterparties or employees. Financial crime risk events may also result in financial penalties (as per the Spanish Law 10/2010 AML/FT and the Portuguese Law 25/2008 AML/FT), diminished market performance and reputational damage.

#### **Mitigation**

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We are committed to prevent financial crime and ensuring that our products are not misused for the purpose of money laundering or terrorist financing. We are also committed to ensuring that none of our products or transactions are provided or executed for the benefit of sanctioned individuals or entities. Compliance with applicable laws and regulations regarding money laundering, sanctions, bribery and corruption is critical to our business.

We are committed to maintaining strict and transparent standards and to strengthening our processes to ensure compliance with applicable laws and regulations. We may outsource or delegate some of our compliance work to third parties or other group entities. We are aware that the involvement of other entities in the Company's operations has the potential to complicate financial crime risk management. However, we are committed to ensuring that outsourcing does not result in reduced standards or requirements being applied.

### ***Information and communication technology risk***

Information and communication technology ("ICT") risk is the current or potential risk of losses due to the inappropriateness or failure of the hardware and software of technical infrastructures, which can compromise the availability, integrity, accessibility and security of such infrastructures and of data.

### **Mitigation**

We understand that technology-based systems are in continuous evolution, mainly due to regulatory, business and customer needs. They are thus exposed to incidents and vulnerabilities that should be considered as inherent as part of our business. In addition, the outsourced ICT model adds additional risks to be considered.

We have low tolerance for ICT risks. We have low tolerance for IT investment that is not consistent with our business strategy and/or regulatory requirements; very low tolerance for IT operational failures that could materially impact our ability to service our customers or cause adverse financial impact; very low tolerance for data, information and IT security weaknesses that could lead to customer dissatisfaction, reputational damage or regulatory sanctions; very low appetite for noncompliance with our information security policy; no tolerance for information breaches that result in significant damage to customer confidence and financial stability; and low tolerance for IT projects failing to fall within stated tolerances concerning scope, cost, time and quality.

We have controls in place to detect system incidents and vulnerabilities and to have them classified by impact and priority so that they can be contained and properly addressed by remediation processes. All remediation of IT incidents will be monitored and their root causes are investigated to ensure that any adverse impacts on business operations are minimized. The ExCo will be notified of all material cases of system disruptions or vulnerabilities affecting customers.



### **Model Risk**

Model risk includes the risk related to the undervaluation of our funds by regulatory-approved models, as well as the risk associated with the development, appliance and misuse of models involved in our decision-making.

### **Mitigation**

Model risk management relies heavily on scoring models (applications and behaviour scores) and IFRS 9. We therefore have no tolerance for any validation delay or failure.

## **3.3. Management and assessment**

### **Risk management**

#### **Risk overview**

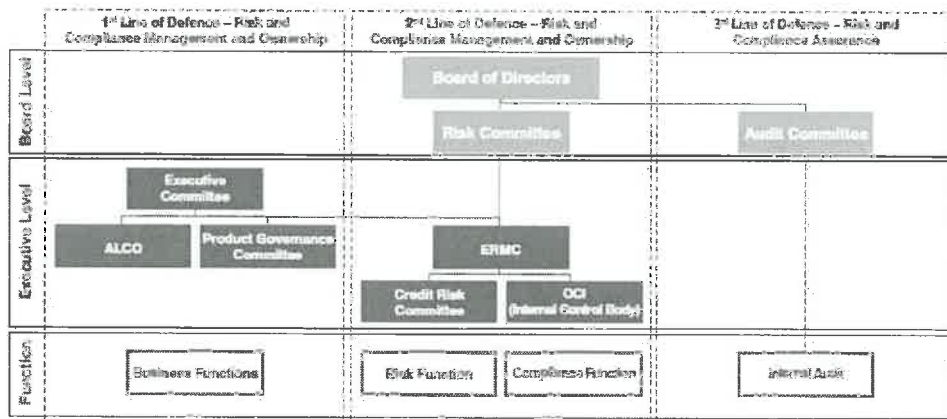
We follow a risk management and control model based on three lines of defence that interact with the overall corporate governance structure to define risk and compliance management. The "three lines of defence" model ensures a clear delineation of responsibilities between ownership and management, oversight and control, and independent assurance. The model provides clarity on the key risk and compliance roles, responsibilities and accountabilities and is a core component of our risk management policy. The model follows the guidelines published by the Basel Committee on Banking Supervision in July 2015 titled "Corporate governance principles for banks".

#### **Wizink follows a risk management and control model based on three lines of defence.**

1. The **First Line of Defence** consists of the business units and support areas that, as part of its activity, cause the Company's risk exposure. These units, as owners of their risks, are responsible for managing, monitoring and properly reporting the generated risk, which must be adjusted to the risk appetite and the approved risk limits.
2. The **Second Line of Defence** consists of the Risk Control and Compliance areas which are responsible for the development of the Risk Management Framework and Risk Policies, ensuring its effective implementation across the organization risk in accordance with the defined risk appetite level.
3. Internal audit, as **Third Line of Defence** and as the last level of control, periodically assesses the policies, methods and procedures' adequacy and checks their effective implementation.

The three lines of defence have a sufficient level of separation and independence. At the same time, the structure does not significantly reduce the effectiveness of the general model and act concertedly to maximize their efficiency.

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 from the highest level of the organization.



Risk management is central to our business, consistent with our commitment to protecting our customers and our reputation, ensuring sufficient liquidity and complying with applicable regulations.

We have established an enterprise-wide risk management framework that is underpinned by a comprehensive set of policies, operational procedures and governance structures and is supported by systems that enable us to conduct business in accordance with applicable regulations.

We aim to effectively manage and control risks to our business. We recognize that excessive risk-taking and inadequate risk management can lead to losses and reputational damage, which harms our customers and shareholders. Our risk management strategy is to ensure that all relevant risks are appropriately identified, measured, monitored and controlled. We aim to have adequate human resources, information systems and tools that ensure the maintenance of a prudent risk profile consistent with the appetite established, a low risk appetite for ICT risks and strong controls over conduct and reputational risks.

### Risk management framework

Risk management and compliance is applied at the board level when determining the overall business strategy and objectives, and at the operational level in the execution of day-to-day business activities.

Our Board of Directors approves an annual Risk Appetite Framework, which is the set of principles that gives us a full view of our risk appetite levels, risk tolerance and capacity and compares these with the risk profile. The RAF comprises the general approach -including policies, processes, controls and systems- through which risk appetite is identified, measured, communicated, monitored and controlled. It includes the internal communication model of risk appetite, risk limits, and a summary of the roles and responsibilities of those that supervise the implementation and monitoring of the framework. The RAF contemplates the most significant risks to which the Company is exposed, particularly the risks identified as material by the Company's material risk identification process.

In addition to the RAF, the Board also approves an annual Risk Appetite Statement. The RAS describes the level of risk we are willing to accept in order to achieve our business objectives. The RAS is the link between the overall business strategy and the risk management framework. The RAS also includes the primary and complementary metrics used to monitor adherence to risk appetite as well as the associated quantitative metric levels for each metric.

In addition, the Board has implemented corporate risk policies that describe the minimum activities, controls and tools that must be in place within all Group companies. It is management's responsibility to ensure that personnel are informed of the strategies and policies relevant to them and that they are compliant with them.

Risk management responsibilities are divided among the Board, the Risk Committee, the Audit Committee, the Executive Committee, the Assets and Liabilities Committee, the Enterprise Risk Management Committee, the Credit Risk Committee and the Internal Control Body.





## 4 - Anti-corruption and bribery policy

Wizink has a Criminal Risk Prevention Policy and Protocol in place, as well as a Whistleblowing Policy.

### Policy to detect and prevent Criminal Risks

Wizink has a Policy to detect and prevent Criminal Risks, owned by the Compliance Department. This policy is clearly communicated to all Wizink's executives and employees as well as to any third parties related to Wizink. This proves that the company is against any criminal acts. In addition, it demonstrates that Wizink aims to prevent any potential harm to its corporate image and reputational value as well as its company and brand value.

This Policy is a commitment to permanently supervise and sanction any fraudulent acts and conducts while maintaining an effective means of communication and awareness amongst all stakeholders while promoting an ethical and honest business policy.

The main tasks of the Compliance Department are to ensure that all customers are treated fairly, and to identify, evaluate, report and manage compliance and reputational risks affecting all lines of business, employees, products and legal vehicles. It establishes compliance standards and applies a global risk-based approach, always presuming the fair treatment of customers, employees, suppliers, shareholders and society in general, along with other areas and control functions. Wizink works continuously towards sustaining a solid compliance culture, promoting responsible finance principles.

### Mitigate the risk of money laundering and terrorist financing

Additionally, Wizink performs screening of all clients, crossing against the lists of sanctions and Public Exposed People at the beginning of the business relationship and daily against updating the lists.

During this process Wizink determines whether clients have been sanctioned for money laundering, terrorist financing, corruption, bribery, embezzlement, and etcetera. If an incidence is detected during the verification-process, immediate actions are undertaken. Depending on the facts and circumstances, Wizink will proceed to freeze or block the funds.

In order to avoid and mitigate the risk of money laundering and/or terrorist financing, Spanish Law 10/2010 and Portuguese AML Law 83/2017 establish the need to take due diligence measures according to the operational risk and the profile of the customer.

Risk management is based on the full identification and knowledge of the client, which will enable the adequate monitoring thereof during the course of the business relationship and thus reduce Wizink's exposure to the risk of being used for Money Laundering and Terrorist Financing.

For clients accepted by the Bank, a scoring model will be applied on the basis of certain characteristics of the client and his/her transaction, classifying it into three levels of risk (high, medium and low) in order to prevent money laundering.

In addition, in order to mitigate the risk of Money Laundering and Terrorist Financing, the Bank has implemented a number of measures to limit client risk by collecting, among others, more extensive information depending on the origin of the funds and the background of the client's transaction.

These measures are as follows:

- It has limited the type of new products to Deposits, Saving Accounts and Credit Cards, which are mostly classified as low risk in terms of Money Laundering and Terrorist Financing.
- New contracts can only be signed with Customers resident in Spain and Portugal.
- Overall, only fund transfers from entities operating from countries, territories or jurisdictions in the SEPA environment are allowed.

The Bank also has a number of measures that allow a reduction of the risk of Money Laundering and Terrorist Financing, such as:

- Application of due diligence measures. In this regard, the Bank has designed and enhanced diligence measures which it applies as required based on the level of risk attributed to the client, extending in these cases the requirements for information and documentation to demonstrate his/her professional work or business and, where appropriate, to justify the source of his/her income.
- Client screening and control, checking them against the lists of sanctioned persons and Public Exposed People and Holders of Other Political or Public Roles (in Portugal).
- Client monitoring and profiling through the AML-Check application, verifying that the transaction in question is consistent with the business he/she has declared and confirming its reasonableness regarding the prevention of Money Laundering and Terrorist Financing activity, 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 within its action area.
- The Bank has duly assigned a representative to the SEPBLAC (Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences), the mission of which is to channel communications between the Executive Service and the Bank, reporting any suspicious operations and representing the Company before any summons by the Executive Service.
- Draw up a plan of annual training in the prevention of Money Laundering and Terrorist Financing, together with information in this area.
- The Bank has set up 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, performing 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.

### Annual training

Wizink has developed an annual training plan in order to prevent Money Laundering and Terrorist Financing.

The annual training of 2018 consisted of:

- Online training for all employees.
- Classroom training for Money-Laundering Prevention Unit employees. This course was provided by KPMG.
- Classroom training for Internal Control Body (OCI). This course was provided by KPMG.

This activity has been included as part of the training hours reported in chapter 5.5. - Training.

### Code of Conduct

Wizink's Code of Conduct includes all rules of conduct that govern the actions of its employees. The Code of Conduct is one of the cornerstones on which Wizink's activity relies. This is supplemented by the organization's values and ethical principles, good corporate governance and the professional ethics of its employees.

The Code of Conduct describes:

- Specific rules to avoid corruption, both amongst civil servants and private citizens, forbidding any delivery, promise or offering of any payment, commission, gift or remuneration whatsoever, and always upholding a duty of care.
- Guidelines to follow with respect to environmental protection; all employees, within their scope of competence, will be obliged to meet any legal requirements and internal procedures established by Wizink at all times, in order to reduce or avoid any impact caused on the environment by their activities, to the extent possible.

Steps related to Wizink's internal relations:

- Principle of equality and non-discrimination: one of Wizink's basic principles is to ensure a working environment where personal dignity is guaranteed avoiding any conduct that is contrary to fundamental human rights protected by the Spanish Constitution and the law in general.
- Respect for persons in all professional relations at Wizink: to promote amongst employees relations based on respect for others and reciprocal collaboration. Wizink is committed to ensuring that its working environment is free from any violence and/or harassment whatsoever; no abusive conduct is allowed, or intimidation, disrespect or any type of physical or verbal violence in the company's professional relations. Wizink has an Action Protocol in place to cover any potential mobbing, with intends to establish an

alternative action framework within the bank, in addition to the “Ethical Mailbox” whistleblowing channel, available to any worker who detects mobbing or considers himself/herself affected by it.

- Wizink has an “Ethical Mailbox” and “Internal Whistleblowing Policy”, through which information may be reported. This includes, and it’s not limited to, incidents related to a breach of the Code of Conduct, practices contrary to Wizink’s internal regulations and any discriminatory or threatening action (referred to as Forbidden Conduct), included in said Policy.
- Balancing one’s work and private life: 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 the access to work and a working environment that helps in their personal development.
- Collective rights: one of Wizink’s principles is to encourage social wellbeing and employment stability, keeping an open communication flow with all trade unions organizations and promoting dialogue, communication and disclosure.
- 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.

### Code of Conduct training

It has been launched to all employees in 4Q 2018, where bribery and corruption topic is included, as Specific Rules to Avoid Corruption Practices.

Guidelines to avoid incurring a conduct of corruption of public officials:

- The delivery, promise or offer of any kind of payment, commission, gift or remuneration to any authorities, public officials, collaborators or executives of public bodies or companies is strictly forbidden, both in Spain and abroad.
- If Wizink hires intermediaries or advisers to carry out transactions or contracts involving a public administration, public body or public company, whether Spanish or foreign, the following measures shall be adopted:
- Whenever possible, the intermediaries or advisers used shall be renowned companies with recognized prestige in the market or sector concerned.
- Due diligence shall be adopted in the selection of the people involved and their Collaborators, to make sure they are trustworthy and do not carry out activities that may entail risks, impose economic damage or compromise the Company’s reputation and good image.
- In general, particular care shall be taken in those cases in which the remuneration of the intermediary or adviser is related to the success of the transaction or contract.

Guidelines to avoid incurring a conduct of corruption of individuals:

- The delivery, promise or offer of any kind of payment, commission, gift or remuneration to the Collaborators, managers or administrators of other companies to favour Wizink with respect to other competitors is strictly prohibited.

- Collaborators are not authorized to accept any offer, benefit or advantage in favour of Wizink and/or to the detriment of third parties.
- Any query shall be solved by the Regulatory Compliance Department.

### **Whistleblowing Policy and Ethical Mailbox**

The Whistleblowing Channel reports to the Ethical Committee. It involves the gathering (reporting) of information related to a breach of the Code of Conduct, any infringement of the law or of Wizink's internal regulations, and any discriminatory or threatening action (referred to as Forbidden Conduct). Through this channel, the aim is to detect any suspicious conduct at the earliest possible stage, with the highest guarantee of impartiality and confidentiality.

To do this, Wizink has an Ethical Mailbox, which it uses to report unfair situations. This is clearly displayed on the bank's Intranet. For some matters this acts as an additional channel or alternative to other existing tools, such as directly reporting to the HR Department, trade unions, or the Health & Safety Committee, initiating a Protocol to prevent existing harassment, etc.

The Mailbox is fully managed by a third party, guaranteeing the confidentiality of any complaints and acting as a filter before informing Wizink. All complaints reach the Ethical Committee, whose members are the Head of Legal Services, Internal Auditing and Human Resources, in order for Wizink to appraise whether there are justified grounds to believe that there is possible fraud or behaviour that is contrary to the Code of Conduct. Once a year the Ethical Committee report is presented to the Audit Committee.

In Spain a Whistleblowing policy was implemented in 2016 in order to comply with article 31 bis of Spanish Criminal Code and so detect criminal conducts and take necessary actions. Within this policy, an Ethic Line is in place so that the complainant or whistle-blower (employee) can report any acts that are not compliance with the Code of Conduct or that can entail criminal acts described in Spanish Criminal Code. This channel is also aligned with the Circular 1/2016 of the Spanish Prosecutor General's Office regarding Compliance programs.

On an annual basis a report is prepared including the cases reported by Wizink employees (including senior management and directors) through Ethic Line. In 2018, only 2 cases have been reported and managed. No relevant incidents were registered.

The contributions to foundations and non-profit entities are described in Section 6 - Commitment to society.



## 5 - Social and personnel issues

Wizink's employees are a key component of the company's strategy. The company's corporate policy is based on Wizink's values and seeks to encourage the commitment of all employees with the company. All employees act in accordance with Wizink's values: disclosure, integrity, respect and openness, collaboration, self-achievement and commitment.

### 5.1. Employment

Total number of employees broken down by age, gender, country and level

	Employees	Age Group			Employee Category					
					Directors and Senior Management		Other Line Personnel		Clerical Staff	
		Under 30 years old	30 – 50 years old	Over 50 years old	Female	Male	Female	Male	Female	Male
Spain	1.252	73	1.001	178	11	20	330	233	467	191
Portugal	107	-	106	1	3	-	60	41	3	-
<b>TOTAL</b>	<b>1.359</b>	<b>73</b>	<b>1.107</b>	<b>179</b>	<b>14</b>	<b>20</b>	<b>390</b>	<b>274</b>	<b>470</b>	<b>191</b>

Total number of employees broken down by type of employment contract

	Age Group	Permanent Contracts		Temporary Contracts	
		Full - time	Part - time	Full - time	Part - time
Female	Under 30 years old	8	-	11	17
	30 – 50 years old	524	80	24	98
	Over 50 years old	70	27	7	8
Male	Under 30 years old	19	-	1	17
	30 – 50 years old	321	16	18	26
	Over 50 years old	55	9	2	1
<b>TOTAL</b>		<b>997</b>	<b>132</b>	<b>63</b>	<b>167</b>

**Average annual number of employees broken down by type of employment contract**

	Permanent Contracts		Temporary Contracts	
	Full - time	Part - time	Full - time	Part - time
<b>Female</b>	590	107	38	98
<b>Male</b>	377	25	20	31

	Permanent Contracts		Temporary Contracts	
	Full - time	Part - time	Full - time	Part - time
<b>Under 30 years old</b>	20	-	12	22
<b>30 – 50 years old</b>	823	96	39	101
<b>Over 50 years old</b>	124	36	7	6

	Permanent Contracts		Temporary Contracts	
	Full - time	Part - time	Full - time	Part - time
<b>Directors and Senior Management</b>	31	-	-	-
<b>Other Line Personnel</b>	632	5	4	-
<b>Clerical Staff</b>	304	127	54	129

**Number of layoffs broken down by age, gender and job classification**

	Age Group	Directors and Senior Management	Other Line Personnel	Clerical Staff
Female	Under 30 years old	-	-	-
	30 – 50 years old	-	7	1
	Over 50 years old	-	-	1
Male	Under 30 years old	-	-	-
	30 – 50 years old	-	2	5
	Over 50 years old	-	1	1
TOTAL		-	10	8

## Remuneration

(euros)	Age Group	Female	Male	Salary Gap
Directors and senior management	Under 30 years old	-	-	-
	30 – 50 years old	193.960	172.554	(12,41%)
	Over 50 years old	155.559	168.998	7,95%
Other line personnel	Under 30 years old	43.501	37.407	(16,29%)
	30 – 50 years old	43.481	51.051	14,83%
	Over 50 years old	56.599	60.422	6,33%
Clerical staff	Under 30 years old	14.331	15.013	4,54%
	30 – 50 years old	17.832	18.673	4,50%
	Over 50 years old	16.929	22.663	25,30%
<b>Total</b>		<b>32.381</b>	<b>43.761</b>	<b>26.00%</b>

Regarding the average remuneration of directors and counsellors, the General Meeting of the Bank, on June 8, 2016, unanimously approved, with favourable and valid votes, the remuneration policy of the members of the Board of Directors. It should be noted that the services rendered by the members of the Board of Directors are not remunerated, except for the directors considered as independent.

In relation to independent directors, they are entitled to a fixed remuneration established annually at the ordinary general shareholders' meeting, as well as expenses incurred during the performance of their duties. This remuneration is paid in twelve monthly instalments, so that it is prorated in the event that the dedication is less than twelve months of the fiscal year.

Information related to average remuneration of directors and counsellors can be found in section 7. - Remuneration of the Directors and Senior Management of the Consolidated Financial Statements for the year ended 31 December 2018.

## Implementation of remote work policies, disabled employees

Wizink promotes Work Life Balance and provides tools that allow employees to manage their working hours and connect to email and participate in meetings remotely.

### Employees Tools:

- Laptop and a Work Mobile phone that allow them to access email remotely.
- Skype for business is installed in the Laptops, and can be used for messaging, calling or video calling 1x1, group or organizing/Participating in meetings.
- Office 365 Cloud based, allows accessing files, folders and SharePoint, anytime, anywhere.

### Disconnect Culture promoted

Company recommends to disconnect when off work periods (Weekends, Annual Leaves, and out of working hours). Messages are voiced through Internal Communications channels (Intranet, Internal TV Channel, etc.).

### Disabled employees

With regard to disability, Wizink is strongly committed to the social integration and entry into the labour market of disabled people. Accordingly, in addition to having some employees with a recognised disability, Wizink works actively with various special employment centres for the delivery of some services/products (for e.g., for the provision of Christmas hampers that the Wizink employees receive).

	Employees
Spain	9
Portugal	-
Total	9

## 5.2. Work organisation

### Organisation of working hours

Wizink has implemented a Flexible Working Programme. As part of this programme, Wizink's employees have been supplied with the necessary technological resources and systems (laptop, Skype for business, corporate mobile phone and \ technological resources) in order to individually execute their tasks consistently with the bank's work method and environment.

### Main figures related to absenteeism

	2018
Number of hours of absenteeism	153.318

### Measures designed to facilitate work balance



## Flexible Work Programme

**Definition:** This is an innovative idea on how, where and where you work. The FWP (Flexible Work Programme) allows employees to achieve their personal and professional objectives successfully without giving up on career opportunities. The FWP takes the traditional strategies to another level by offering an alternative work schedule and other options for working remotely.

As part of this process, Wizink's employees have been supplied with the necessary technological resources and systems (laptop, Skype for business, corporate mobile phone and other technological resources) in order to individually execute their tasks consistently with the bank's work method and environment.

## Benefits

The FWP gives employees the mobility to work from non-conventional work spaces and the flexibility to work at different times.

- FLEXIBLE WORK HOURS: A solution designed to give employees the opportunity to work core hours either before or after the working day.
- PART-TIME WORK: A solution designed to give employees the opportunity of working fewer hours than those of a full work day, with the consequent reduction in pay.

## 5.3. Health and safety at work

### Occupational health and safety

Wizink is deeply committed to improving its employees' working conditions, health and wellbeing, to also include other company collaborators, guaranteeing their safety and wellbeing. The bank's permanent and fundamental objective is to continuously improve its health and safety policy.

### Cardiovascular Risk Prevention Week

Each year, in March, Wizink participates in the Cardiovascular Risk Prevention Week. In 2018, the main topic was to increase awareness for the importance of a healthy lifestyle. During the week, Wizink proposed an activity calendar in order to promote company awareness and health at work, with various actions involving more than 90 employees:

- An aging simulator suit - The employees could feel 40 years older putting on this suit
- Formative sessions of psycho-emotional well-being
- Formative sessions of nutrition



- Estimate age measurements
- Physical activity: salsa, bachata, pilates etc.

### Health in the office

Wizink offers its employees various benefits that positively impact their health and wellbeing.

- At the Madrid office, there is an on-site doctor, in addition to an osteopath.
- In 2018 our healthcare service has provided 1347 medical appointments. Spanish employees were also offered a voluntary medical check-up each year,
- Wizink's offices are a Cardiac Protected Area, as they are fitted with 4 semi-automatic external defibrillators, in order to ensure emergency assistance in a cardiorespiratory arrest.
- A Free Healthcare Card is available to all employees, through Valora Prevención. All our employees and their next-of-kin are entitled to discounts in specialist healthcare and the latest medical technology.
- Madrid office also has a nursing station, as well as showers and changing rooms.
- Every day, a tray of fresh fruit is delivered on each floor of our Madrid and Zaragoza, and 4 times a week in Lisbon offices.

### Promotion of sports

As part of its commitment to a healthy lifestyle, Wizink has focused on sports as a vehicle to achieve better physical and spiritual health.

- Organization of the Interempresa Olympics - health and solidarity challenge. WIZINK BANK, S.A. participated by teams or individually in the 2nd Edition of the eHealth Challenge in walking, running or cycling contributing all kilometres to the challenge. The funds raised were allocated to FUNDACIÓN ESPAÑOLA DEL CORAZÓN (FEC).
- Organization of the Business Career 2018 - Participation in the 2018 business race.

### Adhesion to the Luxembourg Declaration for Workplace Health

Since 2016, the bank has adhered to the Luxembourg Declaration, undertaking to integrate basic principles to promote and manage workplace and occupational health.



### Occupational accidents, their frequency and seriousness

	Female	Male	Total
Total accidents	31	3	34
Frequency Index	-	-	3,33
Severity Index	-	-	0,17
Occupational diseases	-	-	-

	Low	Medium	High	Deceased
Work accidents	34	-	-	-

## 5.4. Corporate relations

Organisation of corporate dialogue, employee communication and consultation procedures

### Dialogue, consultation and commitment to employees

The launching of a new bank, which has integrated collaborators from various companies, with very different cultures, has helped to develop a new Corporate Culture, with well-defined values, which has been able to integrate us all at Wizink and generate a feeling of involvement and commitment.

The company has made a strong effort to ensure that all employees understand and accept this new corporate policy as their own. To do this, many diverse initiatives have been started up, based on participation, in order to promote dialogue, joint creation and global commitment.

#### Internal Communication Policy

Wizink has an Internal Communication Policy, covering the values and principles underlying Wizink's internal communications, in order to circulate a participative, open and transparent culture in the organization.

Furthermore, it establishes the behaviour that is expected from employees, supervisors and managers in order to ensure effective internal communication at Wizink.

#### Dialogue initiatives at Wizink

As part of a Culture Change Project, in line with Wizink's values, there are many initiatives for dialogue and internal communication, which are published on Wizink's Intranet.

### Consultation devices

Wizink completes many surveys to find out and act further to the opinions of all Wizink members. The aim of these surveys is to receive suggestions, request opinions or appraise initiatives.

### Wizink's Intranet: its main internal communication channel

An internal corporate page exists for Spain, and another one for Portugal. The Spanish and Portuguese sites share the same design, in line with the Wizink brand.

100% of Spain and Portugal employees are covered by collective bargaining agreements.

### **Application of fundamental ILO conventions and trade union rights**

In all employee matters, Wizink acts with full responsibility and abidance by all national and international labour rules (European Union laws and ILO ("International Labour Organization") Conventions signed in Spain or Portugal). It promotes gender equality through its equality plans and policies, specifically focusing on maternity and paternity leave, and encourages a balance between work and family life through its flexible working policies.

Furthermore, open conversations are guaranteed with the Workers' Representatives, based on disclosure and mutual trust. Formal and informal meetings are regularly held with the trade unions, at either party's request.

### **Balance of collective agreements, in particular in relation to health and safety at work**

Wizink's specific Collective Agreements contain specific measures on health and safety at work. As such, the Department of Occupational Risk Prevention ensures compliance with the various provisions in this regard. Moreover, this department, guided by Wizink, works actively to foster many health promotion activities (European Cardiovascular Risk Week, European Week for Safety and Health at Work, medical examination campaigns and seasonal flu vaccination).

## **5.5. Training**

In 2018, the company has focused on the implementation of regulatory and product training.

Iberalbión: its concern was to ensure mandatory work training (procedures and occupational risk prevention), as well as training to adapt to the services. In addition, refreshing courses were also provided on a specific field, to improve performance at the workplace and to enable adjustment to new job positions.

### Training hours for employees by job category

	Number of hours
Directors & Senior Management	151
Other Line Personnel	6.593
Clerical staff	13.731
<b>Total</b>	<b>20.475</b>

### 5.6. Universal accessibility

The three Wizink buildings are accessible and their premises have adapted workstations for people with special needs.

Moreover, the specific needs of people with disabilities are taken into account, by providing them with locker areas and designated parking spaces.

### 5.7. Equality

Measures adopted to promote equal treatment and equal opportunities between men and women. Wizink is wholly committed to equal treatment between men and women, fostering and promoting policies that encourage real equality between men and women, in terms of both selection processes, as well as remuneration and management.

#### Diversity policy in selecting members of the management body

Wizink considers that diversity is a core value of the company that is an instrument of value creation. The bank encourages it amongst all its teams. This includes all dimensions such as age, nationality, experience or varying knowledge.

One of the bank's highlights is a balanced representation of gender on its executive team. Half the members of the Executive Committee are women.

Furthermore, the company counts with an equality policy and promotes equivalent remuneration between men and women. The salary difference that appears in relation to the salaries of men and women is caused by the diversity of populations and functions in Wizink, as the most operational functions (customer service, collections and operations), that are subject to lower remunerations, have a 70% female population..

### **Equality programmes, measures adopted to promote employment, protocols to prevent sexual harassment and sex discrimination**

Wizink Bank has various Equality Programmes in place which will be aligned in a near future. Similarly, Iberalbión is finalising negotiations for a new Equality Programme with its workers' representatives that has been put in place in 2019. Different measures are in place at all levels providing for flexibility and balance of personal and family life, specifically focusing on maternity and paternity leave. Finally, there are Action Protocols in place to cover any potential mobbing (sexual or otherwise).

### **Discrimination policy and diversity management**

#### **Anti- Harassment Protocol**

In November 2016, the company implemented an anti-harassment procedure for all its employees. This allows the necessary measures to be adopted, as part of their responsibilities, ensuring a healthy harassment-free work environment in psychosocial terms, without allowing or accepting such conduct.

The aim is to establish an alternative action framework in the company, in addition to the whistleblowing channel of the "Ethical Mailbox", available to any worker who detects or considers that he/she may be the victim of harassment (in any form or aspect defined in the protocol).

As a result, the necessary steps may be taken to rapidly and effectively clarify, with the upmost confidentiality and discretion, any situations that may arise and to rapidly resolve them, adopting the pertinent measures.

#### **Participation in external initiatives**

Wizink have been invited to participate in the Iberia project "Advancing in LGBT Diversity Management in the Public and Private Sector" (ADIM), together with 15 of the most representative Companies present in Spain and Portugal as well as 8 Universities.

ADIM is a European Commission initiative led by the Spanish Women's Institute for Equal Opportunities with their Portuguese equivalent "Comissão para a Cidadania e Igualdade de Género" and Universidad Complutense de Madrid.

The objective is to create a Working Group to think about diversity and specifically LGBT at a Work level. It is a 2-year project which will carry out a diagnostic work, training on diversity and sharing the best LGBTI diversity practices among the organizations in both countries.

The intention is to be a milestone to increase knowledge and awareness on LGBT issues at the workplace and diversity management from key staff in each invited organization.

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Wizink also participates in the Diversity Charter forums in Portugal promoted by the Fundação Aga Khan Portugal, which represents the Charter's executive committee in Portugal.

## 6 - Commitment to society

### 6.1. Company's commitment to sustainable development

In 2018, Wizink launched the CSR Strategy called "El valor de lo cotidiano" [the value of daily life], which represents its commitment to its surrounding environment, to everyday life and to the small details that grow into big stories. We believe that if we take care of our surrounding environment, we will grow and help grow in a sustainable manner.

Corporate Social Responsibility ("CSR") involves integrating the growing social and environmental needs, and the expectations of stakeholders into the corporate management. To this end, Wizink's CSR is focused on sustainable development based on the company's different lines of action with the main stakeholders: community, collaborators, clients, environment and suppliers; and the corporate sphere.

#### Impact of activities carried out with local entities and associations

- Solidarity breakfast – "Know our floor" – all floors of our Ulises office in Madrid prepared breakfast, raising €5,569 to be donated to the association chosen by the employees, AMPARA, and the financing of its project called Malala, aimed at 0-3 year old children who live with their mothers in prisons in Madrid.
- Sale of corporate gifts in Madrid. The €2,946 raised were donated to the Fundación AUCAVI, chosen by the employees among 8 NGOs, to contribute to improving the lives of children, youth and disabled people.
- Money was collected to buy food for the animals affected by the fires in Portugal, totalling more than €950 in cattle feed.
- Donation of computer monitors to educational centres in Spain and in Portugal to companies affected by the 2017 fires.
- The funds were raised and donated by employees in initiatives organized within their working hours.

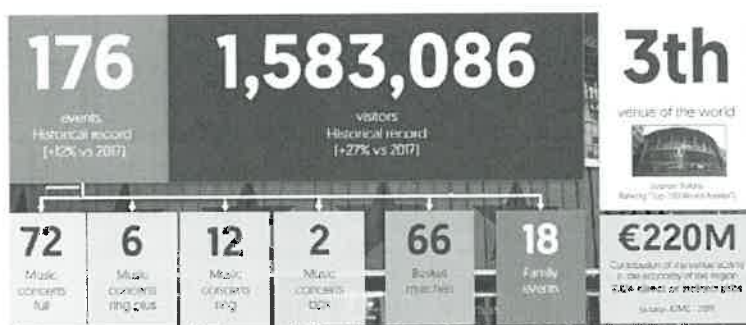
#### Other participations

- Jumble sales.
- Blood drives in Lisbon and Madrid.

- Participation in solidarity events in Lisbon, among which the “Heat the Street” initiative, to bring clothes and shelter to the homeless.
- Collection of books for children’s libraries in Cape Verde.
- Donation of non-confidential paper to the Lisbon Food Bank.
- Participation in the food collection event in Lisbon, Madrid and Zaragoza, in December 2018

### Sponsorships

The sponsorship of the Wizink Center in Madrid generated in 2018 a significant impact, contributing to the local economy and to promoting cultural events.



## 6.2. Subcontractors and suppliers

### Supplier selection and Environmental, Social and Governance

In the company’s Purchasing and Supplier Management Policy, there is a section specifically dedicated to describing the selection procedure, the process to follow and any due diligence or verification to be completed before hiring a supplier.

At today’s date, some contracts already include “Sustainability” clauses focusing on health, safety and the environment. These lines will be consolidated under the Corporate Social Responsibility Plan, implementing the principles of a Responsible Value Chain.

Suppliers are segmented in three categories according to the bank’s risk exposure. Suppliers due diligences and audit events are subject to suppliers’ segmentation, hence the more critical a supplier is the more robust the control framework applies. The most critical suppliers are monitored in order to identify potential incidents, however there are no suppliers with relevant environmental, social or equality related risks.



### 6.3. Consumers

Wizink Bank, S.A.'s Customer Service reports to the manager of Legal Services and Regulatory Compliance, and is the direct contact to the Customer Service of the different regulators for matters concerning client claims and complaints (in Spain, Banco de España and Dirección General de Seguros y Fondos de Pensiones; in Portugal, Banco de Portugal and Autoridade de Supervisão de Seguros e Fundos de Pensões).

Consumer claims/complaints		
Key data	2018	
	Spain	Portugal
Total no. customer complaints received	11.664	5.812
No. of complaints resolved in favour of customers	5.094	172
No. of complaints resolved against customers	6.376	5.640
No. of complaints pending resolution	1.058	168

The majority of customer complaints were received by e-mail and letter (normal postal items or against receipt) sent directly to Wizink, as well as claims lodged with Banco de España. Following Wizink's reply, or in the absence thereof, the client can refer the matter to the Spanish Banking Regulator, or to Banco de Portugal, in Portugal, or refer directly to the Portuguese banking regulator without having to lodge a prior complaint with the entity.

#### Claim management

Wizink has specialised teams for claim management, who handle them through the systematic processing of registration, management, analysis and control of said claims, classifying them according to their different types. This allows them to identify why customers are not satisfied, their problems and, ultimately, to find appropriate solutions for each case.

According to Wizink, formal claims are those lodged by customers and local regulatory bodies and sent to Customer Service – Claims. To ensure the protection of our customers' rights and, in the interests of transparency and clarity that govern our activity, ensuring diligence and good banking practices, the criteria underlying all resolutions are based on the confirmation of:

- The proper implementation of internal policies and procedures.
- The adequate compliance with Wizink Bank's contractual obligations to our customers, and
- Compliance with applicable rules and good practices published by Banco de España and Banco de Portugal.

.....

This department takes its decisions autonomously and independently, and brings to the attention of the various business units those actions that need to be revised or adapted in accordance with the regulations.

The principles, criteria and procedures underlying decisions regarding the resolution of claims in Wizink's Customer Service – Claims are:

- We identify the errors or omissions by the Bank and assess the impact that this has had on the customer, both financially and non-financially
- We put ourselves in the "position of the customer", understand its perspective, and place our customers at the centre of the decision-making process.
- We take an historic approach when analysing each claim, taking into account all the complaints made by the client, the facts and all evidence available, which give us an overall view of the customer's circumstances and of his/her claim as a whole.
- The resolutions are objective, fair, given in full and based on facts.
- We identify our customers' needs, taking into account all the facts in respect of which the complaint was made.

Some of the complaints raised by our customers result in subsequent legal claims. The nature and impact of those legal claims on our financial position and results of operations is further described in Note 21 to the consolidated financial statements.

## Measures for the health and safety of consumers

### Money Management and Online behaviour:

Wizink Financial Blogs with articles covering:

- Saving hints and Tips
- Using Credit in a responsible way
- Best practices when using digital channels and buying online related to Saving raising awareness to Online <https://blog.wizink.es/>; <https://blog.wizink.pt/>

### Fraud Prevention:

If we detect unusual movements with the Wizink credit card, we get in touch with the Customers to confirm those transactions, and may proactively block the card to protect fraud events.

### Fraud Liability

The Holder will not be liable for any financial consequences resulting from the use of a lost, stolen, falsified or abusively appropriated, provided there was not a negligent behaviour from the customer.

.....

Stands Distribution Channel: All stands present in Shopping Malls have an insurance to protect customer from any hypothetical accident.



#### 6.4. Tax information

##### 2018

Profit before tax ('000€)	Spain	Portugal	Total
Continuing Operations	47.736	91.643	139.379
Discontinued operations	378.713	1.609	380.321
<b>Total</b>	<b>426.449</b>	<b>93.252</b>	<b>519.700</b>

Tax paid* ('000€)	Spain	Portugal	Total
<b>Total</b>	<b>99.915</b>	<b>43.266</b>	<b>143.181</b>

(\*) Data relating to taxes paid in the 2018 financial year correspond to advance corporate tax payments of the said financial year in accordance with the applicable legislation in each territory.

The company did not receive any public subsidies in 2018.



## 7- Respect for Human Rights

Wizink's Code of Conduct includes all rules of conduct that govern the actions of its employees, and taking in account the protection of Human Rights. This is supplemented by the organisation's values and ethical principles, good corporate governance and the professional ethics of its employees.

The rules take in account:

- Principle of equality and non-discrimination: one of Wizink's basic principles is to ensure a working environment where personal dignity is guaranteed avoiding any conduct that is contrary to fundamental human rights protected by the Spanish Constitution and the law in general.
- Respect for persons in all professional relations at Wizink: to promote amongst employees relations based on respect for others and reciprocal collaboration. Wizink is committed to ensuring that its working environment is free from any violence and/or harassment whatsoever; no abusive conduct is allowed, or intimidation, disrespect or any type of physical or verbal violence in the company's professional relations. Wizink has an Action Protocol in place to cover any potential mobbing, with intends to establish an alternative action framework within the bank, in addition to the "Ethical Mailbox" whistleblowing channel, available to any worker who detects mobbing or considers himself/herself affected by it.
- Collective rights: one of Wizink's principles is to encourage social wellbeing and employment stability, keeping an open communication flow with all trade unions organisations and promoting dialogue, communication and disclosure.

Besides, Wizink is currently working in the Corporate Social Responsibility strategy of the company including the contribution to the Sustainable Development Goals, SDG, of United Nations, and contribution to the Community, as part of the promotion and protection of Human Rights.

### Channels to report

As describes above, Wizink has an "Ethical Mailbox" and "Internal Whistleblowing Policy", through which information may be reported. This includes, and it's not limited to, incidents related to a breach of the Code of Conduct, practices contrary to Wizink's internal regulations and any discriminatory or threatening action and where incidents related Human Rights can be reported in a confidential way.

## 8 - Environmental issues

Wizink's environmental commitment is reflected in its office design and layout, where sustainability is a reference value. Its offices are fitted with highly efficient energy facilities, a paperless and waste recycling policy is in place, and employees are encouraged to use public transport and to follow a healthy diet, amongst other issues described below.

In line with the CSR, the company has also strived to promote environmental awareness, through daily actions, because if we take care of our surrounding environment, we will grow and help grow in a sustainable manner. This is done through the dissemination of resources, internal information and ideas that will help improve our everyday behaviour towards the environment around us.

### 8.1. Measures to prevent, reduce or repair contamination damages

#### Recycling points on each floor of our 3 offices

Wizink has recycling points on all floors, for containers, glass, organic waste and paper. In the reception area, user help desk and elsewhere there are stations to recycle batteries, various office consumables, lamps (light bulbs) and cardboard.

#### "Paperless" policy

Responsible paper use is part of Wizink's working method and digitalisation. Consequently, Mobile Print software has been hired for all IT office equipment, for printing through a positioned card, in order to lower paper costs.

#### Promotion of sustainable transport

- *Bicycle parking lot*

Wizink's premises include a bicycle parking lot, to also promote environmental friendliness and healthy habits.

- *Subsidised public transport in Spain*

Wizink, in line with its environmental commitment, has located its head office in front of an underground station. Furthermore, all employees are entitled to a transportation card, in order to purchase a public transport pass for commuting purposes.

## Certifications and maintenance

As a tenant, +Wizink is working together with the property owner to achieve the LEED certification for the Madrid offices. We also have a preventive maintenance plan in place for all our facilities and an annual building budget (Plan 2019) for each building.

### 8.2. Circular economy and waste prevention and management

Since there is a global facilities contract for all Wizink facilities, the criteria are common to all of them:

- Internal communication and recommendations on recycling matters through Intranet concerning all equipment: for e.g., Earth Hour Campaign, daily actions for reducing water consumption, lighting fixtures, environmental care.
- We also held a workshop on circular economy in 2018 in Madrid, and celebrated the World Environment Day and the World Ocean Day in Lisbon.
- In Lisbon office we no longer use plastic, only paper, and we separate cork.

### 8.3. Sustainable use of resources

To ensure the sustainable use of resources in our offices today:

- We have installed water-flow regulators in our taps
- In our offices, doors are closed and lights are turned off on public holidays and weekends
- Installation of light and climate sensors that turn off after one hour and can be switched on by the user if necessary (automatic switch-off within half an hour).
- Follow-up and improvement actions are planned for all buildings.

Total Wizink's Electricity Consumption in 2018 was 4.960.755 kWh, split by 4.824.236 kWh in Spain and 136,519 kWh in Portugal.

### Prevention and waste Management:

Wizink's environmental commitment has been evidenced in its office design and layout, where sustainability is a reference value. Its offices are fitted with highly efficient energy facilities, a paperless and waste recycling policy is in place, and employees are encouraged to use public transport and to follow a healthy diet, amongst other issues described below.

Recycling points on each floor of our 3 offices:

- Wizink has recycling points on all floors, for containers, glass, organic waste and paper. In the reception area, user help desk and elsewhere there are



stations to recycle batteries, various office consumables, lamps (lightbulbs) and cardboard.

- "Paperless" policy:  
Responsible paper use is part of Wizink's working method and digitalisation. Consequently, Mobile Print software has been hired for all IT office equipment, for printing through a positioned card, in order to lower paper costs.
- Promotion of sustainable transport  
Bicycle parking lot Wizink's premises include a bicycle parking lot, to also promote environmental friendliness and healthy habits.
- Subsidised public transport in Spain Wizink  
In line with its environmental commitment, has located its head office in front of an underground station. Furthermore, all employees are entitled to a transportation card, in order to purchase a public transport pass for commuting purposes

### Non-material issues

During 2018 issues related to climate change and biodiversity protection have been defined as non-material, since Wizink has a digital banking activity.

A handwritten signature in blue ink, consisting of a stylized 'B' or similar character.

## Annex: Table specifying the requirements as per Law 11/2018 and GRI indicators

As required by Law 11/2018, of 28 December, concerning non-financial information and diversity, this report includes the key indicators of non-financial results relevant to Wizink's business activity, complying with the criteria of comparability, materiality, relevance and reliability, and also accurate, comparable and verifiable information.

Additionally, general non-financial key indicators have been applied, such as the Global Reporting Initiative standards (GRI), as listed in the table below.

AREAS REQUIRED BY LAW	Text and contents required by law	Link to GRI indicators		Page no. in this Report
<b>Business model</b>	Brief description of the group's business model, including:	102-2	Activities, brands, products and services	5
	its business environment	102-4	Location of operations	11-14
	its organisation and structure	102-18	Governance structure	5-10
	the markets in which it operates	102-6	Markets served	5 / 11
	its objectives and strategies	102-6	Markets served	11-12
	the main factors and trends likely to affect its future development	102-6	Markets served	12-14
<b>Policies</b>	A description of the Group's policies regarding these issues, including: - due diligence procedures for the identification, assessment, prevention and mitigation of significant risks and impacts	103	Management approach	5-9 / 15-28
	Verification and monitoring procedures, and what measures have been taken.	103	Management approach	5-9 / 15-28
<b>Results</b>	The results of such policies, including key indicators of relevant non-financial results to: - allow follow-up and assessment of progress, and	103	Management approach	5-9 / 15-28

	- allow comparability between companies and sectors, in accordance with national, European and international frameworks of reference used for each matter.			
<b>Risks</b>	<p>The main risks related to issues, linked to the Group's activities, among which, where relevant and provided, its commercial relations, products or services likely to negatively impact those areas</p> <p>How the group manages such risks, explaining:</p> <ul style="list-style-type: none"> <li>- the procedures used to detect them</li> <li>- and assess in accordance with national, European or international frameworks of reference for each matter.</li> <li>- Information must be provided on the impacts found, showing a breakdown thereof, in particular in relation to the main risks in the short, medium and long term.</li> </ul>	102-15	Main impacts, risks and opportunities	15-28
<b>ENVIRONMENTAL ISSUES</b>	Detailed information about: current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety.	103	Management approach	46-48
	Environmental assessment/certification procedures	102-11	Precautionary principle/approach	46-48
	Resources dedicated to environmental risk prevention;	During 2018 issues related to environmental risk prevention have been defined as non-material, since Wizink has a digital banking activity.		
	The application of the precautionary principle, the amount of provisions and guarantees for environmental risks.	During 2018 issues related environmental risks have been defined as non-material, since Wizink has a digital banking activity.		
<b>ENVIRONMENTAL ISSUES Contamination</b>	Measures for the prevention, reduction or repair of carbon emissions that seriously affect the environment	During 2018 issues related to reduction or repair of carbon emissions have been defined as non-material, since Wizink has a digital banking activity.		

<b>ENVIRONMENTAL ISSUES</b> <b>Circular economy and waste prevention and management</b>	Measures for the prevention, recycling, reuse, and other forms of recovering and disposal of waste; a. Waste prevention and management measures b. Quantitative data 2017 and 2018 on paper consumption in the company c. Quantitative data 2017 and 2018 on office consumables consumption (toners, etc.)	103	Management approach	46-48
	Actions taken to avoid food waste.	Non-material		n/a
<b>ENVIRONMENTAL ISSUES</b> <b>Sustainable use of resources</b>	Water consumption and water supply according to local constraints;	303-1	Water extraction per source	46-48
	Consumption of raw materials and measures taken to improve the efficiency of their use;	103	Management approach	46-48
		301-1	Materials used by weight or volume.	46-48
	Direct and indirect energy consumption, measures taken to improve energy efficiency, and use of renewable energies.	103	Management approach	46-48
		302-1	Energy consumption within the organisation	46-48
		302-4	Reduction of energy consumption	46-48
<b>ENVIRONMENTAL ISSUES</b> <b>Climate change</b>	Significant data on greenhouse gas emissions generated as a result of the company's activities, includes the use of the goods and services it produces;	During 2018 issues related to greenhouse gas emissions have been defined as non-material, since Wizink has a digital banking activity.		
	Measures adopted to adapt to climate change consequences;	During 2018 issues related to climate have been defined as non-material, since Wizink has a digital banking activity.		
	Voluntary reduction goals in the medium and long term to reduce greenhouse gas emissions and the means to that end.	During 2018 issues related to greenhouse gas emissions have been defined as non-material, since Wizink has a digital banking activity.		
<b>ENVIRONMENTAL ISSUES</b> <b>Protection of biodiversity</b>	Measures adopted to preserve or restore biodiversity;	During 2018 issues related to biodiversity protection have been defined as non-material, since Wizink has a digital banking activity.		
	Impacts caused by activities or operations in protected areas.	During 2018 issues related to activities or operations in protected areas have been defined as non-material, since Wizink has a digital banking activity.		

SOCIAL AND PERSONNEL ISSUES Employment		103	Management approach	29
	Total number of employees broken down by age, gender, country and job classification	102-8	Information on employees and other workers	29
		405-1	Diversity in governing bodies and employees	29
	Total number and breakdown of types of employment contracts	102-8	Information on employees and other workers	30
	Annual average of open-ended contracts, fixed-term contracts and part-time contracts by gender, age and job classification	102-8	Information on employees and other workers	30
		405-1	Diversity in governing bodies and employees	30
	Number of layoffs by gender, age and job classification;	401-1	New entrants and staff rotation	30
	The average remuneration and its evolution, broken down by gender, age and job classification, or equal value;	405-2	Ratio of base salary and remuneration of women compared to men	31
	Pay gap, equal or average wage employment	405-2	Ratio of base salary and remuneration of women compared to men	31
	The average remuneration of directors and managers, including variable remuneration, per diems, compensations, payments to long term savings schemes and any other item broken down by gender	103	Management approach	31
		102-35	Governance: Remuneration policies	31
	Implementation of disconnected work policies	103	Management approach	32
	Employees with a disability	405-1	Diversity in governing bodies and employees	32
	Organisation of working hours	103	Management approach	32

<b>SOCIAL AND PERSONNEL ISSUES</b> Work organisation	Number of absence hours	403-2	Types and frequency rates of accidents, occupational illnesses, days lost, absenteeism and number of fatalities per occupational accident or occupational illness	32
	Measures intended to facilitate the balance between work and family life and promote the responsible exercise of such right by both parents	103	Management approach	33
<b>SOCIAL AND PERSONNEL ISSUES</b> Health and safety	Occupational health and safety conditions	103	Management approach	33
	Occupational accidents, in particular their frequency and seriousness	403-2	Types and frequency rates of accidents, occupational illnesses, days lost, absenteeism and number of fatalities per occupational accident or occupational illness	35
	Occupational illnesses, broken down by gender.	403-3	Employees with a high incidence or risk of work related illnesses	35
<b>SOCIAL AND PERSONNEL ISSUES</b> Social relations	Organisation of social dialogue, including the procedures for informing and consulting the staff and negotiating with them;	103	Management approach	35-36
	Percentage of employees covered by a collective bargaining agreement per country	102-41	Collective bargaining agreements	36
	The status of collective agreements, in particular in the field of health and safety at work	403-1	Representation of workers in formal health and safety company committees	36
		403-4	Health and safety issues addressed in formal agreements with trade unions.	36
	The policies implemented in the training area	103	Management approach	36

<b>SOCIAL AND PERSONNEL ISSUES</b> Training	Total number of training hours per job category	404-1	Average number of training hours per year, per employee	36-37
<b>SOCIAL AND PERSONNEL ISSUES</b> Accessibility	Universal accessibility of persons with disabilities	103	Management approach	37
<b>SOCIAL AND PERSONNEL ISSUES</b> Equality	Measures adopted to promote equal treatment and opportunities between men and women	103	Management approach	37-38
	Equality plans, measures adopted to promote employment, protocols against sexual harassment and sex discrimination, universal integration and accessibility of people with disabilities	103	Management approach	37-38
	Policy against any type of discrimination and, where appropriate, diversity management.	103	Management approach	37-38
<b>HUMAN RIGHTS</b>	Application of due diligence procedures in the field of human right;	103	Management approach	45
	Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair any abuses committed	103	Management approach	45
		412-2	Training of employees in human rights policies or procedures	45
	Reports regarding human right violations	There were no reports on this type of abuse		45
	Promotion and compliance with the provisions of the fundamental Conventions of the ILO related to the respect for the freedom of association and the right to collective bargaining	103	Management approach	36 / 45
	The elimination of discrimination in respect of employment and occupation	103	Management approach	36 / 45
	The elimination of forced or compulsory work	409-1	Operations and suppliers with a significant risk of forced or compulsory labour	36 / 45



	The effective abolition of child labour	408-1	Operations and suppliers with a significant risk of child labour	36 / 45
<b>CORRUPTION AND BRIBERY</b>	Corruption and bribery prevention measures;	103	Management approach	24-28
		205-1	Assessment of corruption-related risks in operations	24-28
		205-2	Communication and training on anti-corruption policies and procedures	24-28
	Anti-money laundering measures	205-2	Communication and training on anti-corruption policies and procedures	24-28
	Contributions to foundations and non-profit organisations.	413-1	Operations with the participation of the local community, impact assessment and development programmes	39
<b>COMPANY Company's commitment to sustainable development</b>	Impact of the company's activities on local employment and development	103	Management approach	39
		203-1	Investments in infrastructures and supported services	39
	Impact of the company's activities on local populations and territory;	203-1	Investments in infrastructures and supported services	39
	Relations maintained with local community actors and types of dialogues held with them;	102-43	Approaches to the participation of interest groups	39
	Association or sponsorship actions	102-12	External initiatives	39-40
		102-13	Affiliation with associations	40
<b>COMPANY Subcontractors and suppliers</b>	The inclusion of social and equality issues in the procurement policy	102-9	Supply chain	40
		103	Management approach	40

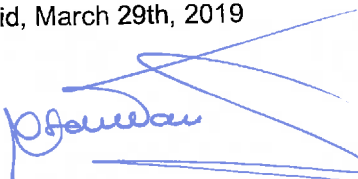
	The social and environmental responsibility of suppliers and subcontractors, and their gender equality policies in the relations with the company;	308	Supplier evaluation on environmental performance	40
		414	Supplier evaluation on social performance	40
	Supervisory and audit systems and results thereof	103	Management approach	40
<b>COMPANY Consumers</b>	Measures related to the health and safety of consumers	103	Management approach	42
	Claims system, complaints received and resolution thereof	103	Management approach	41-43
		417-2	Non-compliance cases related to information, product labelling and services	41-43
<b>COMPANY Tax information</b>	Benefits obtained by each country	201-1	Direct economic value generated and distributed	44
	Profit taxes paid	201-1	Direct economic value generated and distributed	44
	Public subsidies received	201-4	Financial assistance received from the government	44



## PREPARATION OF THE STATEMENT OF NON-FINANCIAL INFORMATION OF WIZINK BANK, S.A AND ITS CONSOLIDATED GROUP

As required by current Law 11/2018, in particular Article 49 of the Spanish Commercial Code, the members of the Board of Directors hereby execute the statement of non-financial information of Wizink Bank, S.A and its consolidated group for the financial year 2018, and this document is an integral and inseparable part of the aforementioned document.

Madrid, March 29th, 2019



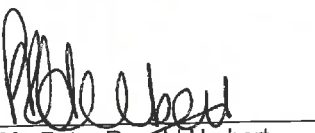
Mr. José Luis del Valle Doblado  
(Chair)



Ms. Elena Lieskovska  
(Vice Chair)



Mr. Krzysztof Drozd



Mr. Peter Ronald Herbert



Ms. Geeta Gopalan



Mr. Richard Iñaki Perkins del Valle

**SIGN-OFF SHEET** issued by me, the Secretary non-Director of the Board of Directors, to state for the record that:

1. During the meeting of the Board of Directors held in March 29th, 2019, the Board of Directors prepared the statement of non-financial information of Wizink Bank, S.A and its consolidated group for the financial year 2018.
2. Each page of the statement of non-financial information of Wizink Bank, S.A and its consolidated group is validated by me, and such document is consistent with the one prepared by the Board of Directors.



Ms. Blanca Rivilla Calle

