

## Other relevant information

Regarding CaixaBank S.A.'s Ordinary Shareholders' Meeting, to be held in Valencia on 13 May 2021, at 11:00 a.m., on first call, and if it cannot be held on first call, to be held on 14 May 2021 on second call, the Board of Directors' reports relative to certain items on the agenda of the meeting and the reasoned proposal of the Directors' Remuneration Policy are appended hereto.

**The General Meeting is expected to be held on second call, i.e. on 14 May 2021, at the aforementioned time and venue.**

The Board of Directors has also agreed to enable **digital attendance** for the Annual General Meeting, allowing those shareholders who wish to attend and participate in it to do so via a remote connection and in real time, in accordance with the provisions of the Articles of Association and the Regulation on the Annual General Meeting, as well as Royal Decree-law 34/2020, of 17 November, on urgent measures to support business solvency and the energy sector, as well as tax measures.

The reports and reasoned proposal together with the remaining documentation relative to the 2021 General Ordinary Meeting, including the individual and consolidated financial statements for 2020, will also be available for shareholders and investors on the corporate webpage [www.CaixaBank.com](http://www.CaixaBank.com).

1 April 2021



**REPORT BY THE BOARD OF DIRECTORS OF CAIXABANK, S.A.  
ON THE PROPOSED RE-ELECTIONS OF DIRECTORS  
Board of Directors – 30 March 2021**

## **I. PURPOSE OF THE REPORT**

This report has been prepared by the Board of Directors of CaixaBank, S.A. (hereinafter, “CaixaBank” or the “Company”), in compliance with the provisions of Article 529 decies of the Capital Companies Law, which requires the preparation of a report by the Board assessing the competence, experience and merits of the persons whose re-election is subject to approval at the Annual General Meeting of the Company, scheduled for 13 May 2021, at the first call, and for the following day, at the second call, under items 8.1º and 8.2º of the agenda.

Pursuant to Article 529 decies of the Capital Companies Law, the re-election of Mr. José Serna Masiá as a proprietary director, as nominated by Caixa d’Estalvis i Pensions de Barcelona Banking Foundation, “la Caixa” and Criteria Caixa S.A.U., for a four-year term, is subject to approval by the Shareholder’s Annual General Meeting on the recommendation of the Appointments Committee.

The Annual General Meeting will likewise be asked to approve, at the proposal of the Appointments Committee, the re-election of Ms. Koro Usarraga Unsain as a member of the Board of Directors, as an independent director, for a four-year term.

Both the report and the recommendation of the Appointments Committee are included as appendices to this report.

In addition, for the purpose of Article 518 e) of the Capital Companies Law, this report contains information on the identity, experience and category of Ms. Koro Usarraga Unsain and Mr. José Serna Masiá and it shall be published, together with the attached recommendation and report by the Appointments Committee, on the Company’s website as part of the documentation regarding the Annual General Meeting.

Lastly, pursuant to Article 540.4 c) of the Capital Companies Law, it is hereby stated that as part of the proposed re-elections subject to approval by the General Annual Meeting, the diversity objectives established in the Policy of Selection, Diversity and Assessment of the Suitability of Directors and Members of Senior Management and Other Key Function Holders at CaixaBank and its Group have been taken into account, placing a particular emphasis on promoting the diversity of gender, knowledge, training and professional experience, age and geographic origin in the collective composition of the Board, while avoiding all forms of discrimination.

In particular, Recommendation 15 of the current Good Governance Code of listed companies has been taken into account, which establishes that before the end of 2022, the number of female directors represents at least 40% of the total members of the Board of Directors. Specifically, the re-election proposal submitted to the General Meeting will mean that the percentage of female directors continues to account for 40% of the total membership of the Board of Directors.

## **II. RE-ELECTION OF Mr. JOSÉ SERNA MASIÁ (Item 8. 1º on the Agenda)**

### **Professional and biographic profile**

José Serna Masiá was born in Albacete in 1942 and has been a member of CaixaBank Board of Directors since July 2016. He graduated in Law at Madrid’s Universidad Complutense in 1964 and began his professional career in the legal department at Butano, S.A. (1969/70).

In 1971 he joined the State Lawyer Corps and worked in the Corps in Salamanca and at the Ministry of Education and Science and the Ministry of Finance. He then joined the State’s contentious services division at what was then known as the Madrid Territorial Court (now the High Court of Justice) until he applied for leave in 1983. Between 1983 and 1987 he

worked as Legal Advisor at the Madrid Stock Exchange. In 1987 he was admitted as a Forex and Stock Market Broker at the Barcelona Stock Exchange and was elected Secretary of its Union Board. He was involved in the 1988 stock market reform as Chairman of the Promoter of the new Barcelona Stock Exchange, and as a member of the Consultative Committee of the National Securities Market Commission.

In 1989 he was elected Chairman of the Barcelona Stock Exchange, a post he held for two consecutive terms until 1993. From 1991 to 1992 he was Chairman of the Spanish Stock Market Body representing Spain's four Stock Exchanges, and Vice-Chairman of the Spanish Financial Futures Market. He was also Vice-Chairman of the "Barcelona Centro Financiero" Foundation and of Sociedad de Valores y Bolsa Interdealers, S.A.

In 1994 he started work as Forex and Stock Market Broker at the Official Traders College in Barcelona. He sat on the Endesa, S.A. Board between 2000 and 2007, and was also a member of its Control and Audit Committee and in fact chaired the Committee between 2006 and 2007. He also worked as director to ENDESA Diversificación and ENDESA Europa.

He was a Barcelona Public Notary from 2000 to 2013.

### **Director category**

In terms of his category on the Board of Directors of CaixaBank, Mr. José Serna Masiá qualifies as a proprietary director since he was nominated for appointment by indirect shareholder Caixa d'Estalvis i Pensions de Barcelona Banking Foundation," la Caixa" and by Criteria Caixa, S.A.U.

### **Valuation of experience, competence and merits**

The Appointments Committee has verified that Mr. José Serna Masiá fulfils the suitability requirements referred to in Article 24 of Law 10/2014 and Articles 30, 31 and 32 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014: commercial and professional reputation, suitable knowledge and experience and aptitude to participate in the good governance of the Company, and nor has any cause of incompatibility, prohibition or conflict of interest been found.

The Board of Directors ratifies the report issued by the Appointments Committee and is therefore confident that Mr. José Serna Masiá possesses the experience, responsibility and merits required to serve as a director. His experience in the stock markets and in corporate governance is worth mention. Furthermore, the performance of his duties as a member of the Board of Directors at CaixaBank for more than four years and his membership of the Audit and Control Committee.

### **Proposal**

To re-elect Mr. José Serna Masiá as a member of the Board of Directors, under the category of proprietary director, following his nomination by Caixa d'Estalvis i Pensions de Barcelona Banking Foundation," la Caixa "(indirect shareholder of the Company, through wholly-owned company Criteria Caixa, S.A.U.) and CriteriaCaixa, S.A.U., for a four-year (4) term of office, based on a favorable report submitted by the Appointments Committee.

## **II. RE-ELECTION OF Ms. KORO USARRAGA UNSAIN (Item 8. 2º on the Agenda)**

### **Professional and biographic profile**

Ms. Koro Usarraga Unsain was born in San Sebastián in 1957 and has been a member of CaixaBank Board of Directors since 2016. She holds a degree in Business Administration and Management and a Business Management Master's qualification from ESADE Business School, in addition to a degree in Senior Business Management from the IESE Business School and is also a Chartered Accountant. Independent member of the Board of NH Hotel Group

until 2017 and Chairwoman of the Audit and Control Committee. She worked at Arthur Andersen for 20 years and was made a partner of the audit division in 1993.

In 2001 she took over Corporate Management at Occidental Hotels & Resorts, a group operating in the holiday sector worldwide, with responsibility for finance, management administration and control, information systems and personnel.

She also worked as Chief Executive Officer of Renta Corporación, a real estate group specializing in the acquisition, refurbishment and sale of property.

Since November 2019, she is director of Vocento, S.A. and chairs the Audit and Compliance Committee and from 2005 to the present day she has been a shareholder and director of 2005 KP Inversiones, S.L., a corporate investment and management consultancy firm. She is also administrator of Vehicle Testing Equipment, S.L.

#### **Director category**

In terms of her position on the Board of Directors at CaixaBank, Ms. Koro Usarraga Unsain is an independent director, pursuant to the requirements established in Article 529 duodecies, paragraph 4 of the Capital Companies Law.

#### **Valuation of experience, competence and merits**

The Appointments Committee has verified that Ms. Koro Usarraga Unsain fulfils the suitability requirements referred to in Article 24 of Law 10/2014 and Articles 30, 31 and 32 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014: commercial and professional reputation, suitable knowledge and experience and aptitude to participate in the good governance of the Company, and nor has any cause of incompatibility, prohibition or conflict of interest been found.

The Board of Directors approves the proposal of the Appointments Committee and considers that Ms. Koro Usarraga Unsain possesses the experience, responsibility and merits required to serve as a director. Her experience as auditor and chartered accountant having worked for 20 years in an audit firm, of which 8 years as a partner is worth particular mention. Later, she held management positions in companies in the hotel and real estate sector and has proven experience in corporate governance bodies. Furthermore, the positive performance of her duties as a member of the Board of Directors at CaixaBank has been taken into account, especially her participation and performance as a member of the Audit and Control Committee, and subsequently as her Chairwoman, as well as a member of the Risks Committee and of the Executive Committee.

#### **Proposal**

To re-elect Ms. Koro Usarraga Unsain as a member of the Board of Directors, as an independent director, for the term of four (4) years, at the proposal of the Appointments Committee.

March 30, 2021

## **Appendix 1**

**Report presented by the Appointments Committee of CaixaBank, S.A. to the Board of Directors, in fulfilment of the provisions set forth in Article 529 decies of the Corporate Companies Law, in relation to the proposal to re-elect Mr. José Serna Masiá as proprietary director of CaixaBank, S.A.**

Article 529 decies of the Corporate Companies Law states that proposals for the re-election of board members must be accompanied by a substantiating report issued by the board in which the competence, experience and merits of the proposed candidates are evaluated. In the case of non-independent board members, such proposals must also be preceded by an additional report issued by the Appointments Committee.

To comply with this requirement, the Appointments Committee has agreed to submit this report to the Board of Directors supporting the re-election of Mr. José Serna Masiá to the Board of Directors of CaixaBank, S.A. (hereinafter, “CaixaBank” or the “Company”), as proprietary director.

For this purpose, the Appointments Committee has analyzed the current composition of the Board of Directors to assess whether the Board, as a whole, possesses sufficient knowledge, competences and experience in the governance of credit entities to adequately understand the activities of CaixaBank in relation to which decisions must be made, including its main risks, and to ensure the capacity to make decisions autonomously and independently in order to benefit the Company.

More precisely, the Board of Directors holds a particularly positive view of the functions performed by M. Serna as a present member of the Board of Directors, in particular as a member of the Audit and Control Committee, as well as his experience in the stock markets and in corporate governance.

As part of this assessment, and pursuant to the provisions of Law 10/2014, of 26 June, on the organization, monitoring and solvency of credit institutions (hereinafter, “Law 10/2014”), Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the organization, monitoring and solvency of credit institutions (hereinafter, “RD 84/2015”), and in accordance also with the Protocol of procedures for assessing the suitability and appointments of directors and members of senior management and other holders of key functions at CaixaBank, the Appointments Committee has also performed an assessment of the suitability of Mr. Serna to serve as a director.

### **Training and professional experience**

José Serna Masiá was born in Albacete in 1942 and has been a member of the CaixaBank Board of Directors since July 2016.

He graduated in Law at Madrid’s Universidad Complutense in 1964 and began his professional career in the legal department at Butano, S.A. (1969/70). In 1971 he joined the State Lawyer Corps and worked in the Corps in Salamanca and at the Ministry of Education and Science and the Ministry of Finance. He then joined the State’s contentious services division at what was then known as the Madrid Territorial Court (now the High Court of Justice) until he applied for leave in 1983. Between 1983 and 1987 he worked as Legal Advisor at the Madrid Stock Exchange. In 1987 he was admitted as a Forex and Stock Market Broker at the Barcelona Stock Exchange and was elected Secretary of its Union Board. He was involved in the 1988 stock market reform as Chairman of the Promoter of the new Barcelona Stock Exchange, and also as a member of the Consultative Committee of the National Securities Market Commission. In 1989 he was elected Chairman of the Barcelona Stock Exchange, a post he held for two consecutive terms until 1993. From 1991 to 1992 he was Chairman of the Spanish Stock Market Body representing Spain’s four Stock Exchanges, and Vice-Chairman of the Spanish Financial Futures Market. He was also Vice- Chairman of the

“Barcelona Centro Financiero” Foundation and of Sociedad de Valores y Bolsa Interdealers, S.A. In 1994 he started work as Forex and Stock Market Broker at the Official Traders College in Barcelona. He sat on the Endesa, S.A. Board between 2000 and 2007, and was also a member of its Control and Audit Committee and chaired the Committee between 2006 and 2007. He also worked as director to ENDESA Diversificación and ENDESA Europa. He was a Barcelona Public Notary from 2000 to 2013.

### **Suitability assessment**

The Appointments Committee has evaluated the content and validity of the responses to the CaixaBank Suitability Assessment Questionnaire completed by Mr. Serna upon his appointment as member of the board. The questionnaire is used to gather information in relation to three areas which are taken into account when evaluating Board members’ suitability: commercial and professional honor, knowledge and experience and aptitude for good governance of the Company.

The Appointments Committee has also taken into account the Suitability Assessment Report issued by the Board of Directors on April 27, 2016, prior to his appointment as director by co-option and the Report issued on February 23, 2017 for the submission to the General Meeting of Shareholders of the ratification of his appointment by co-option and submission of his appointment by the General Meeting. Furthermore, consideration has been given to the Continuous Assessment Reports issued by the Appointments Committee at the meetings held in December 2016, 2017, 2018, 2019 and 2020 at which it was concluded that Mr. Serna satisfied the conditions of suitability required to continue serving as member of the Board of Directors at CaixaBank. The conclusion is that Mr. Serna satisfied and continues to satisfy the conditions of suitability required to continue in his position as a member of the Board of Directors at CaixaBank, as he fulfils the legal requirements considered in the applicable national law and the criteria stipulated in the *Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2017/12)*.

In addition, Mr. Serna also complies with the maximum limit on the number of directorships established in Article 26 of Law 10/2014, the Committee has not detected any potential conflicts of interest which could give rise to undue influence from third parties and affirms that he has sufficient time available to carry out the duties inherent to the post on the Board of Directors of CaixaBank.

### **Director category**

In terms of his category on the Board of Directors of CaixaBank, the Company’s indirect shareholder, namely Caixa d’Estalvis i Pensions de Barcelona Banking Foundation, “la Caixa”, and Criteria Caixa, S.A.U. have nominated Mr. José Serna Masiá as their representative on the Board of Directors of CaixaBank. As such, and in accordance with Article 529 duodecies, paragraph 3 of the Capital Companies Law, Mr. José Serna Masiá is to serve under the category of proprietary director.

### **Conclusion**

As a result of the foregoing and considering current needs of the Board of Directors, the Appointments Committee believes that Mr. José Serna Masiá possesses adequate knowledge, experience and merits to perform his duties on the CaixaBank Board of Directors and meets the suitability requirements for that position. It has therefore agreed to submit a favorable report to the Board of Directors recommending that his appointment be laid before shareholders at the General Meeting of CaixaBank so that they may ratify his re-election for a four-year term of office, under the category of proprietary director.

29 March, 2021



## **Appendix 2**

### **Proposal to re-elect Ms. Koro Usarraga Unsain as independent board member of CaixaBank, S.A. presented by the Appointments Committee of CaixaBank, S.A., in accordance with the provisions of article 529. decies of the Spanish Company Act.**

Article 529 decies, paragraph 4 of the Capital Companies Law states that the Appointments Committee is responsible for the proposed re-election of independent directors.

In line with this requirement, the Appointments Committee has prepared the proposed re-election of Ms. Koro Usarraga Unsain as a member of the Board of Directors at CaixaBank, S.A. (hereinafter, “CaixaBank” or the “Company”), in the capacity of an independent director.

For this purpose, the Appointments Committee has analyzed the current composition of the Board of Directors to assess whether the Board as a whole has the sufficient knowledge, competences and experience in the governance of credit entities to adequately understand the activities of CaixaBank, including its main risks, and to ensure the capacity to make decisions autonomously and independently in order to benefit the Company.

Specifically, the Committee is particularly appreciative of Ms. Usarraga very positive performance of her functions as a director since her appointment on 30 June 2016, in particular her participation as a member and subsequently Chairwoman of the Audit and Control Committee, as well as a member of the Risks Committee and of the Executive Committee.

As part of this assessment, and pursuant to the provisions of Law 10/2014, of 26 June, on the organization, monitoring and solvency of credit institutions (hereinafter, “Law 10/2014”), Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the organization, monitoring and solvency of credit institutions and in the *Protocol of procedures for assessing the suitability and appointments of directors and members of senior management and other holders of key function at CaixaBank*, the Appointments Committee has also performed an assessment of the suitability of Ms. Koro Usarraga Unsain to serve as a director.

#### **Training and professional experience**

Koro Usarraga was born in San Sebastián in 1957 and has been a member of the CaixaBank Board of Directors since 2016. She holds a degree in Business Administration and Management and a Business Management Master’s qualification from ESADE Business School, in addition to a degree in Senior Business Management from the IESE Business School and is also a Chartered Accountant. Independent member of the Board of NH Hotel Group until 2017. She worked at Arthur Andersen for 20 years and was made a partner of the audit division in 1993.

In 2001 she took over Corporate Management at Occidental Hotels & Resorts, a group operating in the holiday sector worldwide, with responsibility for finance, management administration and control, information systems and personnel.

She also worked as Chief Executive Officer of Renta Corporación, a real estate group specializing in the acquisition, refurbishment and sale of property.

Since November 2019, she is director of Vocento, S.A. and chairs the Audit and Compliance Committee and from 2005 to the present day she has been a shareholder and director of 2005 KP Inversiones, S.L., a corporate investment and management consultancy firm. She is also administrator of Vehicle Testing Equipment, S.L.

#### **Suitability Assessment**

The Appointments Committee has evaluated the content and validity of the responses to the CaixaBank Suitability Questionnaire completed by Ms. Usarraga upon her appointment as



member of the Board. The questionnaire is used to gather information in relation to three areas which are taken into account when evaluating Board members' suitability: commercial and professional honor, knowledge and experience and aptitude for good governance of the Company.

The Appointments Committee has also taken into account the Suitability Assessment Report issued by the Board of Directors on April 27, 2016, prior to her appointment as director by co-option and the Report issued on February 23, 2017 for the submission to the Shareholders General Meeting of the ratification of her appointment by co-option and submission of her appointment by the General Meeting.

Furthermore, consideration has been given to the Continuous Assessment Reports issued by the Appointments Committee at the meetings held in December 2016, 2017, 2018, 2019 and 2020 at which it was concluded that Ms. Usarraga satisfied the conditions of suitability required to continue serving as member of the Board of Directors at CaixaBank.

The conclusion is that Ms. Koro Usarraga Unsain satisfied and continues to satisfy the conditions of suitability required to continue in her position as a member of the Board of Directors at CaixaBank, as she fulfils the legal requirements considered in the applicable national law and the criteria stipulated in the *Guidelines on the assessment of the suitability of members of the management body and key function holders* (EBA/GL/2017/12).

In addition, the re-election of Ms. Usarraga complies with the objectives of gender diversity in place, in particular, with Recommendation 15 of the current Good Governance Code of listed companies which establishes that before the end of 2022, the number of female directors represents at least 40% of the total members of the Board of Directors. Specifically, the re-election proposal submitted to the General Meeting will mean that the percentage of female directors continues to account for 40% of the total membership of the Board of Directors.

Ms. Usarraga also complies with the maximum limit on the number of directorships established in Article 26 of Law 10/2014, the Committee has not detected any potential conflicts of interest which could give rise to undue influence from third parties and affirms that she has sufficient time available to carry out the duties inherent to the post on the Board of Directors of CaixaBank.

#### **Director category**

In terms of her category on the Board of Directors of CaixaBank, this Committee believes that the personal and professional considerations of Ms. Koro Usarraga Unsain allow her to perform her duties without being affected by any relationship with the Company or its Group, its significant shareholders or its managers, and pursuant to the provisions of Article 529 duodecies, paragraph 4 of the Capital Companies Law, Ms. Usarraga shall hold office under the category of independent director.

#### **Proposal**

As a result of the foregoing, and attending to the current needs of the Board of Directors of CaixaBank, the Appointments Committee presents the following proposal for its submission before the Annual General Meeting:

To re-elect Ms. Koro Usarraga Unsain as a member of the Board of Directors, as an independent director, for the term of four years, at the proposal of the Appointments Committee.

29 March 2021



**REPORT OF THE BOARD OF DIRECTORS OF CAIXABANK, S.A.  
ON THE PROPOSAL TO AMEND THE BY-LAWS OF CAIXABANK,  
S.A.**

**Board of Directors - 30 March 2021**

## 1. PURPOSE OF THE REPORT

This report has been prepared by the Board of Directors of CaixaBank, S.A. (“**CaixaBank**” or the “**Company**”) pursuant to article 286 of Royal Legislative Decree 1/2010, of 2 July, approving the restated text of the Corporate Enterprises Act (“**Corporate Enterprises Act**”), which requires a written report be prepared explaining the reasons for the proposed amendment to the By-laws to be submitted for the approval of the Annual General Meeting to be held on 13 May 2021 at first call and 14 May 2021 at second call, under item 9 of the agenda.

## 2. JUSTIFICATION FOR THE AMENDMENT

### 2.1. Inclusion of a new article 22 bis of the By-laws

A proposal has been submitted to include a new article 22 bis in CaixaBank's By-laws to allow, when permitted under applicable regulations, general meetings to be called with shareholders' attending solely through telematic means. In other words, shareholders and proxy holders would not need to physically attend the meeting.

The crisis triggered by the COVID-19 pandemic has resulted in the unprecedented use of remote electronic means of communication in the organisation and functioning of corporate enterprises, particularly listed companies. The extraordinary regulations issued to deal with the economic and social impact caused by this situation include measures to make it easier to hold meetings of companies' governance bodies (board of directors and general meeting) using remote means of communication. The measures also provide for the possibility of holding general meetings exclusively through telematic means, without the physical presence of shareholders or proxy holders, within the framework of encouraging shareholder engagement in corporate life in accordance with the provisions of the Good Governance Code.

Based on the experience gained in the use of these measures during the state of alarm, pursuant to the draft law for the reform of the Corporate Enterprises Act to include in Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, which is currently being debated by parliament, authorisation has been granted so that, as a general rule and no longer linked to the aforementioned extraordinary circumstances, general meetings may be held exclusively using telematic means, without prejudice to ensuring that shareholders and proxy holders are able to exercise their rights in full. Thus, the Committee Report, approved on 2 March by the Committee on Economic Affairs and Digital Transformation of the Spanish Congress, contains an amendment for the inclusion of a new article 182 bis in the Corporate Enterprises Act, with this provision. This is an option that has already been incorporated into other legal systems and it is projected to be included in Spanish law.

Thus, the inclusion in the By-laws of the possibility of holding general meetings attended by shareholders and proxy holders exclusively using telematic means may be useful in certain situations that make it advisable to organise and hold general meetings through such channels, without

detriment to any shareholders' or proxy holders' rights, which may be exercised under the same conditions that would apply if the general meeting were to be held with the physical attendance of the shareholders or proxy holders.

In this regard, the Board of Directors places the highest importance on the physical attendance of shareholders and proxy holders at the general meeting as an ordinary channel for the exercise of their rights, along with the possibility of exercising these rights using remote means of communication prior to the scheduled for meeting date and, in turn, through telematic channels during the meeting. However, as the Law authorises listed companies to hold general meetings exclusively using telematic means, it is appropriate to include this possibility in the By-laws as another alternative, in order to reflect all the options permitted by law so that general meetings may be called in the manner best suited to the circumstances at all times. Thus, in line with the new article 22 bis of the Company By-laws, a proposal has also been submitted to the General Meeting to include a new section 3 in the Additional Provision of the Regulations of the General Meeting.

In any case, the proposal submitted for approval at the General Meeting provides that the calls for general meetings to be held exclusively using telematic means shall only be applicable when the regulations that envisage this possibility come into force and the conditions or requirements provided for have been met. Further, if the inclusion of this option in the Company By-laws requires the agreement of a qualified majority (as provided for in the current version of the new article 182 bis of the Corporate Enterprises Act contained in the Committee Report of the Spanish Congress, which would require a vote in favour of shareholders representing at least two-thirds of the capital attending or represented at the meeting) and the resolution to amend the By-laws submitted to the CaixaBank General Meeting were not approved with the majority required under the current regulations, the Company's Board of Directors would submit this by-law amendment for ratification by shareholders with the necessary majority at the next General Meeting, prior to its implementation.

## **2.2. Amendment of article 24 of the By-laws**

A proposal has been submitted to include a clarification in the heading of article 24 of the Company By-laws to explain that the rules set down in the article refer to the exercise of the right to vote by remote means of communication prior to the scheduled date of the meeting, and the exercise of the right to vote using telematic means during the General Meeting is established in article 22.6 of the Company By-laws, duly implemented in the Regulations of the Annual General Meeting.

## **2.3. Amendment of article 31 of the By-laws**

Pursuant to the draft law for the reform of the Corporate Enterprises Act to include in Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, which is currently being debated by parliament, in which the rules governing transactions carried out between the Company and parties that are legally considered to be related parties are amended, a proposal has been made to amend section 3, heading (xxxix), of article 31 of the By-laws in relation to the duties of the Board of Directors, to make it consistent with the final legal regulations established in this regard.

In any case, once the new regulation governing the Company's transactions with related parties have been approved, the Board of Directors will amend the Regulations of the Board in accordance with the legal reform, without prejudice, as appropriate, to the approval of any other suitable regulation or internal policy.

Further, as mentioned later in this report, a proposal has also been made to amend article 40.3.d)(vii) of the By-laws as regards the duties of the Audit and Control Committee.

#### **2.4. Amendment of article 37 of the By-laws**

The Company's new shareholder structure, once the merger with Bankia, S.A. has been filed, has led to a partial review of the conditions for prudential deconsolidation by the European Central Bank, which on 5 October 2020, at the request of Criteria Caixa, S.A.U. and CaixaBank, expressed its agreement that the deconsolidation condition that gave rise to the amendment included in article 37.4 of CaixaBank's By-laws may be eliminated once the merger has taken place, provided that the other conditions for deconsolidation have been complied with and Criteria Caixa, S.A.U.'s stake in CaixaBank does not exceed 31% of the Company's share capital.

Therefore, a proposal has been submitted to the Annual General Meeting to amend article 37.4 of the Company By-laws ("*Procedures for meetings*"), eliminating the following provision approved by the Annual General Meeting of 5 April 2017:

*"In any event, when a shareholder is represented on the Board by more than one proprietary director, proprietary directors representing such shareholder shall abstain from participating in the deliberation and voting of the agreements for the appointment of independent directors by co-option and with regard to the appointment proposals of independent directors made to the General Shareholders Meeting."*

#### **2.5. Amendment of article 40 of the By-laws**

- a) In line with the proposed amendment to article 31.3.(xxxix) of the By-laws as regards the duties of the Board of Directors in relation to transactions carried out by the Company with related parties, referred to in section 2.3 of this report, a proposal has been made to amend article 40.3.d)(vii) of the By-laws, adjusting the duties of the Audit and Control Committee in matters relating to transactions between the Company and related parties. This is without prejudice to the fact that, as also indicated in section 2.3 of this report, the Board of Directors will amend the Regulations of the Board of Directors in accordance with the legal reform, without prejudice, as appropriate, to the approval of any other suitable regulation or internal policy.
- b) In regard to the function of the Risks Committee in proposing the Group's risk policy to the Board, a proposal has been submitted to amend section 4.d.(ii) of article 40 of the By-laws, to adjust the content of the aforementioned policy to the new wording of Recommendation 45 of the Good Governance Code approved by the CNMV approved on 26 June 2020, in coordination with the amendment of the Regulations of the Board of Directors approved at its meeting of 17 December 2020. In addition to specifying in letter

- a) of the aforementioned article 40, section 4.d.(ii), that technological risks shall include *"including those related to cybersecurity"*.
- c) Corporate social responsibility has taken on a broader content, expressed through the term "sustainability", which is playing an increasingly important role in the management of companies under ESG criteria (environmental, social and governance factors of companies) and also as an element that guides investors' decisions. Thus, in the partial reform of the Good Governance Code approved by the CNMV on 26 June 2020, Recommendations 53, 54 and 55 were amended to include these ESG management aspects, proposing that companies establish a specialised committee for this area, made up solely of external directors, most of which would be independent, and expanding the duties of this committee in matters of sustainability.

In line with the foregoing, the Board of Directors resolved to amend the Regulations of the Board of Directors at its meeting of 17 December 2020, among other items, in order to supplement the duties of the current Appointments Committee in matters of sustainability with those provided for in Recommendation 54 of the Good Governance Code.

In this regard, a proposal has been submitted to update article 40, section 5.d)(xvi), replacing the reference to *"corporate social responsibility"* with the more up-to-date term *"sustainability"*. Further, a proposal has been made to reinforce the competences in the area of sustainability currently provided for in the section 5.d)(xvi), which is divided into two different parts, including the duty to *"submit the sustainability/corporate responsibility policies to the Board for approval"* in this section, and including the following duties in a new section, 5.d)(xvii): *"supervise and review the non-financial information included in the annual management report, the socio-economic impact report and the socially responsible banking master plan to ensure the integrity of its content and compliance with applicable regulations and international benchmarks"*.

Likewise, the Board of Directors has resolved to change the name of the Appointments Committee to the *"Appointments and Sustainability Committee"*, to group together this committee's two key areas of competence. Therefore, a proposal has been submitted to amend article 40 of the Company By-laws, as well as article 35 (sections 1, 5, 6 and 8) to include the new name of the committee.

Further, the rules for appointing members of all board committees have been standardised and a proposal submitted to amend article 40.5, to ensure that members of the Appointments and Sustainability Committee are also appointed at the proposal of the committee itself, in the same way as members of the other board committees, as there are no reasons why the system should be different for one committee compared to the others.

In accordance with the foregoing, a proposal has been made to amend article 40.5.d).(v) of the Company By-laws to ensure that all members of all board committees, including members of the Appointments and Sustainability Committee, are appointed by the Board



of Directors at the proposal of the Appointments and Sustainability Committee itself, also eliminating the current wording ("*will be appointed by the Board of Directors at the proposal of the Audit and Control Committee*") in section 5.a) of article 40 of the By-laws, since the power of the Appointments and Sustainability Committee to propose the appointment of all members of all board committees to the Board is set out in section 5.d).(v) of article 40 of the By-laws in general terms for all committees, thus avoiding unnecessary repetitions.

## **2.6. Amendment of article 46 of the By-laws**

A proposal has been made to amend article 46 of the Company By-laws ("Approval of the Annual Accounts"), adding a final paragraph to section 4 to include a technical point in accordance with the supervisor's criteria.

## **3. RULES OF AUTHORISATION**

The amendments to the By-laws referred to above are subject to the rules of authorisation provided for in article 10 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014 of 26 June, on the regulation, supervision and solvency of credit institutions.

## **4. SEPARATE VOTE FOR EACH PROPOSAL**

In relation to the proposed amendments of the Company By-laws that have been submitted for approval by the Ordinary Annual General Meeting, a separate vote will be taken on each independent article or group of articles, in accordance with the provisions of the article 197 bis of the Corporate Enterprises Act.

## **5. APPENDIX**

The attached Appendix contains the proposed amendments to the Company's By-laws, showing how the affected articles would read if and when the proposed changes are approved by the Annual General Meeting of CaixaBank, and authorised by the supervisor.

**TEXT OF CAIXABANK'S BY-LAWS WHICH WOULD BE VALID IF THE  
MARKED PROPOSED AMENDMENTS ARE APPROVED AND, WHERE  
APPLICABLE, AUTHORISED**

**TITLE I.- NAME, OBJECT, TERM AND REGISTERED OFFICE**

**Article 1.- Company Name**

The company is called "CaixaBank, S.A." (hereinafter the "**Company**") and is governed by these By-laws, the provisions governing the legal system for joint stock companies and any other legal rules applicable to it.

**Article 2.- Corporate Object**

1. The following activities are the corporate object of the Company:
  - (i) all manner of activities, operations, acts, contracts and services related to the banking sector in general or directly or indirectly related thereto, permitted by current legislation, including the provision of investment services and ancillary services and performance of the activities of an insurance agency, either exclusively or in association, without simultaneous exercise of both activities;
  - (ii) receiving public funds in the form of irregular deposits or in other similar formats, for the purposes of application on its own account to active credit and microcredit operations, i.e. the granting of loans without collateral in a bid to finance small business initiatives by individuals and legal entities which, in view of their social and economic circumstances, have difficulty in gaining access to traditional finance from banks, and to other investments, with or without pledged collateral, mortgage collateral or other forms of collateral, pursuant to business laws and customs, providing customers with services including dispatch, transfer, custody, mediation and others in relation to these, in connection with business commissions; and
  - (iii) acquisition, holding, enjoyment and disposal of all manner of securities and drawing up takeover bids and sales of securities, and of all manner of ownership interests in any entity or company.
2. The activities which make up the corporate object may be carried out, in both Spain and abroad, totally or partially in an indirect fashion, in any format permitted by law, especially through the holding of shares or ownership interests in companies or other entities the object of which is identical or similar, ancillary or complementary to such activities.

### **Article 3.- Term**

The Company will have an indefinite term. The Company commenced its operations on its incorporation date.

### **Article 4.- Registered Offices and Corporate Website**

1. The Company's registered offices are at Pintor Sorolla 2-4, Valencia.
2. The registered offices may be transferred to another location within the national territory by agreement of the Board of Directors.
3. The Company's Board of Directors may decide to create, close or move offices, branches, agencies, regional offices and other departments, both within Spain and in another European Union Member State, or a third state, if it complies with the applicable requirements and guarantees, and may decide to provide the services that fall within its corporate purpose without the need for a permanent establishment.
4. The corporate website of the Company is [www.caixabank.com](http://www.caixabank.com), used for distributing legally required information.
5. The Board of Directors may resolve to amend or transfer the Company's website.

## **TITLE II.- SHARE CAPITAL AND SHARES**

### **Article 5.- Share Capital**

The share capital is set at the amount of EIGHT BILLION SIXTY MILLION, SIX HUNDRED AND FORTY-SEVEN THOUSAND AND THIRTY-THREE EUROS (€8,060,647,033), which has been fully subscribed and paid up.

### **Article 6.- The Shares**

1. The share capital is made up of EIGHT BILLION SIXTY MILLION, SIX HUNDRED AND FORTY-SEVEN THOUSAND AND THIRTY-THREE (8,060,647,033) shares with a par value of ONE EURO (€ 1) each. They are represented by book entries and are of a single class and series. The shares representing the share capital are considered as securities and are governed by the provisions of the Securities Market Act and any other provisions applicable.
2. The shares, their transfer and the creation of real rights or any other encumbrances on them must be registered in the relevant book entry, pursuant to the Securities Market Act and concordant provisions.
3. However, on the basis of the principle of ownership of bank shares, the Company will keep its own register of shareholders with the effects and efficiency attributed to it by the prevailing regulations in each case. For this purpose, if the actual position of shareholders is that of persons or entities who, in accordance with their own legislation, fulfill this position as trusts, trustees or any other equivalent, the Company may require that these persons or legal entities notify it as to the actual holders of these shares, including the addresses and means of contact they have, as well as providing the documents of transfer and encumbrance to which they refer.

#### **Article 7.- The Position of Shareholder**

Shares grant their lawful owners the position of shareholders, which grants them the individual, legal and statutory rights stipulated in law - in particular, the right to share in company profits and the assets remaining when the Company is liquidated; the right of pre-emptive subscription to issues of new shares or convertible bonds; the right to attend and vote at General Shareholders' Meetings; the right to challenge corporate resolutions; and information. The scope of all shareholder rights is determined by law and in these by-laws.

#### **Article 8.- Co-ownership and in Rem Rights Over Shares**

1. Co-owners of shares must designate a single person to exercise shareholder rights.
2. The scheme of co-ownership, use, pledges and embargo of Company shares shall be as determined by law and other applicable legislation.

#### **Article 9.- Transfer of Shares**

1. The shares and economic rights that arise from them, including pre-emptive subscription rights, are freely transferable by all means permitted in law. In any case, the transfer of Company shares will be carried out in accordance with the conditions laid down in the applicable legislation in force.
2. The Company's shares will be transferred through a book transfer. The registration of the transfer in the entry in favour of the acquirer will have the same effects as the transfer of stock certificates.
3. The Company will not recognize the exercise of rights emanating from those who acquire their shares in a manner that infringes binding rules.

#### **Article 10.- Capital Calls and Default by Shareholders**

1. When shares are only partially paid, the shareholder must provide payment for the pending amount, whether in cash or non-cash, at a time decided by the Board of Directors, within a maximum of five years beginning from the date of the capital increase resolution. The form of said payment and other aspects of payment shall be in accordance with the terms of the capital increase resolution.
2. The demand to pay unpaid contributions will be notified to the parties concerned or be announced in the Official Companies Registry Gazette. Investors must be given a deadline of at least one month from the date of notification or publication and the date of payment.
3. Shareholders are in default when the deadline stipulated for payment of unpaid capital elapses and they have not settled such payment.
4. Shareholders in default on the payment of unpaid contributions will not be able to exercise their right to vote. The amount of their shares shall be deducted from the share capital for the purpose of computing a quorum.

### **TITLE III.- INCREASE AND REDUCTION IN CAPITAL**

#### **Article 11.- Capital Increase**

When the share capital is increased by the issue of new shares, within the term set for that purpose, which may be no shorter than the minimum laid down in law, former shareholders may exercise the right to subscribe to a number of shares in the new issue in proportion to the nominal value of the shares they own, notwithstanding the provisions set forth in law concerning exclusion of pre-emptive subscription rights.

#### **Article 12.- Authorized Capital**

1. The General Meeting may delegate to the Board of Directors the power to pass resolutions, on one or more occasions, to increase the share capital, up to a particular figure, at the time and in the amount it decides, within the limits set by law. This delegation may include the right to exclude pre-emptive subscription rights.
2. The General Meeting may also delegate to the Board of Directors the power to set the date on which the resolution to increase the capital that has already been passed will be carried out, and to set its conditions with regard to all aspects not stipulated by the General Meeting, within the limits set forth in law.

#### **Article 13.- Capital Reduction**

A capital reduction may be performed by lowering the nominal value of the shares, by cancellation of shares or by combining them for exchange, and, in said cases, its purpose may be to return the value of contributions, release shareholders from their obligation to provide pending contributions, constitute or increase voluntary reserves or restore a balance between the share capital and equity of the company, in addition to any other purpose permitted by law.

### **TITLE IV.- BONDS**

#### **Article 14.- Issue of Debentures and Other Securities**

1. The Company may issue debentures, promissory notes, warrants, preference shares and other securities in the terms and within the limits established in law.
2. Without prejudice to Article 15 below, the Board of Directors has the power to agree on the issue and admission to trading of the securities referred to in the preceding paragraph, and to agree on the guarantee the issue of securities.

#### **Article 15.-Convertible Bonds and bonds attributing a share in the company's profit**

1. The General Shareholders' Meeting shall have the power to agree on the issue of bonds convertible into shares or bonds attributing a share in the company profit to the bondholders, this power being delegable to the Board of Directors. It may also authorise the Board of Directors to determine the time at which the issue is to be made, and to establish any other terms not provided for by the General Meeting.
2. The convertible bonds may be issued at a fixed exchange ratio (determined or determinable) or at a variable exchange ratio.

3. Shareholders' preferential subscription rights involving the issuance of convertible bonds may be withheld under the terms provided by law.

## **TITLE V.- THE COMPANY'S GOVERNING BODIES**

### **Article 16.- The Company's Bodies**

The Company's bodies are the General Shareholders' Meeting and the Board of Directors, which have the powers respectively assigned to them in Law and in these By-laws, and in accordance with them, in those developments established in the Regulations of one or another body. These powers may be delegated in the manner and as broadly as determined by the Law, by these By-laws and by the mentioned Regulations.

### **SECTION I.- THE GENERAL MEETING**

#### **Article 17.- General Meeting**

1. The General Meeting is governed by applicable legislation, the By-laws and the General Meeting's Regulations.
2. The shareholders called to a General Meeting may decide by simple majority of the votes of shareholders present or represented in the Meeting, except in cases where the law or these By-laws stipulate qualified majorities, on matters of their concern that legally fall within the General Meeting's competence.
3. All shareholders, including those who vote against resolutions and those who did not take part in the meeting, will be subject to the resolutions by the General Meeting, notwithstanding the rights and actions to which they are entitled by law.

#### **Article 18.- Types of General Meetings**

1. General Shareholders' Meetings may be either Ordinary or Extraordinary.
2. The General Ordinary Meeting must be held within the legally established period for each financial year to approve, where appropriate, business management, the previous year's accounts, and to decide matters relating to the distribution of earnings, also to adopt resolutions on any other matter of their competence, as long as it is included in the agenda of the call notice or it is legally required and the General Meeting is convened with the concurrence of the required capital. The General Ordinary Meeting will be valid although it is convened or is held outside of the mentioned period.
3. Any General Meeting not encompassed by the preceding section shall be deemed an Extraordinary General Meeting.

#### **Article 19.- Call for General Meeting**

1. The General Shareholders' Meetings, whether Ordinary or Extraordinary, will be convened by the Board of Directors by means of a notice published in the Companies' Registry Gazette or in one of the newspapers of broad circulation in Spain, on the Company's corporate website, and on the website of the National Securities Market Commission, at least one month prior to the date of the meeting. Nevertheless, in those cases in which the law so permits, Extraordinary General Meetings may be called a minimum of fifteen (15) days in advance. The call supplement is not subject to this rule.



2. The convening notice will state the name of the Company, the date, time and location of the meeting, and will list all the items on the agenda and the position of the person or persons sending the notice. The date, if any, on which the Meeting will be held on second call may also be stated. At least 24 hours must elapse between scheduled first and second meetings.
3. The notice of call will also state the date by which a shareholder must have registered its shares in its name in order to participate and vote at the General Meeting, the place and manner for obtaining the full text of the documents and proposed resolutions, and the URL of the Company's website on which the information will be available. In addition, the notice must contain clear and accurate information on the steps the shareholders must take to participate and cast their votes at the General Meeting, including the matters required by law and implementing regulations.
4. Shareholders who represent at least 3% of share capital may request publication of supplementary information to the call to an Ordinary General Shareholders' Meeting, to include one or more items on the agenda, provided that the new points are accompanied by a justification or, if applicable, a justified proposed resolution. That right may in no case be exercised in respect of the call of an Extraordinary General Meeting. To exercise this right, the shareholder must duly notify the Company, with said notification to be received at the Company's registered office within five (5) days following publication of the call.
5. The call supplement must be published at least fifteen (15) days prior to the date stipulated for the General Meeting. Failure to publish the call supplement within the legally stipulated term will be a cause for challenging the General Meeting.
6. Shareholders representing at least 3% of capital may present supported proposed resolutions regarding matters already included or that should be included on the agenda for the Meeting called. Exercise of this right must be by certifiable notice, which must be received at the registered office within the five (5) days following publication of the call.
7. The Company will see to dissemination of these proposed resolutions and such documentation as may be attached thereto to the other shareholders, in accordance with the requirements of law.
8. The Board of Directors may call an Extraordinary General Meeting of shareholders whenever it deems appropriate to do so in the Company's interests.  
  
It must also call this Meeting when requested to do so by shareholders who own at least 3% of the share capital. The request must state the items to be discussed at the Meeting. In this case, a call must be issued to hold the General Meeting within the period stipulated in law. The Board of Directors will draw up the agenda, which must include the items mentioned in the request.
9. The contents of this article are deemed as without prejudice to the provisions established by law for specific cases.

#### **Article 20.- Venue and Time**

1. General Meetings will be held in the place and on the date stated in the notice, within the municipality in which the Company's registered offices are located. However, the Board of Directors will be entitled to choose a meeting venue at any other location within Spain, with the location to be stipulated in the notice.
2. The Meeting may choose to postpone the event for one or more consecutive days, at the behest of the Board of Directors or of a group of shareholders representing at least 25% of the Company's share capital in attendance.
3. In exceptional circumstances, in the event of unrest that substantially hinders the proper order of the Meeting, or of any other extraordinary circumstance that temporarily impedes the normal course of the Meeting, the Chairman of the Meeting may resolve to suspend the session or move the gathering to a different venue than that stipulated in the notice, for the time period deemed necessary, for the purpose of reestablishing the conditions required to continue the Meeting. In such cases, the Chairman may take whatever measures deemed appropriate, duly notifying shareholders to ensure the safety of those in attendance and avoiding a repeat of circumstances which may newly interfere with the proper order of the meeting.

#### **Article 21.- Quorum for the General Meeting**

1. The General Meeting will be validly constituted at first call when shareholders in attendance or represented by proxy hold at least 25% of subscribed capital with voting rights. The second call will be validly constituted regardless of the percentage of share capital in attendance.
2. In order for the General Meeting, whether Ordinary or Extraordinary, to validly agree to issue securities where this is within its competence, suppress or limit subscription rights, increase or reduce capital, carry out a transformation, merger, spin-off, global transfer of assets and liabilities, transfer the registered office to a foreign country or make any changes to the By-laws, shareholders at first call, whether present or proxy, representing at least 50% of subscribed capital with voting rights must be in attendance. At second call, only 25% of said capital is necessary. This will be understood without prejudice to other cases set forth in Laws, in particular, specific Laws applicable to the Company.
3. Any absences occurring after the General Meeting is officially called to order will not affect the validity of the quorum.

#### **Article 22.- Right of Attendance**

1. All shareholders who, individually or in a group with other shareholders, own a minimum of one thousand (1,000) shares, may attend the General Meeting physically or remotely via a telematic connection.
2. In order to attend the General Meeting, it will be necessary for shareholders to have registered ownership of their shares in the relevant book-entry ledger at least five (5) days in advance of the date on which the General Meeting is to be held. This will not apply in any specific cases in which laws applicable to the Company establish an incompatible system. Shareholders entitled to attend in accordance with the above will

be provided with the appropriate attendance card, which may only be replaced by a certificate of legitimacy to prove that the requirements for attendance have been met.

3. The Chairman of the General Meeting is authorized to determine compliance with the requirements for attendance at the General Meeting, but may delegate this task to the Secretary.
4. Members of the Board of Directors must attend any General Meetings, although their absence for any reason will not under any circumstances prevent the General Meeting from being validly held.
5. The Chairman may authorize persons to attend who provide services at or to the Company. The Chairman may also invite any persons he should deem appropriate, in the terms and conditions laid down in General Meeting Regulations.
6. Remote attendance at the General Meeting in real time shall be governed by the Regulations of the Annual General Meeting and by any implementing rules the Board of Directors may approve to improve upon procedural aspects, which shall include, among other matters, requirements for registering and confirming the identity of attendees, the deadline for completing the registration process ahead of the meeting, and how and when shareholders attending the General Meeting remotely via a telematic connection may exercise their rights while the meeting is in progress.

#### **Article 22 bis. General Meeting held exclusively using remote means**

1. Without prejudice to the fact that, in accordance with the current By-laws, the General Meeting may be called with the physical attendance of shareholders and their proxies, and that they may exercise their rights using remote means prior to the meeting, and using telematic channels during the meeting, the General Meeting may be held exclusively using telematic means and therefore the physical presence of the shareholders, their proxies, and where applicable, members of the Board of Directors, may not be required, when this is permitted under applicable regulations.
2. The holding of the General Meeting exclusively using telematics means must comply with all legal and by-law requirements, and the implementing provisions contained in the General Meeting Regulations, and in all cases, shall require the identification and legitimacy of the shareholders and their proxies to be duly ensured, and that all attendees are able to participate properly in the meeting using the remote channels specified in the meeting call notice, both in terms of exercising their rights in real time and following the speeches of the other attendees using the indicated channels, taking into account the state of the art and the Company's and circumstances.

#### **Article 23.- Right of Representation**

1. Without prejudice to attendance through appropriate means by legal entities that are shareholders, any shareholder may be represented at the General Meeting by another person, even if this person is not a shareholder. The proxy must be granted specifically for each General Meeting, either in writing or via some form of remote communication that duly guarantees the identity of the principal and secure electronic communication, in accordance with the procedures established in the By-laws and the General Meeting Regulations.

2. Any shareholder wishing to be represented by proxy at the General Meeting must have registered ownership of its shares in the relevant book-entry ledger at least five (5) days in advance of the date on which the General Meeting is to be held. This will not apply in any specific cases in which laws applicable to the Company establish an incompatible system.
3. In order to attend the General Meeting physically or remotely via a telematic connection, the proxy holder must be a shareholder and/or represent one or more shareholders on a combined basis holding a minimum of one thousand (1,000) shares.
4. The Chairman of the General Meeting is authorized to determine whether proxies have been validly conferred, and may delegate this task to the Secretary.
5. If there are conflicts of interest, the provisions of law and, if applicable, the General Meeting Regulations will apply. In any event, in contemplation of the possibility that a conflict may exist, proxies may be granted subsidiarily to another person.
6. The proxy's representational authority is understood as without prejudice to legal provisions concerning cases of family representation and the granting of general powers of attorney.
7. The appointment of proxies may always be revoked, and personal attendance of the party represented at the General Meeting will count as revocation.

**ARTICLE 24.- APPOINTING PROXIES AND VOTING THROUGH MEANS OF REMOTE COMMUNICATION PRIOR TO THE GENERAL MEETING**

1. The appointment of a proxy for any kind of General Meeting, including, as the case may be, voting instructions, must be carried out by shareholders by post, or electronic means, provided the identity of the principal and the proxy is properly guaranteed, as is the security of the electronic communications. Likewise, this can be performed by any other means of remote communication whenever decided that way by the Board.
2. Shareholders may vote on the motions concerning the items on the agenda of any General Meeting by post or e-mail, if this duly guarantees the identity of the shareholder as well as the security of electronic communications. Likewise, the vote can be issued by any other means of remote communication whenever decided that way by the Board.
3. A postal vote will be cast by sending the Company the remote voting card issued, if necessary, by the Company, duly signed and completed, or some other reliable written document that duly confirms the identity of the shareholder exercising their right to vote, as decided by the Board of Directors in the form of a resolution to that effect.
4. Voting by sending an e-mail to the Company should only be performed in appropriate conditions of security and simplicity have been ensured that the Board of Directors so decides in a resolution, subsequently notified in the call to the Meeting concerned. In this resolution, the Board of Directors will define the applicable conditions for issuing the remote vote by e-mail, necessarily including those that adequately guarantee the authenticity and identification of the voting shareholder, as well as the security of electronic communications.

5. In order to be counted as valid, a proxy granted and the vote cast through any of the remote means referred to in the previous sections must have been received by the Company forty-eight (48) hours before the time of commencement of the General Meeting on first call. The Board of Directors may reduce the required notice, and must notify this to the same extent as in the call announcement.
6. The Board of Directors may develop and enhance the regulations on remote voting and delegation laid down in these by/laws and according to the Regulations of the General Meeting, establishing the instructions, means, rules and procedures it deems appropriate to implement the casting of votes and appointment of proxies through remote communication means. The procedural rules adopted by the Board of Directors by virtue of the provisions of this section will be published on the Company's website.
7. Shareholders who cast their votes remotely in accordance with the provisions of this article will be considered present for the purposes of a quorum of the General Meeting concerned. As a result, appointments of proxies carried out before each vote will be considered to be revoked, and appointments arranged subsequently will be assumed not to have been carried out.
8. A vote cast through means of remote communication will be voided by physical or telematic attendance of the meeting by the shareholder who cast it or by disposal of his shares brought to the knowledge of the Company.

#### **Article 25.- Right to Information**

Shareholders will have the right to information in the terms laid down in law. In the manner and within the terms laid down in law, the Board of Directors must provide the information that the shareholders request, pursuant to the stipulations therein, except in cases where this is unnecessary for the safeguarding of the shareholder's rights, or there are objective reasons for considering this could be used for non-business aims or its publishing damages the Company or the related companies. These exceptions will not apply when the request is supported by shareholders who represent at least 25% of the share capital.

#### **Article 26.- Chairman and Secretary of the General Meeting**

1. General Meetings will be chaired by the Chairman of the Board of Directors. In absence thereof, as may occur in the cases of vacancy, leave or impossibility, these will be chaired by the corresponding Vice-Chairman according to the order of preference. In the absence of both, the oldest Director will act as Chairman.
2. The Secretary will be the Secretary of the Board of Directors. In the absence thereof, as may occur in the cases of vacancy, leave or impossibility, the Vice-Secretary as Secretary of the General Meeting according to the order of preference, if any, and in the absence thereof, the youngest Director.

#### **Article 27.- List of Those Attending**

1. Before dealing with the agenda, the Secretary of the General Meeting will draw up the list of those attending, stating who each of them are or whom they represent, and the number of their own or others' shares they hold at the General Meeting.

2. The total number of shareholders present or represented by proxy will be shown at the end of the list, together with the amount of share capital they hold or represent by proxy, and the capital belonging to shareholders with voting rights will be stated.
3. If the list of those attending is not at the beginning of the minutes of the General Meeting, it will be attached as an annex signed by the Secretary with the approval of the Chairman.
4. The list of those attending may also be drawn up in the form of a file, or placed on computer media. In these cases, the means used will be stated in the minutes, and the sealed cover of the file or media will bear the relevant identification note signed by the Secretary with the approval of the Chairman.

#### **Article 28.- Deliberation and Adoption of Resolutions**

1. The Chairman will submit the items on the agenda to deliberation and manage the discussions so that the meeting is held in an orderly manner.
2. While the General Meeting is being held, shareholders may request information in the terms stated in article 25 above and in the General Meeting Regulations.
3. Each share with a right to vote, present or represented by proxy at the General Meeting, entitles the owner to one vote.
4. The shareholder cannot exercise the right to vote corresponding to its shares in cases of conflict of interests in which the Law expressly establishes such prohibition, deducting its shares from the share capital for computing the majority of the votes that in each case is necessary. In other different cases of conflict of interests, the shareholders will not be deprived of their right to vote, without prejudice of that legally established.
5. Resolutions by the General Meeting will be passed by simple majority of the shareholders present or represented in the General Meeting, therefore being resolutions approved if there are more votes in favour than against, of the present or represented share capital. To adopt the resolutions requiring constitutional quorum reinforced according to Law and those established in article 21.2 of these By-laws, if the present or represented share capital exceeds 50% the absolute majority will be enough to adopt the resolution, but the favourable vote of at least two thirds of the present or represented capital in the Meeting will be necessary if, in second call, shareholders concur representing less than 50% of the subscribed capital with right to vote. This will be understood without prejudice to other cases set forth in Laws, in particular, specific Laws applicable to the Company.
6. Those matters that are substantially independent should be individually voted. In all cases, although appearing in the same item of the agenda, the following resolutions shall be voted separately:
  - a) The appointment, ratification, re-election or separation of each Director.
  - b) In the modification of By-laws, that of each article or group of articles having their own autonomy.



7. Without prejudice of the possibility of the Chairman to use alternative systems, voting on proposals of resolutions shall generally take place in accordance with the voting procedure set out in the Regulations of the General Meeting and other applicable rules and regulations.
8. The resolutions adopted and the results of votes will be published on the Company's website as provided by law.

#### **Article 29.- Minutes of the General Meeting and Certifications**

1. The minutes of the General Meeting may be approved by the General Meeting itself after it has been held, and signed by the Chairman and Secretary and, failing this, within a period of fifteen (15) days, by the Chairman and two (2) comptrollers, one representing the majority and the other representing the minority. The minutes approved in either of these formats will be enforceable from the date on which they are approved.
2. Certificates of the minutes will be issued by the Secretary or the Vice-Secretary of the Board of Directors with the approval of the Chairman or the Vice-Chairman, as the case may be, and the resolutions will be issued in a public deed by those authorized to do so.
3. The Board of Directors may request that a notary public attend to draw up the minutes of the Meeting, and must do this whenever requested to do so by shareholders representing at least 1% of share capital, five (5) days in advance of the date scheduled for the Meeting. In both cases, the notary public's attestation will not be submitted to the approval process, it will be treated as the Meeting's minutes and the agreements contained therein can be carried out as from the date of closing.

### **SECTION II.- THE BOARD OF DIRECTORS**

#### **Article 30.- Board of Directors**

1. The Company will be managed and run by a Board of Directors that shall be the competent body for passing resolutions with regard to any matter, except for those that are reserved to the General Shareholders' Meetings by Law or by these By-laws.

The Board of Directors shall also approve and supervise the strategic and management guidelines that are provided in the interest of each and every one of the Group companies of which the Company is the dominant entity, in order to establish the basis for an adequate and efficient coordination between the Company and the other companies belonging to the Group. The governing bodies of each company shall be responsible for the ordinary, effective and day-to-day management and administrative duties related to their respective businesses or activities, pursuant to each company's corporate interest and the applicable regulations to each case.

2. The Board of Directors will be governed by the applicable legal rules and by these by-laws. The Board of Directors will develop and complete these provisions through the appropriate Board of Directors' Regulations, and will inform the General Meeting of their initial approval and any subsequent modifications thereto.

### **Article 31.- Duties of the Board of Directors**

1. Company representation in a court of law and outside court falls to the Board of Directors acting collectively and empowered to conduct and perform all duties envisaged within the scope of the corporate object, excepting those operations that according to law are reserved for the competence of the General Meeting.
2. The Board may also confer proxy powers to represent the Company on persons who are not members of said Board, by means of power of attorney, which will contain an itemized list of the powers granted.
3. Notwithstanding the broad powers and faculties that the Board of Directors holds to manage and represent the Company, the Board has the functions attributed by Law and, in particular, by way of illustration and not limitation, the following:
  - (i) Organizing, managing, governing and inspecting the performance of the Company's operations and businesses, legally representing the Company in all cases in which it is necessary or advisable.
  - (ii) Directing and ordering personnel policy and making decisions involving the execution of said policy.
  - (iii) Representing the Company before government authorities and agencies and in courts of law, of all orders, classes and levels, without exception, submitting requests, lawsuits, defenses and counterclaims, proposing exceptions and filing any necessary appeals, and empowered to settle all manner of issues whether in court or out of court.
  - (iv) Buying, selling, reclaiming, exchanging or by any other means acquiring or disposing of directly or conditionally, at a deferred, stated or installment price, all manner of real property and other assets.
  - (v) In connection with Company goods, in favor of third parties or in connection with the goods of others in favor of the Company, constituting, acknowledging, accepting, executing, transferring, dividing, modifying, terminating and cancelling in part or in full pledges, rights of use and residence, easements, liens, mortgages, antichreses, censuses, surface rights, and, in general, any in rem and personal rights.
  - (vi) Purchasing, subscribing, selling, pledging and otherwise encumbering, transferring or acquiring, for a stated or installment price and under conditions deemed appropriate, government securities, shares, bonds, securities, converting, exchanging or disbursing them, making statements and filing claims.
  - (vii) Appointing, accepting, removing and replacing management and executive positions and representatives, in each case determining the powers and scope of said power of attorney. Entering into any public or private document necessary for the discharge of these duties.
  - (viii) Representing the Company organically when the Company is a shareholder or partner in other companies, both Spanish and foreign, attending and voting at

partner or shareholder meetings, both Ordinary and Extraordinary, including general meetings, exercising all rights and meeting all obligations inherent to the role of partner. Approving or challenging Company resolutions, where necessary. Attending and voting on Boards of Directors, Committees or any other Corporate Body of which the Company is a member, approving or challenging resolutions where appropriate.

- (ix) Transferring in any gratuitous fashion to the State, Autonomous Community, Province, Municipality or public legal body belonging to them, any manner of real property and other assets, government and private assets, securities, stocks and fixed income securities. Accepting any type of pure or conditional donation, including onerous ones, of any type of asset.
- (x) Offer or contract leases for all manner of assets.
- (xi) Requesting and contracting securities on the Company's behalf from government and private banks, savings banks and other lending, financial or insurance institutions. Signing contracts for loans, credit lines and financial documents, with or without warranty of certificates or invoices for work and services rendered, and any other personal or collateral guarantee with government or private banks, savings banks and other financial credit institutions, and, in general, conducting any transactions with banking institutions and financial entities to facilitate the progress and development of the activities making up the corporate object.
- (xii) Providing guarantees on the Company's behalf, securing and giving guarantees on behalf of others, but only as required by the nature of the corporate business, and underwriting investee companies, directly or indirectly.
- (xiii) Requesting notary documents of all kinds, introducing, accepting and challenging notifications and notary requirements. Formalizing notices on clarifications, rectifications or corrections of errors.
- (xiv) Requesting all manner of permits for building, activities, facilities or inaugurations.
- (xv) Endowing attorneys and lawyers with general powers of attorney for litigation or other special powers deemed appropriate, including powers to substitute or revoke said processes when considered necessary and suitable.
- (xvi) Performing any incidental or complementary duties to those enumerated above.
- (xvii) Supervising of the effective operation of the Committees it has formed and of the actions of the delegated bodies.
- (xviii) Effective supervision of senior management and of the executives appointed.
- (xix) Its own organization and particularly the approval and modification of its own Regulations.

- (xx) Preparation of the annual accounts and their presentation to the General Meeting.
- (xxi) Preparation of any type of report required by Law from the Board of Directors if the operation referred to in the report cannot be delegated.
- (xxii) The appointment and separation of the Director or executive Director of the Company, as well as establishing their contract conditions.
- (xxiii) The appointment and separation of the Directors that directly dependant on the Board of Directors or any of its members, as well as establishing the basic conditions for their contracts, including the remuneration.
- (xxiv) The decisions related to the remuneration of the Directors, within the framework of the By-laws and of the remuneration policy approved by the General Meeting.
- (xxv) The authorization or exemption of the obligations derived from the due loyalty of the Directors according to that established in Law
- (xxvi) The call for the General Shareholders Meeting and the preparation of the agenda and proposal of agreements.
- (xxvii) The powers that the General Meeting has delegated on the Board of Directors, except if being expressly authorized by the General Meeting to sub-delegate them.
- (xxviii) The determination of the general policies and strategies of the Company and, particularly, of the risk management and control policy, including tax risks, the corporate governance policy, the policy related to its own shares, the investment and financing policy, the corporate responsibility policy and the dividends policy. Considering its duties to define strategic and management guidelines for the companies within CaixaBank's Group, as well as to supervise and monitor the implementation of such guidelines, the Board will establish systems for communicating and exchanging the necessary information, while safeguarding the scope of each company's ordinary management and administration, pursuant to their corporate interest.
- (xxix) Monitoring, control and periodical evaluation of the corporate governance system efficiency and the adoption of adequate measures to resolve, if applicable, its deficiencies
- (xxx) The responsibility of the Company administration and management, the approval and monitoring of the strategic or business plan, as well as the application of strategic and management objectives, and its risks strategy and internal governance.
- (xxxi) Guarantee the integrity of the accounting and financial information systems, including the financial and operational control and compliance with applicable legislation.

- (xxxii) Supervise the information distribution process and the communications derived from its condition as a credit entity.
- (xxxiii) Supervision of internal information and control systems
- (xxxiv) Approval, with the previous report from the Audit and Control Committee, of the financial information that, due to its condition as listed company, the Company should periodically make public.
- (xxxv) Approval of the annual budget
- (xxxvi) Definition of the structure of the Group of companies of which the Company is the dominant company.
- (xxxvii) Approval of all types of investments or operations that due to their elevated amounts or special characteristics are strategic or have special tax risk, except when their approval corresponds to the General Meeting.
- (xxxviii) Determination of the Company tax strategy, the approval, with the previous report from the Audit and Control Committee, of the incorporation or acquisition of shares of special purpose entities or those resident in countries or territories considered tax havens, as well as the approval of any other analogue transactions or operations that, due to their complexity, could undermine the Company and Group transparency.

~~(xxxix) Approval, with the previous report from the Audit and Control Committee of the operations that the Company or companies of its group perform with Directors, in terms established by Law, or when the authorization corresponds to the Board of Directors, with shareholders holding (individually or in concert with others) a significant stake, including shareholders represented in the Board of Directors of the Company or of other companies forming part of the same group or with persons related to them (Related Party Transactions). The operations that simultaneously meet the following three characteristics will be exempt from the need of this approval:~~

- ~~a. — they are performed pursuant to contracts with standardized conditions and applied in mass to a large amount of clients;~~
- ~~b. — they are performed at prices or rates, generally established by the party acting as the provider of the relevant good or service; and~~
- ~~c. — their amount does not exceed one per cent (1%) of the annual revenue of the Company.~~

(xxxix) Approval where applicable and under the terms specified by law, of the transactions carried out by the Company with parties considered to be related parties in accordance with applicable regulations.

The Board of Directors cannot delegate the powers and functions contained in sections (xvii) to (xxxix), both included, or any other powers or functions that could be considered as non delegable by the applicable regulations. Nevertheless, when duly justified urgency circumstances concur, the decisions corresponding to the subjects previously classified as non

delegable can be adopted by delegated persons or bodies, with the exception of those indicated in sections (xvii), (xviii) and from (xx) to (xxxii), both included, that cannot be delegated in any case.

The decisions that under urgent circumstances may be adopted by delegated persons or bodies in relation to any of the matters considered as non-delegable should be ratified in the first Board of Directors held after the adoption of the decision.

### **Article 32.- Composition of the Board of Directors**

1. The Board of Directors will be composed of a minimum of twelve (12) and a maximum of twenty-two (22) members whose appointment, re-election, ratification or dismissal will correspond to the General Meeting, notwithstanding the covering of vacancies by the Board of Directors by means of co-option and of the system of proportional representation that corresponds to the shareholders in the terms established in Law.
2. The General Shareholders' Meeting is responsible for establishing the number of Directors.
3. It is not necessary for Directors to be shareholders of the Company.
4. The Company Board of Directors should be formed by persons that meet the necessary suitability requirements to develop their position. Particularly, they should have recognized commercial and professional honour, have adequate knowledge and experience to perform their functions and be ready to exercise good governance of the Company, in the terms established in Law.
5. Likewise, the general composition of the Board of Directors as a body should gather sufficient knowledge, powers and experience in governing credit entities to adequately understand the Company activities, including its main risks and assure the effective capacity of the Board of Directors to take independently and anonymously decisions in benefit of the Company.

No shareholder shall be represented in the Board of Directors by a number of proprietary directors that exceeds forty percent of the total number of members of the Board of Directors, notwithstanding the proportional representation right to which the shareholders are entitled to in the terms set forth in the Law.

6. The Directors will be qualified in accordance with the regulations in force.

### **Article 33.- Term of Office**

1. Directors will remain in their posts for a term of four (4) years, and may be re-elected one or more times for periods of equal length. Directors designated by co-option will hold their posts until the date of the next General Meeting or until the legal deadline for holding the General Meeting to approve the accounts for the previous financial year has elapsed, but if the vacancy was produced after having called the General Meeting and before it, the appointment by the Board to cover the mentioned vacancy will be effective until the celebration of the next General Meeting.
2. Directors may resign from their posts, the posts may be revoked, and Directors may be re-elected one or more times for terms of equal length.

#### **Article 34.- Remuneration of Directors**

1. The position of Director shall be remunerated.
2. The remuneration shall consist of a fixed annual sum with a maximum amount determined by the General Shareholders' Meeting, and which shall remain in force until the General Meeting agrees its modification.
3. The amount established by the General Shareholders' Meeting shall be used to remunerate all the Directors in their condition as such, and shall be distributed as deemed appropriate by the Board of Directors, following the proposal of the Remuneration Committee, both in terms of remuneration to members, especially the Chairman, according to the responsibilities, duties and position of each member and to the positions they hold in the Delegated Committees, and of the other objective circumstances considered relevant –which may turn into different remuneration amounts among the Board members-.
4. Likewise, within the maximum limit determined by the General Meeting, as specified in paragraphs 2 and 3 above, Directors may be remunerated with Company shares or shares in another publicly traded Group company, options or other share-based instruments or of remunerations referenced to value of the shares. This remuneration must be approved by the General Shareholders' Meeting. The resolution will specify, if applicable, the maximum number of shares that can be assigned in each year to this remuneration system, the strike price for the options or the system for calculating the year price of the share options, and the price of the shares, if applicable, taken as reference and the term for duration of the plan.
5. Independently of the remuneration set forth above, the Directors carrying out executive duties at the Company, whatever the nature of their legal relationship, will be entitled to receive remuneration for these duties, as determined by the Board of Directors following the proposal of the Remuneration Committee, and may be either a fixed amount, a variable amount in addition to incentive schemes and benefits which may include pension plans and insurance and, where appropriate, social security payments. In addition, providing executive functions could be remunerated by means of granting shares of the Company or any other indexed Group company, granting options over the same or by other remunerations referenced to the value of the same. In the event of departure not caused by a breach of their functions, Directors may be entitled to compensation. The relationships with the Directors that have received executive functions should be established in a contract between the Director and the company regulating the mentioned relationships and specially their remunerations for all the concepts, including the insurance premiums or contribution to saving systems as well as eventual clauses for compensation for anticipated dismissal, exclusivity agreements, non post-contractual concurrence and/or permanence or loyalty, as well as the parameters for fixing the variable components. The mentioned contract should be in accordance to the remunerations policy approved by the General Meeting and should be approved by the Board of Directors with the favourable of two thirds of its members, being incorporated as an annex to the minutes.
6. In addition, the Company will contract civil responsibility insurance for its Directors.

### **Article 35.- Appointment to posts on the Board of Directors**

1. The Board of Directors will appoint from among its number, after a report from the Appointments and Sustainability Committee, a Chairman and one or more Vice-Chairmen.
2. The Chairman will represent the Company on behalf of the Board and the General Meeting, and is its highest representative for the purposes of any actions of the Company or bodies in which it holds ownership interests.
3. The Vice-Chairman will substitute the Chairman when this latter is absent, as in the case of vacancies, absence or impossibility. In the case of the appointment of –additional Vice-Chairmen, in which case the duties described will fall to the First Vice-Chairman, who will be replaced in turn, if necessary, by the Second Vice-Chairman, and so on successively, and in the absence of these, by the Coordinating Director and, in case of vacancies, leave or impossibility of the Coordinating Director, by the oldest member of the Board of Directors.
4. The Chairman, who has maximum responsibility for the efficient operation of the Board, will be responsible for providing support to the Board in the performance of its powers and for promoting the coordination with its Committees in order to guarantee the best performance of the Board's functions, and, amongst others, will carry out the following powers, notwithstanding those of the Chief Executive Officer and any powers of attorney or representations by proxy that have been established:
  - (i) Represent institutionally the Company and any entities dependent on the Company, without prejudice to the functions attributed in this area to the Board of Directors.
  - (ii) Chair and direct General Shareholders' Meetings, establishing limits on remarks for and against all proposals and also establishing their duration.
  - (iii) Call, fix the agenda and chair meetings of the Board of Directors, directing the discussions and deliberations, with the same powers as stipulated in the preceding paragraph. He may also enact any resolutions by this body, with no need for any special delegation format.
  - (iv) Ensure that the Directors receive in advance sufficient information to deliberate about the points of the agenda and stimulate the debate and active participation of the Directors during the sessions, safeguarding their free taking of position.
  - (v) He holds the casting vote in the event of a tie during meetings of the Board of Directors over which he presides.
  - (vi) Act on behalf of the Company vis-à-vis corporate bodies and other bodies in the sector, pursuant to the provisions of these By-laws.
  - (vii) Authorize the minutes, certifications and other documents concerning resolutions by the General Meeting, the Board of Directors and, where applicable, any Committees he chairs, and act on behalf of the Company to implement such resolutions vis-à-vis regulatory bodies, notwithstanding attributions to other bodies.



- (viii) Be responsible for the official signature of the Company, and thus sign on behalf of the Company, following any agreements that are necessary for legal or statutory reasons, contracts, accords or other legal instruments with public bodies and other entities.
  - (ix) Ensure compliance with current legal stipulations, the precepts of these By-laws and of the Regulations and resolutions by the collegiate bodies over which he presides.
  - (x) Official representation of the Company vis-à-vis authorities, entities and third-party Spanish or foreign bodies. He may delegate this representative function to other members of the Board, to the Chief Executive Officer, or to a member of the Company's management staff.
5. Upon receipt of the relevant report from the Appointments and Sustainability Committee and with the abstention of the executive directors, the Board of Directors shall appoint a Coordinating Director, that shall be one of the independent directors, who will have the powers attributed to such position by these By-Laws and the Regulations of the Company's Board of Directors. In any event, when the Chairman of the Board has the status of executive director, the Board of Directors shall necessarily appoint a Coordinating Director who will have the powers set forth by the Law.
  6. The Board will appoint a Secretary and may appoint a Vice-Secretary, after a report from the Appointments and Sustainability Committee, who need not be Directors. The Secretary will attend Board meetings with the right to speak but not to vote, unless he is a Director.
  7. The Vice-Secretary, if any, will replace the Secretary if the latter is not present, as may occur in cases of vacancy, leave or impossibility and, unless the Board decides otherwise, may attend meetings of the Board of Directors to assist the Secretary. The Board may also appoint more than one Vice-Secretary, in which case the duties described will fall to the First Vice-Secretary, who will be replaced in turn by the Second Vice-Secretary in the case of this latter also not being present, like in the cases of vacancy, impossibility or leave, and so on successively, and if none of these are present, like in the mentioned cases, by the youngest member of the Board of Directors.
  8. The separation of the Secretary and the Vice-secretary will likewise require a previous report from the Appointments and Sustainability Committee.
  9. Among others, the following functions, correspond to the Secretary of Board of Directors:
    - a) Call the Board, executing the decision of the Chairman.
    - b) Keep the documentation of the Board of Directors, making note in the book of minutes of the sessions and giving testimony of its contents and the adopted resolutions.
    - c) Ensuring that the actions of the Board of Directors are in line with applicable regulations and comply with the Corporate By-laws and other internal regulations.

- d) Assist the chair so that all the Directors receive the relevant information for exercising their functions with sufficient advance and in adequate format.
10. The Board of Directors, in consideration of the special relevance of its mandate, may appoint as Honorary Chairmen persons who have held the position of Chairman of the Board, and may attribute to them duties of honorific representation of the Company and for such acts as are expressly entrusted to them by the Chairman of the Board. Honorary Chairmen may exceptionally attend Board meetings when invited to do so by the Chairman and, in addition to the duties of honorific representation, will give advice to the Board and its Chairman, and will assist in maintaining the best possible relations of shareholders with the Company's governing bodies and among the shareholders themselves. The Board of Directors will make available to Honorary Chairmen such technical, material and human resources as it deems appropriate to enable them to perform their duties in the most adequate terms, and through the most appropriate formulae.

### **Article 36.- Meetings of the Board of Directors**

1. The Board of Directors will meet as often as necessary to carry out its duties effectively and, at least, eight (8) times a year, with one meeting being held at least every quarter. The Board of Directors must also meet when requested to do so by at least two (2) of its members or one of the independent Directors, in writing addressed to the Chairman indicating the agenda. In this case, the meeting of the Board of Directors will be called by the Chairman, through any written means addressed personally to each Director, to be held within fifteen (15) days following the request at the registered office. One month having elapsed after the date of receipt of the request without the Chairman having issued a call of the Board of Directors, without need of a justifying cause, and provided that the request is supported by at least one third of the members of the Board of Directors, a meeting of the Board may be called by the Directors who requested it if they constitute at least one third of the members of the Board.
2. Meetings will be called by letter, fax, telegram, e-mail, or any other means allowing acknowledgment of receipt, and will be authorized by the signature of the Chairman, or that of the Secretary or Vice-Secretary by order of the Chairman. Notice will be sent with prior notice of at least forty-eight (48) hours, unless an emergency situation exists and is accepted by the Board when it meets.
3. Notwithstanding the foregoing, the meeting of the Board of Directors will be considered to be validly held without any need for a call if all its members, present or represented by proxy, unanimously agree to the meeting and to the items to be discussed on the agenda.
4. Meetings will normally take place at the Company's registered office, but may also be held at another location determined by the Chairman, who may authorize Board meetings to be held with simultaneous attendance at various locations connected by audiovisual or telephonic means, provided the recognition of those attending and real-time interactivity and intercommunication, and thus unity of action, can be guaranteed. In the case one or more of the Directors were in the registered offices, the meeting will be deemed held in the registered offices. If that were not the case, the meeting will be deemed held where the chairing Director is located.

5. The Board of Directors may also adopt its resolutions in writing without actually holding a meeting, if no Directors object to this procedure, pursuant to the legislation in force.

#### **Article 37.- Procedures for Meetings**

1. There will be a valid quorum at Board meetings when the majority of its members attend in person or represented by another Director.
2. The Directors should attend the meetings that are called in person. Notwithstanding the above, the Directors can grant their proxy in another Director. The non-executive Directors can only grant their proxy to another non-executive Director, although the independent directors, are only entitled to grant their proxy in favour of another independent director.
3. The Chairman will manage the debates, give the floor to speakers, and direct the votes.
4. Resolutions will be adopted by an absolute majority of the Directors attending the meeting in person or represented by proxy, except in cases where the law or these by-laws stipulate qualified majorities. ~~In any event, when a shareholder is represented on the Board by more than one proprietary director, proprietary directors representing such shareholder shall abstain from participating in the deliberation and voting of the agreements for the appointment of independent directors by co-option and with regard to the appointment proposals of independent directors made to the General Shareholders Meeting.~~

#### **Article 38.- Minutes of Board Meetings and Certificates**

1. The Board's discussions and resolutions will be recorded in the minutes and written or copied into a minutes book, and will be signed by the Chairman or the Vice-Chairman, as the case may be, and by the Secretary or Vice-Secretary.
2. The minutes will be approved by the Board of Directors at the end of the meeting or immediately afterwards, unless the immediate nature of the meetings does not permit this, in which case they will be approved at a subsequent meeting. The minutes may also be approved by the Chairman, the Secretary and two (2) Directors attending the Board meeting to which the minutes refer, who are designated by the Board itself at each meeting.
3. In order to facilitate the implementation of resolutions and, as the case may be, their recording in a public deed, the minutes may be partially approved, and each of the approved sections may contain one or more resolutions.
4. Certificates of the minutes will be issued by the Secretary of the Board of Directors, or by the Vice-Secretary with the approval of the Chairman or the Vice-Chairman, as the case may be.

### **SECTION III.- DELEGATION OF POWERS, BOARD COMMITTEES**

#### **Article 39.- Delegation of Powers**

1. The Board of Directors may appoint, from among its number, an Executive Committee and one or more Chief Executive Officers, determining the persons who should hold

such posts and how they should act. It may delegate to them all its powers that are not non-delegable in Law, in that foreseen in these By-laws and in the Board Regulations.

2. The permanent delegation of any power by the Board of Directors in any of its Directors, or in the Executive Committee, and the designation of the Directors that have to occupy such positions, will require the favourable vote of two thirds of the members of the Board.
3. The Executive Committee will be governed pursuant to the law, these By-laws and the Regulations of the Company's Board of Directors, and quorum will be valid when the majority of its members are in attendance, either in person or represented by proxy.

The resolutions passed by this Committee will be adopted by a majority of the members in attendance, either in person or represented by proxy.

4. Notwithstanding the mentioned delegations, the Board of Directors may also appoint and revoke representatives or attorneys-in-fact.

**Article 40.- Audit and Control Committee, Risk Committee, Appointments and Sustainability Committee and Remuneration Committee**

1. In all cases, the Board of Directors will designate from within its members an Audit and Control Committee, a Risk Committee, an Appointments and Sustainability Committee and a Remuneration Committee, and can create other Committees formed by Directors with the functions they consider opportune.
2. The previously mentioned Committees will be governed by that established in Law, in these By-laws and in the Company Board of Directors Regulations.
3. The Audit and Control Committee:
  - a) The Board of Directors will create from among its members an Audit and Control Committee composed of a minimum of three (3) and a maximum of seven (7) members that must be non-executive Directors. The majority of the members of the Audit and Control Committee will be independent Directors, and one (1) of them will be appointed on the basis of knowledge and experience of accounting or auditing, or both. The members of the Audit and Control Committee as a whole must have the relevant technical knowledge with regard to the entity's business. In any case, they shall be appointed by the Board of Directors.
  - b) The Chairman of the Audit and Control Committee shall be appointed by the Committee itself from among the independent Directors forming part of the same and must be replaced every four (4) years. He/she may be reappointed once one (1) year has elapsed from the time he/she ceased to be Chairman.
  - c) The number of members, the responsibilities and the operating rules of this Committee will be included in the Board of Directors' Regulations, and must encourage its independent operation.
  - d) Notwithstanding the other functions attributed in Law, these By-laws, the Board Regulation or others that could be assigned by the Board of Directors, the Audit and Control Committee will have, at least, the following basic functions:

- (i) Informing the General Meeting concerning the issues raised in relation to those matters of its responsibility and, in particular, about the audit results, explaining the audit's contribution to the integrity of the financial reporting and the role undertaken by the Committee in this process.
- (ii) Overseeing the effectiveness of the Company's internal control environment, internal audit and risk management systems, and discussing with the auditor of accounts any significant weaknesses in the internal control system identified during the course of the audit, all without jeopardising its independence. For such purposes, where the case may be, they may submit recommendations or proposals to the Board of Directors and the corresponding follow-up periods.
- (iii) Overseeing the process for preparing and submitting regular prescriptive financial information and submitting recommendations or proposals to the Board of Directors with the purpose of safeguarding its integrity.
- (iv) Making proposals to the Board of Directors concerning the selection, appointment re-election and replacement of the accounts auditor, being responsible for the selection process in accordance with legislation applicable to the Company, as well as the contracting conditions and regularly recompile from him/her information about the auditing plan and its progress, as well as maintaining independence while exercising his/her functions.
- (v) Establishing appropriate relationships with the external auditor in order to receive information, for examination by the Audit and Control Committee, on matters which may threaten their independence and any other matters relating to the audit process and, where the case may be, the authorisation of any services other than those that are prohibited, under the terms set forth in the applicable regulations in relation to their independence, and any other communications provided for in audit legislation and audit regulations.

In any event, on an annual basis the Committee must receive from the external auditors the declaration of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to detailed, personalised information on additional services of any kind rendered and the corresponding fees perceived from these entities by the external auditor or persons or entities related to it as stipulated by the regulations governing auditing activity.

- (vi) Issuing annually, prior to the audit report, a report containing an opinion regarding whether the independence of the auditor has been compromised. This report must contain in all cases the reasoned evaluation of providing each and all of the additional services referred to in the preceding section, individually considered and as a group, different to the legal audit and related to the independence or the regulations governing auditing activity.
- (vii) Previously, report, to the Board of Directors about any matters established in the Law, these By-laws and in the Board Regulations and particularly, about:
  - a) the financial information that the company should periodically make public.
  - b) the creation or acquisition of shares in entities with special purposes or resident in countries or territories considered as tax havens, ~~and~~

- c) and, where applicable, related-party transactions, as provided for by law.
- e) That established in sections (iv), (v) and (vi) of the previous section are understood notwithstanding the regulatory account auditing regulations.
- f) Quorum will be valid for the Audit and Control Committee when a majority of its members attend in person or are represented by proxy.

The resolutions passed by this Committee shall be passed by a majority of the members attending in person or represented by proxy.

- g) The Audit and Control Committee should prepare a report about its activity in the year that will be the base among others, as the case may be, for evaluation of the Board of Directors.

#### 4. The Risk Committee:

- a) The Board of Directors will create from among its members a Risk Committee formed by members of the Board of Directors who do not perform executive functions and that have the opportune knowledge, capability and experience to fully understand and control the risk strategy and risk propensity to risk of the Company, in the amount considered by the Board of Directors, with a minimum of three (3) and a maximum of six (6) members, the majority of whom shall be independent directors..
- b) The Chairman of the Risk Committee will be designated by the Committee itself from among the independent Directors forming part of the same.
- c) The amount of members, the powers and the operational regulations of the Committee will be developed in the Board of Directors Regulation, and should favour the independence of its operation.
- d) Notwithstanding the other function attributed in Law, these By-laws, the Board of Directors regulation or other functions that could be assigned by the Board of Directors, the Risk Committee will have the following basic functions:
  - (i) Assess the Board of Directors about the current and future global propensity to risk of the Company and its strategy in this field, reporting about the risk appetite, assisting in ensuring the application of that strategy, making sure that the Group actions are consistent with the level of tolerance of the previously decided risk and monitoring the suitability level of the assumed risks to the established profile.
  - (ii) Proposing the Group Risks Policy to the Board, which should particularly identify or establish:
    - a) the different types of risk (operational, technological, including those related to cybersecurity, financial, legal ~~and~~ and reputational, including those related to corruption, among others) which the Company faces, including the contingent liabilities and others not in the balance.
    - b) a risk control and management model based on various levels of risk, which will belong to the Risks Committee.

~~b)c)~~ the information and internal control systems that will be used to control and manage the mentioned risks.

~~e)d)~~ fixing the risk level considered acceptable by the Company; and

~~e)e)~~ the foreseen measures to mitigate the impact of the identified risks in the case that these materialized.

- (iii) Ensure that price policy of assets and liabilities offered to the clients fully takes into account the business model and risk strategy of the Company, Otherwise, the Risk Committee will present to the Board of Directors a plan for tackling it.
- (iv) Determine, together with the Board of Directors, the nature, quantity, format, and frequency of the information about risks that the Board of Directors should receive and establish that to be received by the Committee.
- (v) Regularly revise expositions with main clients, economic activity sectors, geographical areas and types of risk.
- (vi) Examine the information and risk control processes as well as the information system and indicators that should allow:
  - a) the suitability of the structure and operation of risk management in the entire Group;
  - b) knowing the risk exposition in the Group to evaluate if it adapts to the profile decided by the institution;
  - c) have sufficient information for precisely knowing about the risk exposition for taking decisions, and;
  - d) adequate operation of the policies and procedures mitigating operational risks.
- (vii) Evaluate the regulatory compliance risk in the field of application and decision, understanding how risk management of legal or regulatory sanctions, financial, material or reputational losses that the Company may sustain as a result of non-compliance of laws, regulations, ruling standards and codes of conduct, detecting any risk of non-compliance and, monitoring the same and examining possible deficiencies with deontology principles.
- (viii) Report about new products and services or of significant changes in the existing ones, in order to determine:
  - a) the risks faced by the Company with the emission of the same and their commercialization on the markets, as well as the significant changes in already existing ones;
  - b) information and internal control systems for managing and controlling these risks;
  - c) corrective measures to limit impact of the identified risks, in the case that they materialize; and

- d) adequate means and channels for their commercialization in order to minimize reputational and defective commercialization risks.
- (ix) Collaborate with the Remuneration Committee to establish rational remuneration policies and practices. To this effect, the Risk Committee will examine, notwithstanding the functions of the Remuneration Committee, if the policy for incentives foreseen in the remuneration systems take into consideration the risk, capital and liquidity and the probability and opportunity of the benefits.

The delegated Risk Committee may have access to the information about the risk situation of the Company so it can adequately carry out its functions and, if necessary, specialized external assessment, including that of the external auditors and regulatory bodies.

- e) The Risk Committee will be validly formed when the majority of its members concur in person or by representation.

The majority of the concurrent members, present or represented, will adopt the agreements taken by the mentioned Committee.

- f) The Risk Committee will prepare a report about its activity in the year that will serve as a base among others, as the case may be, for evaluation of the Board of Directors.

5. The Appointments and Sustainability Committee:

- a) The Appointments and Sustainability Committee will be exclusively formed by Directors who do not perform executive functions, in the amount determined by the Board of Directors, with a minimum of three (3) and maximum of five (5) members. The majority of the members of the Appointments and Sustainability Committee ~~will be appointed by the Board of Directors at the proposal of the Audit and Control Committee, and the majority of whom~~ shall be independent Directors.
- b) The Committee itself from among the independent Directors forming part of the same will designate the Chair of the Appointments and Sustainability Committee.
- c) The amount of members, the powers and the operational regulations of the mentioned Committee will be developed in the Board of Directors Regulation and should favour the independence of its operations.
- d) Notwithstanding the other functions attributed in Law, these By-laws, the Board Regulations, or other functions that may be assigned by the Board of Directors, the Appointments and Sustainability Committee will have the following basic responsibilities:
  - (i) Evaluate and propose to the Board of Directors the evaluation of the necessary powers, knowledge, diversity and experience of the Board of Directors members and the key personnel of the Company.
  - (ii) Propose to the Board of Directors the appointment of independent Directors for their designation by co-option or for their submission to the General



Shareholders Meeting, as well as the proposals for re-election or separation of the mentioned characters by the General Meeting.

- (iii) Report the proposals for appointment of the remaining Directors for their designation by co-option or for their submission to the decision of General Shareholders Meeting as well as the proposals for their re-election or separation by the General Shareholders Meeting.
- (iv) Report the appointment and, if applicable, dismissal of the Coordinating Director, and of the Secretary, and the Vice-secretaries of the Board, for their submission for the approval of the Board of Directors.
- (v) Evaluate the profile of the most suitable persons to form part of all the Board Committees ~~other than the Appointments Committee itself~~, according to the knowledge, aptitudes, experience of the same, and present the corresponding proposals to the Board for the appointment of the members of the Committees ~~other than the Appointments Committee itself.~~
- (vi) Report the proposals for appointment or separation of the senior management, being able to make the mentioned directly when this is for senior Directors that due to their functions either for control, either for support to the Board or its Committees, the Committees consider that it should take the mentioned initiative. Propose, if it considers opportune, basic conditions in the contracts of senior Directors, outside of the remunerative aspects, and report them when it is established.
- (vii) Examine and organize, where appropriate, under the coordination of the Coordinating Director, and in collaboration with the Chairman of the Board of Directors, the succession of the Chairman, as well as examine and organize, in collaboration with the Chairman of the Board, the first executive of the Company and, if applicable, prepare proposals to the Board of Directors so that the mentioned succession is produced in an orderly and planned manner.
- (viii) Notify the Board about the questions of diversity of gender, ensuring that the selection procedures of its members favour the diversity of experiences, knowledge, and facilitates the selections of female Directors, and establish an objective of representation of the gender less represented in the Board of Directors as well as preparing the guidelines of how that objective should be reached.
- (ix) Periodically evaluate, and at least once a year, the structure, the size, the composition and action of the Board of Directors and of its Committees, its Chair, Executive Director and Secretary, making recommendations to the same about possible changes, led by the Coordinating Director, when applicable, with regard to the evaluation of the Chairman. Evaluate the composition of Board of Directors, as well as its tables of replacements for an adequate prevision of the transactions.
- (x) Periodically evaluate, and at least once a year the suitability of the diverse members of the Board of Directors and of this latter as a group, and consequently notify the Board of Directors,

- (xi) Periodically revise the Board of Directors policies regarding the selection and appointment of senior management members and make recommendations.
- (xii) Consider the suggestions it receives from the Chair, the members of the Board, the Directors or shareholders of the Company.
- (xiii) Supervise and control the good performance of the corporate governance system of the Company, making, if applicable, any proposals it considers necessary.
- (xiv) Supervise the independency of the independent Directors,
- (xv) Propose to the Board of Directors the Annual Corporate Governance Report.

(xvi) Supervise the action of the Company related to sustainability and submit the sustainability/corporate ~~social~~-responsibility policies to the Board for approval.

~~(xvi)~~(xvii) Supervise and review the non-financial information included in the annual management report, the socio-economic impact report and the socially responsible banking master plan to ensure the integrity of its content and compliance with applicable regulations and international benchmarks and present to the Board the proposals it considers opportune in this matter.

~~(xvii)~~(xviii) Evaluate the balance of knowledge, powers, capabilities, diversity and experience of the Board of Directors and define the necessary functions and aptitudes to cover each vacancy, evaluating the specific time and dedication needed to develop the position efficiently.

The Appointments and Sustainability Committee can use the resources it considers appropriate to develop its functions, including external assessment, and can have adequate funds for this.

e) The Appointments and Sustainability Committee will be validly formed when the majority are concurrent in person or by representation.

The agreements taken by the mentioned Committee will be adopted by the majority of the concurrent members, present or represented.

f) The Appointments and Sustainability Committee will prepare a report about its activity during the year that will serve as a base among others, as the case may be, for evaluation of the Board of Directors.

#### 6. The Remuneration Committee:

a) The Remuneration Committee will be exclusively formed by Directors not performing executive functions, in the amount determined by the Board of Directors, with a minimum of three (3) and a maximum of five (5) members. The majority of the members of the Remuneration Committee shall be independent directors.

b) The Committee itself from among the independent Directors forming the same will designate the Chair of the Remuneration Committee.

- c) The amount of members, the powers and the operational regulations of the mentioned Committee will be developed in the Board of Directors Regulations, and should favour the independence of its operations.
- d) Notwithstanding the other functions attributed in Law, these By-laws, the Board of Direction Regulation, or others that may be assigned by the Board of Directors, the Remuneration Committee will have the following basic responsibilities:
  - (i) Prepare the decisions related to the remunerations and, particularly, report and propose to the Board of Directors the remunerations policy, the system and amounts of the yearly remunerations of the Directors and Senior Directors as well as the individual remuneration of the executive Directors and Senior Directors, and the other conditions of their contracts, especially of economic type and notwithstanding the powers of the Appointments and Sustainability Committee in that referring to the conditions that this latter had proposed and outside of the remuneration aspect, understanding as Senior Directors for the effects of these By-laws, the general Directors or whoever develop senior management functions under direct dependency of the Board, of Executive Committees or of the Executive Director and, in all cases, the internal auditor of the Company.
  - (ii) Ensure by observance of the remunerations policy of Directors and Senior Directors as well as reporting about the basic conditions established in the contracts subscribed with these,
  - (iii) Report and prepare the general remunerations policy of the Company and especially the policies referring to the categories of personnel whose professional activities significantly affect the Company risk profile, and to those who have the objective of avoiding or managing conflictive interests with Company clients.
  - (iv) Analyze, prepare and revise the remuneration programmes weighing-up their adaptation and their performance and ensuring they are observed.
  - (v) Propose to the Board the approval of the reports or remuneration policies that this latter has to submit to the General Shareholders Meeting as well as reporting to the Board about the proposals related to remuneration that if applicable this latter will propose to the General Meeting.
  - (vi) Consider the suggestions it receives from the Chair, the members of the Board, the Directors or the Company shareholders.
- e) The Remuneration Committee will be validly formed when the majority of its members concur in person or by representation.

The agreements taken by the mentioned Committee will be adopted by the majority of the concurrent members, present or represented.
- f) The Remuneration Committee will prepare a report about its activity during the year that will serve as a base among others, as the case may be, for evaluation of the Board of Directors.

## TITLE VI.- BALANCE SHEETS

#### **Article 41.- The Company's Financial Year**

The Company's financial year will be the same as the calendar year, and will therefore commence on January 1 and end on December 31 each year.

#### **Article 42.- Accounting documents**

1. The Company must keep orderly accounts appropriate to its business which permit chronological monitoring of transactions and the preparation of inventories and balance sheets.
2. The accounting books will be legally stamped by the Companies Registry for the location of the registered offices.

#### **Article 43.- Annual Accounts**

1. Within a maximum period of three (3) months from the end of the financial year, the Board of Directors must draw up the Annual Accounts, the Management Report and the proposal for allocation of results, and also the Consolidated Annual Accounts and Management report, when applicable.
2. The Annual Accounts will include all the documents stipulated by legislation in force. These documents, which form a unit, must be drawn up clearly and show a true and fair view of the Company's net equity, financial situation and results in accordance with legal provisions. The Annual Accounts and Management Report must be signed by all the Company's Directors. If the signature of any of them was missing, this will be indicated on the documents where it is missing, with express indication of the cause.
3. Once the General Meeting has been called, any shareholder may immediately obtain from the Company free of charge the documents that are to be submitted for its approval, in addition to the auditors' report.

#### **Article 44.- Management Report**

The Management Report shall contain the statements and content required by prevailing legislation.

#### **Article 45.- Auditors**

1. The Annual Accounts and the Management Report must be reviewed by the Auditors. Auditors will have at least one month to issue their report from the date on which the Board of Directors delivers the accounts to them.
2. The persons performing the audit of the Annual Accounts will be appointed by the General Meeting before the end of the year to be audited, for a specific term, which may not be less than three years or exceed nine years, from the date of commencement of the first year under audit. This is notwithstanding their reappointment under the terms provided for in law.
3. The General Meeting may appoint one or several individuals or legal entities which will act jointly. When the chosen parties are individuals, the General Meeting will appoint an equivalent number of substitutes for the auditors.

4. The General Meeting may not dismiss the auditors until the period for which they were appointed ends, unless it finds just cause.

#### **Article 46.- Approval of the Annual Accounts**

1. The Annual Accounts will be submitted to the General Shareholders' Meeting for approval.
2. When the Annual Accounts have been approved, the General Meeting will decide the allocation of results for the financial year.
3. Dividends may only be paid out against profit for the financial year or freely available reserves, if the requirements laid down in law and in the By-laws have been met and the net book value of equity is not, or as the consequence of payment of the dividends is not, lower than the share capital. If losses were made in previous years which made the Company's net equity worth less than the share capital, the profit will be used to offset the losses.
4. If the General Meeting agrees to distribute dividends, it will determine the time and method of payment. Determination of these issues may be delegated to the Board of Directors, as may any other issues that may be necessary or appropriate in order to carry out the resolution.

The General Meeting may resolve to issue a dividend partially or wholly paid in kind, provided the securities to be distributed as dividends:

- (i) are like-for-like securities; and
- (ii) are admitted for trading on an officially recognized market, at the time the resolution takes effect.

Dividend payments made other than in cash or equity instruments must comply with the terms and conditions set down in applicable legislation and must have the prior authorisation of the competent authority

5. The Board of Directors may agree to pay out sums on account of dividends, with the limitations of and in accordance with the requirements laid down in law.

#### **Article 47.- Filing the Annual Accounts**

In the month following approval of the Annual Accounts, they will be filed along with the other documentation required by law and with the appropriate certification demonstrating such approval and allocation of profits, so that they may be filed with the Commercial Registry, all in the manner determined by law.

### **TITLE VII.- DISSOLUTION AND LIQUIDATION**

#### **Article 48.- Grounds for dissolution**

The Company will be dissolved:

- (a) following a resolution by the General Shareholders' Meeting called expressly for this purpose, adopted in accordance with these by-laws; and

(b) in any of the other cases stipulated in law.

#### **Article 49.- Liquidation**

1. The same General Meeting that agrees to dissolve the Company will determine the terms of liquidation, which must be conducted by the liquidators appointed for this purpose by the General Meeting.
2. From the date on which the Company declares itself in liquidation, the Board of Directors will lose its powers of representation to draw up new contracts or undertake new obligations, and the liquidators shall assume the duties contemplated by law.
3. The procedures for liquidation, division of assets and registry de-listing will follow applicable law and implementing regulations.

### **TITLE VIII.- DISQUALIFICATIONS**

#### **Article 50.- Prohibitions and Disqualifications**

Persons that are disqualified within the scope and under the conditions of legislation in force at any time may not occupy positions in the Company or carry out their functions, as the case may be.

#### **FINAL PROVISION**

No more than half of the executive directors should be appointed from amongst the proprietary directors representing a same shareholder, neither amongst directors who are current or past members of the governing bodies or senior management of a shareholder holding, or having held, control of the Company, unless three (3) or five (5) years, respectively, have elapsed since the termination of such relationship.



**REPORT OF THE BOARD OF DIRECTORS OF CAIXABANK, S.A.  
ON THE PROPOSED AMENDMENT OF THE REGULATIONS OF  
THE ANNUAL GENERAL MEETING OF CAIXABANK, S.A.**

**Board of Directors - 30 March 2021**

## 1. PURPOSE OF THE REPORT

This report has been prepared by the Board of Directors of CaixaBank, S.A. ("**CaixaBank**" or the "**Company**") in compliance with the provisions of article 512 of Royal Legislative Decree 1/2010, of 2 July, approving the restated text of the Corporate Enterprises Act ("**Corporate Enterprises Act**"), which requires that the proposal to approve, and hence, amend the Regulations of the Meeting be submitted for the approval of the Company's Annual General Meeting, to be held on 13 May 2021, at first call, and the following day, 14 May 2021, at second call, under item 10 of the agenda.

## 2. JUSTIFICATION FOR THE AMENDMENT

In coordination with the proposal to include a new article 22 bis in CaixaBank's by-laws to allow, when permitted under applicable regulations, general meetings to be held with shareholders' attending solely through telematic means, in other words, shareholders and proxy holders would not need to physically attend the meeting, a proposal has been made to include a new section 3 in the additional provision of the Regulations of the Annual General Meeting ("*Attendance at the Annual General Meeting via remote connection in real time*").

The crisis triggered by the COVID-19 pandemic has resulted in the unprecedented use of remote electronic means of communication in the organisation and functioning of corporate enterprises, particularly listed companies. The extraordinary regulations issued to deal with the economic and social impact caused by this situation include measures to make it easier to hold meetings of companies' governance bodies (board of directors and general meeting) using remote means of communication. The measures also provide for the possibility of holding general meetings exclusively through telematic means, without the physical presence of shareholders or proxy holders, within the framework of encouraging shareholder engagement in corporate life in accordance with the provisions of the Good Governance Code.

Based on the experience gained in the use of these measures during the state of alarm, pursuant to the draft law for the reform of the Corporate Enterprises Act to include in Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement of shareholders, which is currently being debated by parliament, authorisation has been granted so that, as a general rule and no longer linked to the aforementioned extraordinary circumstances, general meetings may be held exclusively using telematic means, without prejudice to ensuring that shareholders and proxy holders are able to exercise their rights in full. Thus, the Committee Report, approved on 2 March by the Committee on Economic Affairs and Digital Transformation of the Spanish Congress, contains an amendment for the inclusion of a new article 182 bis in the Corporate Enterprises Act, with this provision. This is a possibility that has already been incorporated in other legal systems and it is also expected to be included in Spanish law.



Thus, the inclusion in the by-laws of the possibility of holding general meetings attended by shareholders and proxy holders exclusively using telematic means may be useful in certain situations that make it advisable to organise and hold general meetings through such channels, without detriment to any shareholders' or proxy holders' rights, which may be exercised under the same conditions that would apply if the general meeting were to be held with the physical attendance of the shareholders or proxy holders.

In this regard, the Board of Directors places the highest importance on the physical attendance of shareholders and their representatives at the general meeting as an ordinary channel for the exercise of their rights, along with the possibility of exercising these rights using remote means of communication prior to the date scheduled for the meeting and, in turn, through telematic channels during the meeting. However, as the Law authorises listed companies to hold general meetings exclusively through telematic means, it is appropriate to include this possibility in the by-laws as another alternative, in order to reflect all the options permitted by law so that general meetings may be called in the manner best suited to the circumstances at all times.

Therefore, a proposal has been submitted at the Annual General Meeting to include a new section 3 in the additional provision of the Regulations of the Annual General Meeting ("*Attendance at the Annual General Meeting via remote connection in real time*"), renumbering the current section 3 which becomes section 4, and the additional provision shall be worded as follows:

**ADDITIONAL PROVISION**

**TELEMATIC ATTENDANCE AT THE GENERAL MEETING**

**VIA REMOTE CONNECTION IN REAL TIME**

1. *Shareholders and representatives of shareholders who are entitled to attend the General Meeting may do so via any telematic technology that enables them to connect remotely and in real time to the venue where the General Meeting is being held. In any case, the means of connection employed must guarantee the identity of those attending via remote connection, while allowing them to exercise their rights and interact in real time. In general, these systems must not disrupt the normal and smooth course of the meeting.*
2. *Attendance at the General Meeting by remote connection in real time shall be subject to the following rules, which shall be developed and expanded by the Board of Directors and posted on the Company's website:*
  - (a) *The meeting announcement shall detail the cut-off time prior to the start of the meeting by which shareholders wishing to attend the meeting must have registered in order to be considered as a shareholder in attendance. Any shareholder who registers after the established cut-off time will not be counted as present.*
  - (b) *Any shareholder or proxy who wishes to attend the General Meeting telematically must identify himself or herself by means of digital signature or similar type of identification that reliably guarantees his or her identity, under the terms established by the Board of Directors.*

- (c) *During the General Meeting the right to obtain information must be exercised through electronic means of remote communication, following the procedure determined by the Board of Directors.*

*The Board of Directors shall determine when and how shareholders who are to attend by telematic connection may send the Company any addresses, remarks or motions they may wish to make or raise at the meeting, thus ensuring that those attending remotely may exercise their rights while also ensuring the orderly and smooth course of the General Meeting.*

*Unless any of the circumstances warranting denial exist in accordance with the law, the By-laws or these Regulations, requests for information or clarification made by remote attendees while the General Meeting is in progress shall be answered during the meeting itself where possible. If not possible, the requested information shall be provided in writing to the interested shareholder within seven (7) days following the end of the General Meeting.*

3. ***The provisions mentioned above, when they comply with the law, shall also be applicable in cases in which, pursuant to Article 22 bis of the By-laws and prevailing regulations, the notice of the meeting call specifies that the General Meeting shall be held exclusively using remote means and, therefore, that no shareholders or their proxies shall attend in person, nor any members of the Board of Directors, where applicable. In any case, the meeting call notice must inform of the rules that apply in this respect.***

3. 4. *In any case, the Company accepts no liability for any damage or loss caused to the shareholder or proxy in the event that its website is temporarily down or suffers an outage, including faults, overloads, connection failures or other similar events beyond the Company's control. This is without prejudice to the adoption of pertinent measures in response to any such situation, possibly including the temporary suspension or extension of the General Meeting should this prove necessary to ensure that shareholders and their proxies are fully able to exercise their rights."*

It is hereby stated that this amendment to the Regulations of the Annual General Meeting shall enter into force at the same as time as the entry into force of the new article 22 bis ("*Remote-only Annual General Meeting*") of the Company by-laws, the approval of which has been submitted to the Annual General Meeting under item 9 on the agenda. The proposed inclusion of this article in the by-laws is subject to the rules of authorisation provided for in article 10 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions and will only be applicable when the regulations that provide for this possibility enter into force and the conditions or requirements set forth in the regulations have been met.

\*\*\*



**REPORT ON THE PROPOSED RESOLUTION TO DELEGATE TO THE BOARD OF DIRECTORS THE POWER TO ISSUE CONVERTIBLE OR CONTINGENTLY CONVERTIBLE SECURITIES INTO SHARES OF CAIXABANK, S.A. FOR THE PURPOSE OF OR THAT MEET THE REQUIREMENTS FOR THEIR ELIGIBILITY AS ADDITIONAL TIER 1 REGULATORY CAPITAL INSTRUMENTS ("CoCos"), THE POWER TO INCREASE THE SHARE CAPITAL BY THE REQUIRED AMOUNT AND, WHERE APPLICABLE, TO REMOVE PRE-EMPTIVE SUBSCRIPTION RIGHTS**

**Board of Directors – 30 March 2021**

The Board of Directors of CaixaBank, S.A. (the "**Company**" or "**CaixaBank**"), in accordance with the provisions of article 511 of Royal Legislative Decree 1/2010, of 2 July, which approves the restated text of the Corporate Enterprises Act (the "**Corporate Enterprises Act**"), issues this report to justify the resolution proposed under item 11 of the agenda of the Ordinary Annual General Meeting to be held on 13 May 2021, at first call, or 14 May 2021, at second call, relating to the delegation to the Board of Directors of the power to issue, on one or more occasions, at any time during the maximum of a three-year period, securities that are convertible or contingently convertible into newly issued CaixaBank shares, and financial instruments of a similar nature, for the purpose of or to meet the regulatory requirements for their eligibility as additional Tier 1 regulatory capital instruments ("**CoCos**"), for a maximum total amount of three thousand five hundred (3,500) million euros (or the equivalent in other currencies), in addition to the power to establish the bases and terms of conversion, the possibility of increasing share capital by the required amount and removing the pre-emptive subscription rights of the Company's shareholders in case the corporate interest so justifies.

For clarification purposes, it is stated that the issuance of fixed income securities exchangeable exclusively (in other words not additionally or alternatively convertible into newly issued Company shares) for existing shares of the Company or other companies in which CaixaBank may or may not hold a stake, or which are merely settled net, are not included in the scope of this proposed delegation of powers and shall be governed instead by the applicable regulations and the Company's by-laws.

The dynamics of any company and, especially, of large listed companies, requires that their governance and management bodies have the most suitable instruments to provide an agile response to the Company's needs at any time, given the market conditions. For this purpose, it is considered necessary that the Bank's Board of Directors, in view of the current regulatory situation and of the financial markets, has the greatest flexibility to raise funds through the issuance of securities or convertible instruments that comply with the eligibility requirements for additional Tier 1 capital instruments in accordance with solvency regulations, currently provided for in Regulation (EU) No 575/2013 of the European Parliament and of the Council, of 26 June 2013, on the prudential requirements of credit institutions and investment firms ("**Regulation (EU) 575/2013**").

Convertible securities that meet certain requirements make it possible to optimise the capital structure in order to meet capital and solvency requirements or, with a solid capital position and comfortably meeting the capital ratios required in accordance with the current regulations, allow capital to be increased at a lower cost. Therefore, it is considered appropriate that the Board of Directors be empowered to issue securities that will allow the Company to maintain and, where appropriate, increase its eligible capital ratios, in a flexible and agile manner, in accordance with the regulations that are in force from time to time. Likewise, the issuance of convertible instruments may also be an efficient way to raise funds in terms of cost or the issuance of new capital.

The Board of Directors understands that the proposed resolution submitted to the Annual General Meeting of the Company is motivated by the opportunity to provide the Board with the room to manoeuvre and response capacity by means of a delegation of powers permitted under current regulations, by virtue of which, without the need to previously call and hold a General Meeting (with the delays and costs that this would inevitably entail), it will be able to agree, within the limits and in

the time period, and subject to the terms and conditions established by the General Meeting, upon the issuances of securities convertible or contingently convertible into newly issued CaixaBank shares, for the purpose of or that meet the requirements for eligibility as additional level 1 regulatory capital instruments ("CoCos") and financial instruments of a similar nature, in line with the corporate interest.

The proposed resolution sets at three thousand five hundred (3,500) million euros (or its equivalent in other currencies) the maximum issuance amount for which authorisation is requested. The Board of Directors considers that this amount is of sufficient size to enable the necessary funds to be raised in the capital markets to implement the financing policy of the Company and its Group and, where appropriate, to increase the eligible capital ratios in accordance with capital and solvency regulations.

The proposed resolution also establishes the criteria for establishing the bases and terms of conversion, although it empowers the Board of Directors, in the event that it agrees to make use of the powers conferred by the General Meeting, to specify these parameters for each issuance, within the limits and in accordance with the criteria established by the General Meeting. Thus, the Board of Directors will establish the specific conversion ratio. Further, in accordance with the circumstances and terms set down in the Corporate Enterprises Act, the Board of Directors, on approving a securities issuance under this delegation of power, will ratify a report detailing the specific bases and terms of conversion applicable to the issuance which, where appropriate, will be supplemented by the corresponding report from an accounts auditor other than the Company's auditor.

The proposed resolution that is submitted by the Board for approval by the Annual General Meeting provides that, for the purposes of conversion, fixed income securities will be valued at their nominal amount, and shares at the exchange rate established by the Board of Directors in the resolution it passes on the basis of this delegation of powers, or the rate established on the date or dates close to the issuance as indicated in the Board resolution, with or without a discount or premium. It may also be resolved to issue convertible fixed income securities with a variable conversion ratio (which may include maximum and/or minimum limits on the conversion price). In such case, the price of the shares for the purposes of the conversion and/or exchange will be determined by the Board of Directors, which may apply a premium or discount on the share price in accordance with established criteria. Thus, the Board considers that it has been granted sufficient flexibility to set the price of the shares for conversion purposes based on market conditions and other applicable considerations.

The proposed resolution to delegate powers to the Board of Directors also includes the power to resolve on the capital increase required to meet the conversion requests, subject to any limits in force and available amounts from time to time. Consequently, this power may only be exercised provided that such a capital increase under delegated powers, in addition to any other capital increases that the Board of Directors may have agreed upon under the authorisation granted by the General Meeting, is no higher than half of the amount of the share capital, as established in article 297.1.b) of the Corporate Enterprises Act. In this regard, the amount of capital increases that, where appropriate, are approved in order to carry out the conversion of securities or instruments issued under the delegation of powers described in this report, will be considered to fall within the limits available at any given time. In accordance with regulations currently in force and the authorisation granted by the Annual General Meeting in May 2020, the capital increases approved by the Board of Directors to be carried

out under the delegation of powers referred to in this report to cover the conversion of these types of securities shall be subject to a limit of 50% of the share capital.

The Board of Directors, pursuant to the provisions of the Corporate Enterprises Act, is also empowered to remove, all or part of shareholders' pre-emptive subscription rights, if required to raise funds on Spanish and international markets or for any other reason deemed to be in the corporate interest. The Board of Directors considers that the possibility of removing pre-emptive subscription rights is justified, as long as it is in the corporate interest, due to the flexibility and agility with which it is necessary to act in the current financial markets to be able to take advantage of the moments when market conditions are more favourable. This justification is especially relevant when the acquisition of financial resources is to be carried out on international markets, in which the large amount of funds traded and the agility and speed with which they move, can give rise to high volumes of funds under more favourable conditions using *bookbuilding* techniques. The Board considers that the removal of pre-emptive subscription rights could lead to relatively lower financial and transaction costs (especially the fees and commissions of the financial entities participating in the issue) compared to an issue with pre-emptive rights, and at the same time would have a lower distortion effect on the trading of the Company's shares during the issuance period. Additionally, it is stated that, given the nature of the securities issued, all the issuances of convertible securities carried out in recent years under the powers conferred by the Annual General Meeting have been aimed at institutional or professional investors, as these securities are not suitable for retail investors, a point which also justifies the removal of pre-emptive rights.

If the Board decides to remove shareholders' pre-emptive subscription rights in relation to any or all issuances it makes under this delegation of powers, upon resolving on the issuance it may draw up a specific report in the cases and in the terms and conditions required by the applicable regulations, which may, in turn, require a further report to be issued by an independent expert, pursuant to the Corporate Enterprises Act. These reports must be made available to shareholders in the terms provided for by law.

Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment companies, and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, and Spanish Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment services companies, anticipate the need for credit entities to provide, in certain proportions, different instruments in the composition of their regulatory capital so that they can be considered suitably capitalised. In this regard, there are different capital categories that must be covered by specific instruments. Although the Company's capital situation is currently adequate, it was deemed necessary to pass an resolution that allows the issuance of instruments that may be convertible in certain cases.

To the extent that the issuance of these instruments implies the need to have authorised capital that, at the time of its issuance, covers a potential conversion and in order to provide the company with greater flexibility, it was deemed appropriate that the capital increases that the Board approves to be carried out under the delegation of powers referred to in this report in order to cover the conversion



of these types of securities, for the issuance of which pre-emptive subscription rights have been removed, be subject to the maximum limit of 50% of capital, pursuant to the authorisation granted by the Annual General Meeting of 22 May 2020.

The Draft Law to reform the Corporate Enterprises Act to incorporate into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, currently being debated by parliament, expressly establishes that in the case of issuances of convertible securities without pre-emptive subscription rights, the maximum number of shares that may be issued for the exchange, added to the number of the shares that would have been issued under the delegation of powers to the Board of Directors to increase capital, may not exceed 20% of the number of shares making up the share capital at the time of approval. However, the draft law also provides that the 20% limit will not apply to issuances of convertible bonds made by credit institutions, provided that these meet the requirements set forth in Regulation (EU) 575/2013 on the prudential requirements of credit institutions and investment firms so that the convertible bonds issued can be considered additional Tier 1 capital instruments of the issuing credit institution. Therefore, when the new rule enters into force, the general limit of 50% will continue to apply for capital increases that are approved to cover the potential conversion of the securities issued under the delegation of powers referred to in this report, excluding pre-emptive subscription rights.

Lastly, the implementation of the necessary resolutions is proposed to ensure that the securities issued by virtue of this delegation of powers are admitted to trading on any official or unofficial, Spanish or foreign secondary market (organised or otherwise).

In conclusion, the resolution submitted to the General Meeting provides the Board of Directors with room for manoeuvre and response capacity, and is justified by the flexibility and agility with which it is necessary to act in the current financial markets in order to be able to take advantage of moments when market conditions are more favourable. In addition, although the Company's capital situation is currently adequate, the resolution submitted to the Annual General Meeting allows the capital structure to be optimised and increased to comply with the regulatory solvency and prudential capital requirements of current and future credit institutions.

\* \* \*



**REASONED PROPOSAL ON THE AMENDMENT OF THE  
REMUNERATION POLICY FOR THE BOARD OF DIRECTORS  
(ARTICLE 529 *NOVODECIAS* OF THE SPANISH CAPITAL  
ENTERPRISES ACT)**

**Board of Directors- 30 march 2021**



Article 529 *novodecies* of the current Corporate Enterprises Act<sup>1</sup> imposes the obligation on listed companies to have their Board of Directors draw up a remuneration policy (the “Remuneration Policy”) and lay it before shareholders at the Annual General Meeting for approval.

In relation to the members of the Board of Directors acting in their capacity as such (i.e. without taking into account remuneration for executive duties discharged by executive directors), the Remuneration Policy must establish their remuneration within the system provided for in the By-laws and must necessarily state the maximum amount of annual remuneration payable to all Board members for their status as such.

With regard to Directors performing executive functions (executive directors), the Remuneration Policy must also contemplate the amount of fixed annual remuneration and its variation in the period referred to in the policy, the different parameters for establishing the variable components and the main terms and conditions of their contracts, particularly including the duration, indemnity payments for early termination or termination of the contractual relationship and any exclusivity, post-contractual non-competition and minimum contract commitment or loyalty agreements.

Any remuneration received by the Directors for occupying or terminating their posts and for performing executive functions must be in accordance with the current Remuneration Policy at each given time, except in the case of remunerations expressly approved by the General Meeting.

The Remuneration Policy must be in accordance with the system established by the Company bylaws and must be approved by the General Meeting at least every three years, as a separate item on the agenda. After its approval, the Remuneration Policy will remain in force for the three financial years following the year in which it was approved by the General Meeting, and any amendment thereof during this period will require a new prior approval of the General Meeting again and must be reasoned and accompanied by a specific report drawn up by the Remuneration Committee. Both documents must be made available to the shareholders on the company website from the date on which the General Meeting is called; the shareholders may also request that they be delivered or sent to them free of charge, and this right must be mentioned in the call announcement.

The Annual General Meeting held on 22 May 2020 approved the Remuneration Policy for financial years 2020 to 2022, which is currently in force. However, as a result of the merger by absorption of Bankia, S.A. by CaixaBank (the “Merger”) and the changes arising therefrom, the Board of Directors considers it necessary to amend the Policy for the following reasons:

- (i) Jordi Gual Solé is to stand down from his post as non-executive Chairman of the Board of Directors effective 26 March 2021 upon filing the Merger resolution at the Companies Registry.

---

<sup>1</sup> Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Spanish Companies Act.

- (ii) José Ignacio Goirigolzarri Tellaeche to be appointed director with effect 26 March 2021 upon filing the Merger resolution at the Companies Registry. On 30 March 2021, he was appointed Executive Chairman.
- (iii) To amend the maximum annual amount of the remuneration payable to directors in their capacity as such.
- (iv) To fix the maximum number of shares that executive directors may receive assuming all targets relating to the third cycle of the Conditional Annual Incentive Plan linked to the 2019-2021 Strategic Plan are met.
- (v) To introduce a new section titled “Subject matter and scope”.
- (vi) To introduce a new sub-section on the specific procedure and rules to be followed when approving the contract of an executive director.
- (vii) To adapt to best practices in relation to remuneration at credit institutions.

Other formal changes (i.e. dates, years) are also to be made to bring the Remuneration Policy up to date with the changes described above.

As a result of the foregoing, the Board of Directors of CaixaBank, S.A., at its meeting of 30 March 2021, resolved to approve the proposed amendment to the Remuneration Policy for financial years 2020 to 2022, both inclusive —the amended text of which will replace and supersede the text approved at the Annual General Meeting of CaixaBank held on 22 May 2020, without prejudice to the effectiveness of any business carried out while that previous text remained in force— and to lay it before shareholders for their approval at the Annual General Meeting, as a separate item on the agenda.

Likewise, at the same meeting, the Board of Directors of CaixaBank resolved to acknowledge the Remuneration Committee’s mandatory report regarding amendment of the Remuneration Policy, the content and reasoning of which are acknowledged by the Board and form an integral part of its proposal.

Appendix 1 Amended Remuneration Policy of the Board of Directors to be submitted to the Annual General Meeting for approval.

Appendix 2 Report of the Remuneration Committee on the proposed amendment of the Remuneration Policy of the Board of Directors.

## **Appendix 1**

### **Directors' Remuneration Policy**

**Article 529 *novodecies* of the Spanish Corporate Enterprises Act**

**CaixaBank, S.A.**

**DIRECTOR REMUNERATION POLICY (2020-2022)**

Valencia, 30 March 2021

## CONTENTS

1.	INTRODUCTION.....	2
2.	OBJECTIVE AND SCOPE .....	2
3.	PRINCIPLES OF THE REMUNERATION POLICY .....	2
4.	DIRECTORS' REMUNERATION FOR MEMBERSHIP OF THE BOARD .....	3
4.1	Components of remuneration.....	3
4.2	Projected remuneration for 2021 and subsequent financial years.....	4
5.	DIRECTORS' REMUNERATION FOR EXECUTIVE DUTIES .....	5
5.1	Executive directors' contracts.....	5
5.2	General description and materiality of fixed and variable components .....	5
5.3	Fixed components of remuneration.....	6
5.4	Variable remuneration in the form of bonuses .....	7
5.5	Long-Term Incentives (LTIP) .....	10
5.6	Malus and clawback scenarios for variable remuneration .....	10
5.7	Guaranteed variable remuneration .....	12
5.8	Pension and long-term savings systems.....	12
5.9	Payments for cancellation of previous contracts.....	13
5.10	Retention premiums .....	14
5.11	Other benefits.....	14
5.12	Payments for early termination .....	14
5.13	Projected remuneration for 2021 and subsequent financial years.....	15
6.	CONTRACT TERMS OF EXECUTIVE DIRECTORS .....	18
6.1	General contract conditions .....	18
6.2	The contract conditions of Gonzalo Gortázar Rotaeché as the Chief Executive Officer and José Ignacio Goirigolzarri Tellaeché as the Executive Chairman.....	20
7.	MAXIMUM AMOUNT OF DIRECTOR REMUNERATION.....	21
8.	CORPORATE GOVERNANCE OF THE REMUNERATION POLICY .....	22
8.1	General aspects .....	22
8.2	Duties of the Board of Directors of CaixaBank .....	22
8.3	Duties of CaixaBank's Remuneration Committee .....	22
8.4	Duties of CaixaBank's Management Committee and control areas.....	23

## 1. INTRODUCTION

Article 529 novodecies of the current Corporate Enterprises Act<sup>1</sup> (LSC) obliges listed companies to prepare a remuneration policy for their board of directors and submit it to the annual general meeting for approval.

On 22 May 2020, the Annual General Meeting approved the 2020-2022 Director Remuneration Policy, which remains in force. This is being amended for the remaining period to reflect the merger by absorption of Bankia, S.A. by CaixaBank (the "Merger") and the new composition of the Entity's Board of Directors.

The remuneration policy of the Board of Directors of CaixaBank, S.A. (CaixaBank, the Company or the Entity) applicable from the date of its approval until 2022 (the Remuneration Policy or the Policy) is described below. The modifications are detailed in the mandatory report by CaixaBank's Remuneration Committee dated 26 March 2021 and the reasoned proposal of CaixaBank's Board of Directors of 30 March 2021.

If approved by the Annual General Meeting on May 13, 2021, at first call or on May 14, 2021, at second call, this Director Remuneration Policy will fully replace the one approved at the 2020 Annual General Meeting, notwithstanding the effects produced and consolidated by it.

## 2. OBJECTIVE AND SCOPE

The objective of this Policy is to establish a comprehensive regulatory framework for the remuneration of members of the Board of Directors of CaixaBank, respecting the provisions of the By-laws and other internal and external regulations. This remuneration system must be compatible with CaixaBank's business strategy and proportional with the scale of the Entity, its business situation and market standards among comparable companies.

The Policy seeks to define the Entity's remuneration practices for its directors clearly and concisely, in accordance with article 217 of the LSC. Its aim is to foster the long-term profitability and sustainability of CaixaBank while incorporating the caution needed to avoid excessive risk taking and rewarding unfavourable results.

This Policy only applies to members of CaixaBank's Board of Directors.

In accordance with article 529 novodecies of the LSC, this Policy is subject to approval by the Annual General Meeting, as a separate item on the agenda, at least every three years.

## 3. PRINCIPLES OF THE REMUNERATION POLICY

The general principles of remuneration at CaixaBank are as follows:

- The overall remuneration policy focuses on fostering behaviour to ensure long-term value creation and results that are sustainable over time. Consequently, the variable remuneration takes into account not only the achievement of targets but also the way in which these targets are met, ensuring prudent risk management.

---

<sup>1</sup>Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Spanish Companies Act.

- The professionals' individual targets are defined on the basis of the commitment the professionals assume and establish with their managers.
- The remuneration policy's strategy for attracting and retaining talent is based on the employees and professionals becoming involved in a distinctive social and business endeavour and developing professionally with competitive overall remuneration conditions.
- As part of these overall compensation conditions, the Remuneration Policy seeks to ensure that total fixed remuneration and social benefits are highly competitive, basing the Entity's ability to attract and retain talent on these two remuneration components.
- The main component of the benefits provided is the corporate pension scheme offered to employees and professionals, which stands out in comparison to other Spanish financial institutions and is a key feature of their remuneration.
- Fixed remuneration and employee benefits constitute the bulk of the overall remuneration package, in which variable remuneration tends to be conservative and moderate as it carries risk.
- The promotions system is based on an appraisal of skills, performance, commitment and professional merit of employees over time.
- Remuneration of senior management is established within the general framework defined in this Remuneration Policy, and is approved by the governing bodies of CaixaBank.

Members of board of directors are also subject to a number of general remuneration policy principles, as stipulated in Article 33 of Law 10/2014 of 26 June on the regulation, supervision and solvency of credit institutions (the LOSS) and its implementing regulations, applicable to persons whose activities have a material impact on the risk profile of the institution and its group (the Identified Staff).

#### **4. DIRECTORS' REMUNERATION FOR MEMBERSHIP OF THE BOARD**

##### **4.1 Components of remuneration**

In accordance with the By-laws, remuneration of CaixaBank directors for membership on the Board of Directors (Directors for membership of the Board) comprises only non-variable items.

Directors with no executive duties have a purely organic working relationship with CaixaBank; As such they do not have contracts with the Company and are not entitled to any form of payment for termination of their position as a Director.

The By-laws state that Directors' remuneration for membership of the Board shall consist of a fixed annual amount to be determined by the General Meeting, and that this shall remain in force until the General Meeting resolves to modify it.

The amount established by the Annual General Meeting shall be used to remunerate the Board of Directors and its Committees, and shall be distributed as deemed appropriate by the Board, on the recommendation of the Remuneration Committee, both in terms of remuneration to members according to the duties and position of each member and to the positions they hold in the Committees and with regard to frequency and form, i.e. attendance fees, Bylaw-stipulated remuneration, etc. As a result of the above, this distribution may give rise to several different payments to each director.

Any future remuneration proposals based on shares, share options or remuneration benchmarked against the share price must be approved by the Annual General Meeting, in accordance with the LSC and the By-laws. As Board members, Directors are covered by the civil liability policy for the directors and executives of the CaixaBank Group (the CaixaBank Group or the Group), which covers any liabilities arising from the performance of their duties.

#### **4.2 Projected remuneration for 2021 and subsequent financial years**

##### **a) Remuneration envisioned for 2021**

The maximum annual remuneration for Directors as members of the Board, not considering any executive duties, is € 2.925.000. This amount has been submitted to the 2021 Ordinary Annual General Meeting for approval.

The maximum amount mentioned above will remain invariable in future years, until the General Shareholders Meeting agrees on a new figure.

The current distribution among the members, agreed upon by the Board of Directors, is as follows:

- € 90.000 per year for each member of the Board of Directors.
- An additional € 30.000 annually for each member of the Appointments Committee or the Remuneration Committee.
- An additional € 30.000 annually for each member of the Innovation, Technology and Digital Transformation Committee. While the Chairman of the Board of Directors and the Chief Executive Officer sit on this committee, they do not receive remuneration for their seats.
- An additional € 50.000 annually for each member of the Executive Committee, the Audit and Control Committee and the Risks Committee, in view of their responsibilities and the dedication required.
- The remuneration paid to the Chairmen of the Board Committees shall be 20% more than that paid to the Committee members.
- The Coordinating Director receives remuneration of € 38.000 per year. The remuneration of the Coordinating Director was approved by the Board of Directors on 23 November 2017, within the overall limit approved by the Annual General Meeting.

The criteria for distributing the maximum remuneration among the Directors will remain the same until the Board of Administration approves a different distribution, which is within its competences under the LSC and the By-laws, considering criteria such as the dedication required of the Directors, duties on the Board, and membership of Committees and the complexity of these.

##### **b) Remuneration in subsequent years**

The remuneration of Directors for membership of the Board (i.e. without considering Directors' remuneration for performance of executive duties) in future years will depend on the By-law stipulations at the time and the maximum remuneration set by the Annual General Meeting. As a result, this Remuneration Policy shall be deemed to have been amended with regard to the remuneration for Directors for membership of the Board whenever the Annual General Meeting approves a maximum amount other than that established in section 4.2a).



Any future proposals for remuneration based on the By-laws must be approved pursuant to the precepts of the Corporate Enterprises Act and the By-laws. Any share-based payments shall require the approval of CaixaBank's Annual General Meeting.

## **5. DIRECTORS' REMUNERATION FOR EXECUTIVE DUTIES**

### **5.1 Executive directors' contracts**

When a member of the Board of Directors is appointed Chief Executive Officer or is assigned executive duties in some other form (Executive Directors), they must sign a contract with the Entity, which must first be approved by the Board of Directors with a vote in favour by two thirds of its members. The Director in question must abstain from the deliberations and from voting.

The contracts of Executive Directors stipulate all the concepts for which they can receive remuneration for their executive duties. Directors may not receive any remuneration for performance of executive duties other than for the amounts and concepts in their contracts. All contracts must comply with the provisions of this Policy.

### **5.2 General description and materiality of fixed and variable components**

The LSC and CaixaBank's By-laws grant Executive Directors remuneration for their executive duties in addition to that received for their directorships.

Currently, Gonzalo Gortázar Rotaeché, in his capacity as Chief Executive Officer (the Chief Executive Officer), and José Ignacio Goirigolzarri Tellaeché, as the Executive Chairman (the Executive Chairman), are the only members of the Board of Directors who perform executive duties at CaixaBank.

The remuneration components for Executive Directors are structured considering the business situation and results, and mainly include:

- Fixed remuneration based on the subject's responsibility and track record, which constitutes a major portion of the total remuneration.
- Variable remuneration, mainly in the form of a bonus, linked to the achievement of previously established targets and prudent risk management.
- Employee benefits.

Long-term incentive plans can also be established for all or some of the Executive Directors, as a variable remuneration component. The remuneration of such plans may be based on CaixaBank instruments or benchmarked against their price (the LTIP), as established in section 5.5.

In accordance with the objective of reasonable and prudential balance between fixed and variable components of the remuneration, the amounts of the fixed remuneration of Executive Directors must be sufficient, and the percentage representing the variable remuneration in the form of fixed annual incentives is, generally speaking, relatively low, not generally exceeding 40%, without taking into account other possible variable components like the LTIP.

The variable component of the remuneration payable to executive directors must not exceed 100% of the fixed component of each executive director's total remuneration, unless CaixaBank's General Meeting approves a higher level, which may never exceed 200% of the fixed component, in the manner and as per the requirements and procedures set forth in the LOSS.

The procedure to be followed by the Entity in the event of approval of variable remuneration in excess of 100% is as follows:

- The Board of Directors will notify all shareholders in advance that this matter will be submitted for approval to the Annual General Meeting, providing a detailed recommendation setting out the reasons and scope of the decision and including the number of people involved and their positions, as well as the projected effect on the continuing robustness of the Entity's capital base.
- The Board of Directors will notify the Bank of Spain immediately of the recommendation to the Annual General Meeting, including the highest level of the variable component of the proposed remuneration and the justification for this. It will certify that this level does not affect the Entity's obligations under capital adequacy regulations, particularly with regard to its own funds obligations.
- The Annual General Meeting will adopt a decision by a majority of at least two-thirds, provided that at least half of the shares or equivalent voting rights are present or represented in the vote. If this quorum is not possible, the resolution will be adopted by a majority of at least three-quarters of the share capital present or represented with voting rights.
- The persons directly affected by the application of higher maximum levels of variable remuneration may not exercise any voting rights that they may have as shareholders, directly or indirectly. Their shares will be deducted from total share capital for calculating the majority of votes required for resolutions involving the application of higher maximum levels of variable remuneration.
- The Board of Directors will notify the Bank of Spain immediately of the decision adopted by the Annual General Meeting, including the highest maximum percentage of the variable component of remuneration approved.

Components of remuneration will be classified as fixed or variable in accordance with regulations on remuneration in credit institutions.

### **5.3 Fixed components of remuneration**

#### **a) Fixed remuneration**

Fixed remuneration and its modifications for Executive Directors are largely based on the level of responsibility and the professional career of each Director, combined with a market approach taking account of specific salary and ad hoc surveys. The salary surveys and specific ad hoc studies in which CaixaBank participates are performed by top level specialized companies, with the sample being comparable to that of the market financial sector where CaixaBank operates and that of comparable IBEX 35 companies.

CaixaBank has been using publicly available information on the executive directors of financial institutions belonging to the IBEX 35 as a sample of the financial sector (Santander, BBVA, Banco Sabadell and Bankinter). Since 2018, it has also used a sample of banks at the European level, including ABN Amro, Commerzbank, Crédit Agricole, Deutsche Bank, Erste Group, KBC Groep, Lloyds Banking Group, Natixis, Raiffeisen, Royal Bank of Scotland and SwedBank. It also uses publicly available information about the executive directors of a representative number of companies comparable in terms of size to CaixaBank (market capitalisation, assets, turnover and number of employees) to provide a multi-sector sample.

#### **b) Remuneration for holding posts at investee companies**

As a general rule, fixed remuneration for Executive Directors includes any remuneration they receive for management duties at CaixaBank Group companies or other companies in the interests of CaixaBank. This remuneration is deducted from the net amount of fixed remuneration to be paid by the Company.

**c) Other fixed remuneration components**

As the fixed component of remuneration, the contracts of Executive Directors may contain pre-established contributions to pension and savings plans, as explained in greater detail in Section 5.8.

Executive Directors may benefit, at the expense of CaixaBank, from health insurance for themselves and their immediate family and other remuneration in kind (company vehicle or accommodation) that is common in the sector and appropriate to their professional status. This will follow the standards established by CaixaBank at the time for the segment of professional employees to which they belong.

## **5.4 Variable remuneration in the form of bonuses**

**a) General aspects**

The Executive Directors may be granted variable remuneration in the form of a risk-adjusted bonus, based on measurement of their performance. Ex-ante and ex-post remuneration adjustments are applied in view of the performance measurements, as a risk alignment mechanism.

**b) Performance measurement**

Both quantitative (financial) and qualitative (non-financial) criteria are taken into account when assessing performance and evaluating individual results. These must be clearly specified and documented.

Variable remuneration for Executive Directors is established on the basis of an individual target bonus established by the Board of Directors based on the recommendation of the Remuneration Committee, subject to a maximum attainment percentage of 120%. Level of attainment is set on the basis of the following measurement criteria:

- 50% based on individual goals.
- 50% based on corporate goals.

The 50% corresponding to corporate targets is set each year by the CaixaBank Board of Directors based on a proposal by the Remuneration Committee, and its weighting is distributed among objective concepts according to the Entity's main objectives. These concepts may, by way of example, include some or all of:

- ROTE
- Core cost-to-income ratio
- Changes in non-performing assets
- Risk appetite framework
- Regulatory compliance
- Quality

The proposal for the composition and weighting of corporate targets is in any case set in accordance with the provisions of the LOSS and implementing regulations, and may vary between Executive Directors.

The part consisting of individual targets (50%) must be globally distributed over the targets linked to CaixaBank's strategy. The final assessment by the Remuneration Committee may vary the objective evaluation of individual targets by +/-25% to include a quantitative evaluation assessment of the Executive Director's performance. Any exceptional circumstances that affected the goals during the year and which could not have been foreseen are also considered.

The Board of Directors, based on a proposal by the Remuneration Committee, shall approve the final determination of achievement of the variable remuneration to be accrued.

**c) Deferral percentage**

The deferral percentage applicable to the variable remuneration of Executive Directors will be 60%.

This deferral percentage may be modified to the extent that the competent authorities establish absolute or relative thresholds for determining what represents a "variable remuneration component of a particularly high amount", pursuant to the European Banking Authority Guidelines on sound remuneration policies<sup>2</sup> (the EBA Guidelines).

**d) Deferral period**

The non-deferred part of accrued variable remuneration must be paid on the bonus payment date (the Initial Payment Date).

Of the initial payment, 50% will be paid in cash and the remaining 50% in financial instruments.

Providing that none of the reduction situations foreseen in section 5.6 arise, the risk-adjusted deferred portion of variable remuneration is paid in five instalments, the amounts and dates of these are determined as follows:

- 1/5: 12 months after the Initial Payment Date
- 1/5: 24 months after the Initial Payment Date
- 1/5: 36 months after the Initial Payment Date
- 1/5: 48 months after the Initial Payment Date
- 1/5: 60 months after the Initial Payment Date.

**e) Payment in cash and instruments**

50% of the amount to be paid on each of the dates in the preceding section will be paid in cash and the remaining 50% will be paid in instruments, once the applicable taxes (withholdings or payments on account) have been paid.

---

<sup>2</sup> Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013 (EBA/GL/2015/22).

When such payments are made in instruments, they will preferably be made in CaixaBank shares. However, CaixaBank may deliver other instruments accepted for the payment of variable remuneration, subject to the conditions and requirements set forth in section 1.I) of article 34 of the LOSS, in Delegated Regulation (EU) No. 527/2014<sup>3</sup> (Regulation 527/2014) and in the EBA Guidelines.

**f) Lock-up policy**

All of the shares provided are subject to a lock-up period of one year from their delivery, during which the employee or professional may not use the shares.

During the lock-up period, the employee or professional will enjoy all of the rights as shareholder.

**g) Payment of interest and returns on deferred cash and instruments**

During the deferral period, CaixaBank will retain ownership of both the shares and the cash for which delivery has been deferred.

Pursuant to the principles of labour and contractual law applicable in Spain, particularly the bilateral nature of contracts and equity in the accrual of reciprocal consideration, the deferred cash accrues interest in favour of the recipient, calculated by applying the corresponding interest rate to the first tranche of the "CaixaBank employee" account. Interest shall only be paid at the end of each payment date, and shall be applied to the cash amount of the variable remuneration that is actually to be received, net of any applicable reductions under section 5.6.

In compliance with EBA guidelines with regard to returns on instruments, the Entity will pay no interest or dividends on deferred instruments either during or after the deferral period from 1 January 2017.

**h) Termination or suspension of the professional relationship**

Termination or suspension of professional relations, and departures due to invalidity, early retirement, retirement or partial retirement shall not interrupt the payment cycle of variable remuneration, notwithstanding the provisions for deductions and clawback of variable remuneration in section 5.6.

In the event of death, the Human Resources Department (HR) and the Risks Department shall determine and, where applicable, propose a process to settle any pending payments based on criteria compatible with the general principles of the LOSS, its implementing regulations and the Remuneration Policy.

**i) Special situations**

Specific solutions in accordance with the LOSS, its implementing regulations and the principles of the Remuneration Policy shall be applied to special cases not otherwise provided for (i.e. corporate transactions that affect ownership of the shares delivered or deferred), in such a way that they do not artificially alter or dilute the value of the consideration.

---

<sup>3</sup> Commission Delegated Regulation (EU) No 527/2014 of 12 March 2014, supplementing Directive (EU) No 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration.

**j) Permanence requirement**

In order to be eligible for variable remuneration as a bonus, one necessary condition is that the Executive Director must maintain a service relationship with CaixaBank as at 31 December of the year in which the variable remuneration is to be accrued.

**k) Incompatibility with personal hedging strategies or circumvention mechanisms**

Pursuant to the provisions of Article 34.1 o) of the LOSS and the EBA Guidelines, Executive Directors undertake to refrain from using personal hedging strategies or insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

CaixaBank shall not pay variable remuneration with instruments or methods the purpose of which is or which effectively entails non-compliance with the remuneration requirements applicable to Executive Directors as members of CaixaBank's Identified Staff.

**5.5 Long-Term Incentives (LTIP)**

Some or all of the Executive Directors may additionally be remunerated through long-term incentive plans. These may or may not be based on instruments as a form of multi-year variable remuneration.

The LTIP may be structured as a variable remuneration scheme enabling participants to receive an amount in shares or other instruments, stock options or cash, after a certain period of time, providing they meet certain conditions established in the LTIP.

The specific terms of the LTIP (including those concerning the payment cycle and malus and clawback clauses) will be as established by CaixaBank's Board of Directors, on the recommendation of the Remuneration Committee, in the corresponding resolutions and implementing documents, which must be compliant with the principles of the Remuneration Policy and be subject to approval by CaixaBank's General Shareholders' Meeting, insofar as required.

**5.6 Malus and clawback scenarios for variable remuneration**

**a) Malus**

Pursuant to the LOSS, amounts of variable remuneration accrued by Executive Directors shall be reduced partially or to zero, including amounts pending payment (whether in cash or in shares), in the event of poor financial performance by CaixaBank overall or by any given division or area, or because of the exposure generated. In this regard, CaixaBank must compare the performance assessment with the subsequent performance of the variables that contributed to meeting the targets.

The scenarios entailing deductions from variable remuneration are as follows:

- a) Material failures in risk management committed by CaixaBank, or by a business unit or risk control unit, including any qualified opinions in the external auditor's report or circumstances that would impair the financial parameters used as a basis to calculate the variable remuneration.
- b) Any increase in capital requirements for CaixaBank or one of its business units that was not envisaged at the time the exposure was generated.
- c) Regulatory sanctions or adverse legal rulings attributable to the unit or the employee responsible for those proceedings and to the executive director.
- d) Failure to comply with the Bank's internal regulations or codes of conduct, including, in particular:
  - Any serious or very serious regulatory breaches attributable to them.

- Any serious or very serious breaches of internal regulations.
  - Failure to observe applicable suitability and behavioural requirements.
  - Regulatory breaches for which they are responsible, irrespective of whether they cause losses that may threaten the solvency of a business line, and, in general, any involvement in, or responsibility for, behaviour that causes significant losses.
- e) Improper conduct, whether committed individually or with others, with specific consideration of the adverse effects of the sale of unsuitable products and the responsibility of executive directors in taking such decisions.
- f) Fair dismissal or, in the case of business contracts, with just cause 4by the Entity (in this case a full deduction shall be made).
- g) Where payment or consolidation of these amounts is not sustainable in the light of CaixaBank's overall situation, or where payment cannot be justified in view of the results of CaixaBank as a whole, the business unit or the Executive Director concerned.
- h) Any others reasons that may be provided for in the corresponding contracts.
- i) Any others as set down in applicable law or by regulatory authorities in exercise of their powers to issue or interpret regulations, or their executive powers.
- j) Whenever CaixaBank's dividend distribution policy is restricted by a requirement or recommendation from a competent authority, or if it is required to do so by a competent authority in the exercise of its powers under the regulations, pursuant to the provisions of Royal Decree 84/2015<sup>5</sup> and Bank of Spain Circular 2/2016(Circular 2/2016)<sup>6</sup>.

**b) Clawback**

In cases where any of the situations in points a) to i) of section a) may have occurred prior to payment of any amount of the variable remuneration so that, had this situation been taken into account, partial or full payment would not have been made, the executive director shall repay the corresponding CaixaBank entity the part of the variable remuneration erroneously received, along with any returns paid out pursuant to section 5.4.g). This reimbursement must be made in cash or instruments, as applicable.

Scenarios in which the executive director has made a major contribution to poor or negative financial results will be regarded as being particularly serious, as shall cases of fraud or other instances of fraudulent behaviour or gross negligence leading to significant losses.

---

4Just cause shall be understood as any serious and culpable breach of the duties of loyalty, diligence and good faith pursuant to which the officer must discharge their duties in the CaixaBank Group, as well as any other serious and culpable breach of the duties undertaken in their contract, or any other organic or service relationships that the individual and the CaixaBank Group may enter into.

5 Royal Decree 84/2015, of 13 February, implementing Act 10/2014 of 26 June, on the regulation, supervision and solvency of credit institutions.

6Bank of Spain Circular 2/2016, of 2 February, to credit institutions, regarding supervision and solvency and completing the transposition of Directive 2013/36/EU and Regulation (EU) No. 575/2013 into Spanish law.

### **c) Common rules**

The Remuneration Committee is responsible for proposing the application of the reduction or loss of the right to collect deferred amounts, or their total or partial clawback, to the Board of Directors. This will depend on the characteristics and circumstances of each particular case and shall comply with the procedure established by the Entity for effective application of these malus and clawback clauses, as approved by CaixaBank for this purpose.

Pursuant to the provisions of the EBA Guidelines, scenarios of deductions from variable remuneration shall be applicable throughout the entire deferral period for the remuneration. The cases for clawback of variable remuneration will apply throughout the deferral and retention period for the variable remuneration.

The implementation standards of the LTIP shall establish specific rules on deducting or recovering payments to Executive Directors, adapted as necessary to the above cases for deducting and recovering payments in the Remuneration Policy for the purposes of the LTIP.

### **d) General principles of contract and employment law**

In accordance with the LOSS, proposals for the reduction or clawback of variable remuneration must be compliant with the main principles of contract or employment law.

## **5.7 Guaranteed variable remuneration**

Executive Directors shall not be paid any guaranteed variable remuneration. However, in exceptional circumstances the Entity may consider this advisable or desirable in the event of new appointments or new hires, provided it has a healthy and robust capital base and the remuneration is applied to the first year of the contract only.

## **5.8 Pension and long-term savings systems**

### **a) General description**

Executive Directors who hold an employment contract may be eligible for a complementary pension scheme, as are all CaixaBank employees. If they hold a commercial contract, they may be eligible for specific pension schemes equivalent to the complementary pension scheme.

The commitments assumed with Executive Directors may take the form of a defined contribution scheme to cover situations of retirement, disability and death and such directors may also be entitled to defined benefit coverage in the event of disability or death. These commitments are arranged through an insurance contract.

### **b) Non-discretionary nature**

Except as provided for in section e) below, the contributions regime for the pension scheme applicable to executive directors cannot be considered a discretionary benefit. As a result, the pension scheme for executive directors must be applied objectively according to when the individual became an executive director or similar circumstances that entailed changes to their remuneration, taking the form of a lump sum or an amount benchmarked to fixed remuneration, according to their contracts.

The establishment of the size of the contributions and degree of coverage of the benefits:

- a) must be set at the start of the year and have adequate coverage in the corresponding contracts;
- b) cannot be derived from variable parameters (such as achieving objectives and goals, etc.);



- c) cannot be due to ad hoc contributions (in the form of ad hoc bonuses, awards or contributions in the years following retirement or termination); and
- d) must not be related to substantial changes in retirement conditions, including changes resulting from mergers and business combinations.

**c) Elimination of duplicate coverage or benefits**

The contributions paid to pension schemes by CaixaBank shall be net of any contributions paid in equivalent instruments or policies that may result from positions held at Group companies or other companies in the interests of CaixaBank. These contributions must be adjusted accordingly to avoid overlap or duplication.

**d) Vesting of rights**

The pension scheme for Executive Directors recognises the vesting of economic rights in the event that the professional relationship is terminated or rescinded before the date the contingencies covered occur, unless this termination is due to lawful disciplinary dismissal or with just cause in the case of commercial contracts, as defined in section 5.6.a), or for any other specific causes which may be expressly described in the contracts.

**e) Mandatory variable-base contributions**

Notwithstanding the provisions of section b), and pursuant to the provisions of Circular 2/2016, 15 percent of the contributions paid to complementary pension schemes will be considered a target amount (the remaining 85 percent is considered a fixed remuneration item).

This amount is determined in accordance with the principles and procedures established for variable remuneration in the form of bonuses set out in section 5.4, with eligibility to be determined solely on the basis of individual assessment parameters, and it shall be contributed to a Discretionary Benefits Pension Policy.

The contribution shall be considered deferred variable remuneration for the purposes of Circular 2/2016. Therefore, the discretionary pension benefit scheme shall contain the necessary clauses for it to be explicitly subject to the causes for reductions set out in section 5.6.a) for variable remuneration in the form of bonuses. It shall also be included in the sum of variable remuneration for the purposes of limits and other factors that might be established.

In accordance with section 1.ñ) of Article 34 of the LOSS, if the Executive Director leaves the entity due to retirement or for any other reason, the discretionary pension benefits will be subject to a retention period of five years. This five-year retention period starts from the date on which the Director ceases to provide services to the Entity, whatever the reason. During the retention period, the Entity will apply the same malus and clawback clause requirements for remuneration already disbursed established in section 5.6.

**5.9 Payments for cancellation of previous contracts**

In cases where remuneration packages are agreed involving hiring bonuses or other forms of compensation or payments for cancellation of previous employment contracts, these must be in the Entity's long-term interests, establishing provisions regarding withholdings, deferrals, performance and recoveries consistent with the principles established in the Remuneration Policy, pursuant to the LOSS.

## **5.10 Retention premiums**

Any retention premiums agreed, exceptionally, between the Entity and an Executive Director will be subject to the conditions and requirements established in the EBA Guidelines and principles similar to those in the Remuneration Policy for variable remuneration.

## **5.11 Other benefits**

In general, Executive Directors are eligible for the benefits policy established for CaixaBank Group employees, which comprises competitive benefits and is based on exploiting the Group's synergies (i.e. preferential financial conditions and healthcare).

Executive Directors will be covered by the civil liability policy for directors and executives of CaixaBank Group entities, which covers liabilities that they may incur in the performance of their duties, in accordance with the subjective scope defined in such policies.

## **5.12 Payments for early termination**

### **a) Amount and limits of severance for termination of contract**

The amount of compensation to be paid for termination of Executive Directors' contracts shall be established at all times in such a way that it does not exceed the limits legally established in terms of maximum ratios of variable remuneration, in due consideration of the criteria stipulated in the EBA Guidelines.

Ordinary payments associated with the duration of the applicable prior notice periods will not be considered severance payments.

### **b) Post-contractual non-competition payments**

The contracts with Executive Directors may contain post-contractual non-competition agreements. The compensation for these agreements may consist of an amount that, in general, may not exceed the sum of the fixed components of the remuneration the Executive Director would have received had they continued in the Entity. The amount of such compensation will be divided into instalments payable over the duration of the non-competition agreement.

### **c) Deferral and payment**

Early termination payments must be treated as variable remuneration under the provisions of the applicable regulations and the EBA Guidelines. Such payments will be deferred and paid in the manner set out in section 5.4. of the Remuneration Policy for variable remuneration in the form of bonuses.

### **d) Malus and clawback**

Payments for early termination are considered variable remuneration under the provisions of applicable regulations and the EBA Guidelines. They are, therefore, subject to the same reduction and clawback conditions as established for variable remuneration in Section 5.6, which apply to deferred payments pending payment.

### **e) Absolute limit on payments for early termination**

Under no circumstances may early termination payments cause the CaixaBank Group to breach the limits on variable remuneration to fixed remuneration prescribed by law. If necessary, early termination payments will be reduced accordingly in order to comply with those mandatory limits.

**f) General principles of contract and employment law**

In accordance with the LOSS, any proposals for reduction or clawback of early termination payments must take into account the main legal principles with regard to contractual or employment matters.

**5.13 Projected remuneration for 2021 and subsequent financial years**

**a) Fixed remuneration in cash**

The total annual fixed remuneration to be paid in cash to the Chief Executive Officer will be € 2.261.200, the same as the amount for 2020. The amount for the Executive Chairman will be € 1.650.000. Remuneration for positions held in Group companies or in the interests of CaixaBank will be deducted from this amount.

The remuneration for positions held in Group companies or in the interests of CaixaBank is included in the annual remuneration for membership of the Board of Directors of CaixaBank or its Committees for Gonzalo Gortázar Rotaeché and José Ignacio Goirigolzarri Tellaeché, set at € 140.000 and € 150.000, respectively.

The total amount of remuneration for positions held (or that might effectively be received) in 2021 and subsequent years by executive directors of Group companies or other companies in the interests of CaixaBank will be discounted from the amount to be paid by CaixaBank as fixed remuneration as set out in this section. The estimated amount to be paid by CaixaBank in 2021 to the Chief Executive Officer is € 1.556.300. The relevant amounts will be deducted over the successive years of application of the Remuneration Policy.

**b) Variable remuneration in the form of bonuses**

The target bonus for provision of services in 2021 is € 708.800 for the Chief Executive Officer and € 200.000 for the Executive Chairman.

Corporate targets (50%) comprise the following parameters:

- CaixaBank's ROTE: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- Core cost-to-income ratio: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- Changes in non-performing assets: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- Risk appetite framework: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- CaixaBank quality: with a weighting of 5% and a minimum achievement level of 80% and a maximum of 120%.
- Conduct and compliance: target linked to the Regulatory Compliance Culture with a weighting of 5% and a minimum achievement level of 80% and a maximum of 120%.

Meanwhile, individual targets (50%) shall have a minimum degree of fulfilment of 60% and a maximum of 120%, and shall be distributed overall between targets linked to CaixaBank's strategy. In all cases, should the minimum degree of fulfilment not be attained, a zero bonus shall be accrued for each of the indicators or individual targets.

**c) Performance-based payments in deferred cash**

The forecast payments for deferred cash items provided for in section 5.4.g is € 400 for Gonzalo Gortázar Rotaeché and € 150 for José Ignacio Goirigolzarri Tellaeché, for each of the years of this Remuneration Policy.

**d) Income from CaixaBank's 2015-2018 Long-term Variable Remuneration Plan**

The Chief Executive will receive the deferred shares to which he is entitled upon settlement of CaixaBank's 2015-2018 Long-Term Variable Remuneration Plan.

The Annual Report on Director Remuneration will include information on the shares to which he is entitled.

**e) Conditional Annual Incentives Plan linked to the 2019-2021 Strategic Plan**

Together with the members of the Management Committee and the rest of the Entity's management team and key employees, the Chief Executive Officer and the Executive Chairman are beneficiaries of the conditional annual incentive plan linked to CaixaBank Group's 2019-2021 Strategic Plan (the Plan), which was approved by the Annual General Meeting on 5 April 2019.

The Plan enables the Chief Executive Officer and the Executive Chairman to receive a certain number of CaixaBank shares after a specific period provided that the Plan's strategic objectives and requirements are met.

The Plan will consist of the free assignment of a number of units in 2019, 2020 and 2021.

The Plan has three cycles, each lasting three years, with three assignments of units, each of which will take place (or has already taken place) in 2019, 2020 and 2021.

The Chief Executive Officer is entitled to participate in the three cycles of the Plan, while the Executive Chairman is only entitled to participate in the third cycle of the Plan.

The first cycle spans the period from 1 January 2019 to 31 December 2021; the second cycle spans the period from 1 January 2020 to 31 December 2022; and the third cycle spans the period from 1 January 2021 to 31 December 2023.

Each cycle has two target measurement periods. Depending on the degree of performance of the objectives for the first measurement period, corresponding to the first year of each cycle, and based on the units assigned at the beginning of the cycle, beneficiaries are granted a provisional incentive equivalent to a certain number of Company shares in the second year of each cycle. The granting of the provisional incentive does not entail the delivery of any CaixaBank's shares at that time.

The final number of shares to be delivered will be determined after each cycle of the Plan has ended, and will be subject to and dependent on fulfilment of the objectives for the second measurement period, which will cover the three-year duration of each cycle of the Plan. Under no circumstances may the number of shares to be delivered under the final incentive exceed the number of shares calculated under the provisional incentive on the award date.

For Executive Directors, the shares corresponding to the final incentive for each cycle will be delivered in thirds on the third, fourth and fifth anniversaries of each of the award dates in the Plan cycles. The Plan will end on the last settlement date of shares pertaining to the third cycle of the Plan, i.e. in 2027.

For the first cycle of the Plan, the maximum number of shares that could be received by the Chief Executive Officer in 2023, 2024 and 2025, if they fulfil all the objectives for the first cycle of the Plan and outperform the budget, amounts to 73.104 shares.

For the second cycle of the Plan, it has been decided, among other measures, not to award shares to any of the Plan's beneficiaries, including the Chief Executive Officer, as a responsible action on the part of CaixaBank's managements in response to the exceptional economic and social situation caused by COVID-19.

For the third cycle of the Plan, the maximum number of shares the Chief Executive Officer and the Executive Chairman will be able to receive in 2025, 2026 and 2027 is 176.309 shares in the case of the Chief Executive Officer and 105.786 shares in the case of the Executive Chairman, if all the objectives for the third cycle of the Plan are achieved outperforming the budget.

The terms and conditions of the Plan, including its description and purpose, beneficiaries, duration and liquidation, determination of the number of units for each beneficiary, determination of the number of shares to be granted on each award date, determination of the number of shares to be delivered upon settlement of the Plan, the value of the shares to be used as reference, metrics, requirements for receiving the shares, delivery of the shares and the lock-up system, early settlement events and amendments to the plan, malus and clawback clauses and compliance with regulatory requirements, are all described in Resolution Ten of the aforementioned General Shareholders' Meeting held on 5 April 2019, as explained in the Annual Report on the Remuneration of CaixaBank Directors.

For 2022 and the following financial years, the Board of Directors may lay a new long-term incentives plan before the General Shareholders' Meeting.

**f) Long-term savings system**

A defined contribution of € 500.000 shall be made each year to insurance cover for retirement, death or total, absolute or serious permanent disability for Gonzalo Gortázar Rotaèche. In addition to the above, the same policy shall include coverage in the event of death or total, absolute or serious permanent disability in the amount of two annual payments of fixed remuneration at the time the event occurs. The premium for this cover is estimated at € 58.366 for each year of this Remuneration Policy.

In accordance with the provisions of section 5.8.e), the annual target amount for Gonzalo Gortázar Rotaèche under the Discretionary Pension Benefits Policy is € 75.000.

The cover for death and permanent, total, absolute and severe disability for José Ignacio Goirigolzarri Tellaèche amounts to two years' fixed remuneration at the time the contingency occurs. The premium for this cover is estimated at € 65.279 for each year of this Remuneration Policy.

**g) Other benefits**

The contracts with the Chief Executive Officer and the Executive Chairman include health insurance for themselves, their spouse and children under the age of 25. This is valued at € 5.610 for the Chief Executive Officer and € 2.352 for the Executive Chairman for each year of this Remuneration Policy.

## **h) Updating of the remuneration components and amounts for Executive Directors**

The remuneration components and amounts for existing and potential new Executive Directors may be set or modified in any of the years covered by this Remuneration Policy, by resolution of the Board of Directors exercising the powers established in the LSC, subject to the conditions, principles and limits established in sections 5.2 to 5.12 of this Remuneration Policy. In particular, by way of example and without limitation:

- The fixed remuneration of Executive Directors will be determined and updated in accordance with the approach set out in section 5.3.a).
- Future changes may be made to the amount of the variable remuneration payable in the form of a bonus or to the proportion of that remuneration to the fixed components. Changes may also be made to the measurement parameters for the variable remuneration components. Any setting or variation of the amount, proportion, structure or measurement parameters for variable components of Directors' remuneration will comply with the provisions of the Remuneration Policy (especially section 5.4.b) in relation to measurement parameters) and the LOSS.
- Any change to the amount, proportion or structure of the long-term savings plans for Executive Directors would also be made in accordance with the Remuneration Policy and the LOSS.

Any new conditions or changes to the concepts and amounts of the remuneration components for Executive Directors, within the limits set by this Policy and the LSC, will be disclosed in the Annual Report on Directors' Remuneration for the financial year in which they occur.

## **6. CONTRACT TERMS OF EXECUTIVE DIRECTORS**

### **6.1 General contract conditions**

#### **a) Type of contract**

Executive Directors generally hold commercial or employment contracts which are determined by the level of duties carried out above and beyond those of Director, pursuant to prevailing legislation and Supreme Court case-law concerning the so-called "relationship theory".

#### **b) Term**

In general, contracts shall be drawn up for an indefinite term.

#### **c) Description of duties, dedication, exclusivity and incompatibilities**

Contracts shall contain a clear description of the duties and responsibilities to be undertaken and the functional location and reporting levels within CaixaBank's organisational and governance structure. They shall also stipulate the duty of exclusive dedication to the Group, without prejudice to other authorised activities in the interests of the CaixaBank Group or certain teaching activities and participation in conferences or responsibilities in their own or family-run businesses, provided these activities do not prevent the Director from exercising the duties of their positions diligently and loyally or pose a conflict of interests with the Entity.

The contract may also include other permanency obligations that are in CaixaBank's best interests.

Executive Directors shall be subject to the regime of incompatibilities laid down in laws governing credit institutions.

**d) Compliance with duties and confidentiality obligation**

Without prejudice to the law covering directorships at corporations, Director's contracts shall contain strict obligations to comply with the duties inherent to their position as a Director and obligations regarding any confidential information they may have access to during their tenure at CaixaBank or its Group.

**e) Civil liability coverage and compensation**

Executive Directors are covered by the civil liability policy for Directors and executives of the CaixaBank Group, covering any third-party liabilities they may incur in the performance of their duties.

Likewise, the contracts may state that CaixaBank shall hold Executive Directors harmless of any losses or damages arising from claims by third parties, unless the Executive Directors have acted negligently or with wilful deceit.

**f) Post-contractual non-compete undertakings**

Contracts may contain non-competition agreements for financial activities in general, which should last no less than one year following termination of the contract, in exchange for the consideration provided for in section 5.12.b). Likewise, should the non-competition agreement not be honoured, CaixaBank shall be entitled to receive compensation from the Executive Director in an amount in proportion to the compensation paid to the Director.

**g) Termination clauses**

Contracts shall establish the scenarios in which Executive Directors may terminate their contract with the right to compensation. These may include non-compliance on the part of CaixaBank, unfair dismissal or a change of control at the Entity.

Likewise, contracts shall recognise CaixaBank's right to terminate the contract in the event of non-compliance by the Executive Director, with no compensation due to the Director.

In the event that a contract is terminated, CaixaBank shall have the right to request that the Executive Director give up any other position or duties carried out within the CaixaBank Group or at companies in the interests of Entity.

Contracts shall also include reasonable notice periods in the event of termination of the contract, and appropriate compensation in the event of non-compliance, proportional to the fixed remuneration to be accrued during the years not served.

Likewise, any compensation and indemnities due to Executive Directors as a result of early termination of their contracts will be governed by the provisions of section 5.12.

**h) Other terms of contract**

Executive Directors' contracts may contain other common contractual clauses which are compatible with the LOSS, the Corporate Enterprises Act, other prevailing legislation and the Remuneration Policy.

**i) Establishing or amending the terms of contract**

The remuneration system and basic contract conditions described in this Policy will be applicable to any Executive Director who joins the Entity's Board of Directors during its term.

However, the contract conditions for any new Executive Directors and those in the agreements currently signed with the Chief Executive Officer and the Executive Chairman may be set or modified by mutual

agreement between them and the Entity during the years covered by the Remuneration Policy. Any setting or modification of such terms must be in accordance with the general conditions in this section 6.1 of the Remuneration Policy, and must be approved by the Board of Directors in exercise of its powers under the LSC. The conditions in contracts with any new Executive Directors and modifications to the conditions in current contracts with Executive Directors will be disclosed in the Annual Report on Directors' Remuneration for the financial year in which they occur.

## **6.2 The contract conditions of Gonzalo Gortázar Rotaeché as the Chief Executive Officer and José Ignacio Goirigolzarri Tellaeché as the Executive Chairman**

### **a) General aspects**

The services agreement for the post of Chief Executive Officer signed with Gonzalo Gortázar Rotaeché is an open-ended commercial contract. It took effect on the date of CaixaBank's 2017 General Shareholders' Meeting, applying retroactively from 1 January 2017.

The contract for the provision of services as Executive Chairman signed with José Ignacio Goirigolzarri Tellaeché is of a commercial nature with indefinite duration. It came into effect on 30 March 2021, the date of approval of the contract by CaixaBank's Board of Directors, from which time this Remuneration Policy has applied.

Both contracts contain a clear description of the duties and responsibilities of the position and the obligation of exclusive dedication to CaixaBank, in the terms of section 6.1 C).

It also contains clauses regarding compliance with duties, confidentiality and liability coverage as described in sections 6.1.c) and 6.1.e). These contracts do not contain loyalty agreements.

Both contracts contain provisions for integration with the Remuneration Policy and any amendments to it, as well as adaptations to any future regulatory requirements.

### **b) Post-contractual and non-competition compensation agreement**

The contracts contain a post-contractual non-competition agreement of one year from termination, which encompasses any direct or indirect activity within the financial sector.

In any situation of termination, the compensation for the non-compete clause is set at one year's payment of the fixed components of their remuneration, payable in twelve equal instalments.

Failure to comply with the non-competition agreement will lead to payment by the Chief Executive Officer or the Executive Chairman to CaixaBank of the amount established as compensation.

### **c) Reasons for termination**

The contracts contain the following grounds for termination:

- Unilateral termination by the Chief Executive Officer or Executive Chairman due to a serious breach by CaixaBank of the obligations in the contract;
- Unilateral termination by CaixaBank where no just cause is found.
- Removal from or non-renewal of the post as a Director of CaixaBank and the duties of Chief Executive Officer or Executive Chairman with no just cause.



- Unilateral termination by the Executive Chairman or Chief Executive Officer due to acquisition of control of CaixaBank by an entity other than "la Caixa" Banking Foundation pursuant to article 42 of the Commercial Code, or the transfer of all or a significant part of its activity or its assets and liabilities to a third party or its integration into another business group that obtains control of the Company.
- Dismissal of Gonzalo Gortázar Rotaeché from the position of Chief Executive Officer or of José Ignacio Goirigolzarri Tellaeché from the position of Executive Chairman and termination of the contract with just cause (for serious and culpable breach of obligations).
- Voluntary resignation of the Chief Executive Officer or the Executive Chairman, with advance notice of at least three months.

In the cases in points one and four above, the Chief Executive Officer and the Executive Chairman must exercise their right to terminate the contract within six months of becoming aware of the cause of termination. If this right of termination is not exercised in the period established, the Executive Chairman or Chief Executive Officer shall not be entitled to any compensation for such circumstances.

#### **d) Severance for early termination**

In all cases of termination other than just cause or voluntary withdrawal by the Chief Executive Officer or the Executive Chairman, compensation is established in their favour (in addition to the compensation for the post-contractual non-competition agreement in section 6.2.b).

The compensation to be received by the Chief Executive Officer or the Executive Chairman is an amount equivalent to one year's gross annual fixed components of anticipated remuneration, which are the amount of the annual fixed remuneration in section 5.13.a) and, in the case of the Chief Executive Officer, 85% of the annual contribution to the complementary pension system provided for in section 5.13.f), at the amounts applicable on the termination date of the contract.

The right to receive compensation is conditional upon the Executive Chairman and Chief Executive Officer simultaneously resigning from all positions held in other companies in the interests of CaixaBank.

## **7. MAXIMUM AMOUNT OF DIRECTOR REMUNERATION**

The maximum amount of remuneration that the Company may pay to all of its directors each year will be the sum of the following:

- a) The amounts for the concepts indicated in sections 5.13.a), b), c), d), e), f) and g), which remunerate the performance of executive duties by the Executive Directors.
- b) € 2.925.000, subject to approval by the 2021 Ordinary Annual General Meeting, for the Directors for membership of the Board.

In the event of cessation of the Chief Executive Officer or the Executive Chairman, these amounts are supplemented by the amount to which they are entitled under the provisions of their contracts, as indicated in sections 6.2.b) and d).

The maximum amount described in this section will continue to apply over the term of this Remuneration Policy, unless the General Shareholders' Meeting decides to modify it in the future.

## **8. CORPORATE GOVERNANCE OF THE REMUNERATION POLICY**

### **8.1 General aspects**

The main rules and regulations in effect at CaixaBank governing the process of determining, applying and supervising the Remuneration Policy are described below.

### **8.2 Duties of the Board of Directors of CaixaBank**

The LOSS establishes that the board of directors of a credit institution must adopt and regularly review the general principles of the remuneration policy and be responsible for supervising its application.

Among other non-delegable powers, the LSC establishes the following powers for the boards of directors of listed companies:

- a) determining the company's general policies and strategies;
- b) determining the risk management policy;
- c) determining the corporate governance policy of the company and of the group they are the parent company of;
- d) appointment and removal of the Executive Directors of the company, and establishment of their contract conditions; and
- e) making decisions regarding director remuneration, within the framework set out in the By-laws and the remuneration policy approved by the General Meeting.

CaixaBank's By-laws and the Regulations of the Board of Directors are consistent with these precepts.

The EBA Guidelines establish the following duties for the board of directors:

- a) adopt and maintain the entity's remuneration policy and supervise its application to ensure its full operation as planned;
- b) approve any subsequent significant exemptions for individual staff members and changes to remuneration policy and carefully consider and monitor their effects. The exemptions must not be based on gender considerations or on other discriminatory grounds. They must be duly justified and comply with the remuneration requirements in national legislation; and
- c) ensuring that the entity's remuneration policies and practices are adequately applied and are in accordance with the entity's general corporate governance framework, corporate culture, risk appetite and capital structure.

### **8.3 Duties of CaixaBank's Remuneration Committee**

The duties attributed to the remuneration committees of listed companies by the LSC include proposing the remuneration policy for directors to the board of directors.

CaixaBank's By-laws and the Regulations of the Board of Directors are consistent with these precepts.

In line with the EBA Guidelines, CaixaBank's Remuneration Committee has the following duties:

- a) prepare remuneration decisions to be made by the Board of Directors, particularly with respect to the remuneration of executive members and other members of the Identified Staff;
- b) support and advise the Board of Directors on the definition of the Entity's remuneration policy, including its gender neutrality;

- c) support the Board of Directors in control of remuneration policies, practices and processes, and compliance with the remuneration policy and the requirement that it be gender neutral;
- d) checking that the current remuneration policy is up to date and proposing any necessary changes;
- e) review the appointment of external remuneration consultants that the Board of Directors may decide to engage for advice or support;
- f) guaranteeing the adequacy of the information on remuneration policies and practices provided to the shareholders, and in particular the proposal of any upper limits exceeding the ratio between the fixed and variable remuneration;
- g) evaluate the mechanisms and systems adopted to ensure that the remuneration system duly considers all types of risks, liquidity and capital levels, and that the general remuneration policy promotes, and is consistent with adequate and efficient risk management and is in line with the business strategy, the corporate objectives, the culture and values, the risk culture and the Entity's long-term interests;
- h) as the case may be, evaluating attainment of the results targets and the need for any ex-post risk adjustments, including the application of malus and clawback clauses; and
- i) as the case may be, reviewing different possible scenarios in order to analyse how the remuneration policies and practices react in the case of internal and external events, and back-testing the criteria used to determine ex-ante risk assumption and adjustment based on real risk results.

The Remuneration Committee's proposals are submitted to CaixaBank's Board of Directors for its scrutiny and, as the case may be, approval. If the decisions correspond to the CaixaBank Annual General Meeting, in accordance with its remit, CaixaBank's Board of Directors shall approve their inclusion on the agenda and the corresponding motions, accompanied by the mandatory reports.

#### **8.4 Duties of CaixaBank's Management Committee and control areas**

HR and EBA guidelines establish that the control functions (internal audit, risk control and management and regulatory compliance) and other competent corporate bodies (HR, legal, strategic planning, budget, etc.) and the business units shall provide the necessary information for the definition, implementation and supervision of the Entity's remuneration policies. The EBA's guidelines place specific responsibilities on the HR, risk management, compliance and internal audit functions, which are undertaken by the corresponding CaixaBank departments.

Similarly, CaixaBank's Management Committee includes representatives from the areas of risk, finance, internal auditing, human resources and the general secretary's office (legal counsel), among others, and it is responsible for ensuring that the necessary information is obtained and drawn up so that the Remuneration Committee can efficiently perform its duties. CaixaBank's HR Department promotes these actions in CaixaBank's Management Committee.

To prevent conflicts of interest, the Remuneration Committee is directly responsible for obtaining, preparing and reviewing information on the members of CaixaBank's Board of Director and the members of its Management Committee.

## **Appendix 2**

**Report of the Remuneration Committee on the proposed  
amendment of the Remuneration Policy for Members of the  
Board of Directors**

**Article 529 *novodecies* of the Spanish Corporate Enterprises Act**

# CaixaBank Group

## **Report by the Remuneration Committee on the proposal to amend the Directors' Remuneration Policy**

26 March 2021

## CONTENTS

1.	INTRODUCTION.....	2
2.	REASONS FOR AMENDMENT OF THE REMUNERATION POLICY .....	2
3.	MAIN AMENDMENTS TO THE REMUNERATION POLICY IN RESPECT OF THE PREVIOUS POLICY .....	3
3.1	JORDI GUAL SOLÉ TO STAND DOWN FROM HIS POST AS NON-EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS EFFECTIVE 26 MARCH 2021, UPON FILING THE MERGER RESOLUTION BETWEEN CAIXABANK, S.A. AND BANKIA, S.A. AT THE COMPANIES REGISTER.	3
3.2	APPOINTMENT OF JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHÉ AS DIRECTOR AND EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS WITH EFFECT FROM 26 MARCH 2021, ON THE OCCASION OF THE FILING OF THE MERGER RESOLUTION BETWEEN CAIXABANK, S.A. AND BANKIA, S.A. AT THE COMPANIES REGISTRY. ....	3
3.3	AMENDMENT OF THE MAXIMUM ANNUAL AMOUNT OF REMUNERATION PAYABLE TO DIRECTORS IN THEIR CAPACITY AS SUCH AND TO MEMBERS OF THE VARIOUS COMMITTEES	4
3.4	DEFINITION OF THE MAXIMUM NUMBER OF SHARES THAT EXECUTIVE DIRECTORS MAY RECEIVE IN THE EVENT THAT ALL OF THE TARGETS UNDER THE THIRD CYCLE OF THE CONDITIONAL ANNUAL INCENTIVE PLAN LINKED TO THE 2019-2021 STRATEGIC PLAN ARE MET.	5
3.5	INTRODUCTION OF A NEW SECTION TITLED “SUBJECT MATTER AND SCOPE OF THE POLICY” .....	5
3.6	INTRODUCTION OF A NEW SUB-SECTION ON THE SPECIFIC PROCEDURE AND RULES TO BE FOLLOWED WHEN APPROVING THE CONTRACT OF AN EXECUTIVE DIRECTOR .....	5
3.7	AMENDMENT TO THE SECTION ON “INSTRUMENT-BASED LONG-TERM INCENTIVES”. 5	
3.8	ADAPTING TO BEST PRACTICES IN RELATION TO REMUNERATION AT CREDIT INSTITUTIONS .....	6
4.	CONCLUSION .....	7

## 1. INTRODUCTION

Article 529 *novodecies* of the current Corporate Enterprises Act (*Ley de Sociedades de Capital*, or “LSC”) imposes the obligation on listed companies to draw up and submit to the approval of the General Shareholders’ Meeting any proposal to approve, amend or replace the Remuneration Policy for Members of the Board of Directors.

Pursuant to the LSC, any proposal to amend the Directors’ Remuneration Policy must be well-founded and accompanied by a specific report issued by the Remuneration Committee.

In compliance with the aforementioned legal provision, the Remuneration Committee attached to the Board of Directors of CaixaBank, S.A. (“CaixaBank” or the “Bank”) has drawn up this report (the “Report”) on the proposed amendment of the Remuneration Policy of the Board of Directors (the “Remuneration Policy”) for financial years 2020 to 2022, both inclusive, said report to be laid before the Board of Directors as a plenary body. If approved, it will replace and supersede the existing policy approved at the Annual General Meeting of CaixaBank held on 22 May 2020, without prejudice to the effectiveness of any business carried out while that previous text remained in force.

## 2. REASONS FOR AMENDMENT OF THE REMUNERATION POLICY

The proposed amendment to the Remuneration Policy approved on 22 May 2020 is warranted for the following reasons:

- (i) Jordi Gual Solé is to stand down from his post as non-executive Chairman of the Board of Directors effective 26 March 2021 upon filing the Merger resolution at the Companies Registry.
- (ii) José Ignacio Goirigolzarri Tellaèche to be appointed director with effect 26 March 2021 upon filing the Merger resolution at the Companies Registry. On 30 March 2021, he was appointed Executive Chairman and the remuneration and other terms of his contract agreed upon.
- (iii) To amend the maximum annual amount of the remuneration payable to directors in their capacity as such.
- (iv) To fix the maximum number of shares that executive directors may receive assuming all targets relating to the third cycle of the Conditional Annual Incentive Plan linked to the 2019-2021 Strategic Plan are met.
- (v) To introduce a new section titled “Subject matter and scope of the Policy”.
- (vi) To amend the section on “Instrument-based long-term incentives”.
- (vii) To introduce a new sub-section on the specific procedure and rules to be followed when approving the contract of an executive director.
- (viii) To adapt to best practices in relation to remuneration at credit institutions.

Other formal changes (i.e. dates, years) are also to be made to bring the Remuneration Policy up to date with the changes described above.

### **3. MAIN AMENDMENTS TO THE REMUNERATION POLICY IN RESPECT OF THE PREVIOUS POLICY**

#### **3.1 JORDI GUAL SOLÉ TO STAND DOWN FROM HIS POST AS NON-EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS EFFECTIVE 26 MARCH 2021, UPON FILING THE MERGER RESOLUTION BETWEEN CAIXABANK, S.A. AND BANKIA, S.A. AT THE COMPANIES REGISTER.**

Pursuant to Resolution 3 on the agenda of the extraordinary General Shareholders' Meeting held on 3 December 2020, Jordi Gual Solé, together with other non-executive directors, tendered his resignation as director and Chairman of the Board of Directors with effect from the appointment of the new members of the Board of Directors, which was subject to the effective filing of the Merger at the Companies Registry.

As the Merger was filed at the Companies Registry on 26 March 2021, all references in the Policy to the position of non-executive Chairman, including the additional remuneration as Chairman of the Board of Directors of CaixaBank, have been removed.

#### **3.2 APPOINTMENT OF JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHÉ AS DIRECTOR AND EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS WITH EFFECT FROM 26 MARCH 2021, ON THE OCCASION OF THE FILING OF THE MERGER RESOLUTION BETWEEN CAIXABANK, S.A. AND BANKIA, S.A. AT THE COMPANIES REGISTRY.**

Likewise, and by virtue of Resolution 3.1 of the Agenda of the extraordinary General Shareholders' Meeting held on 3 December 2020, once the Merger became effective the Board of Directors approved the appointment of José Ignacio Goirigolzarri Tellaeché as Chairman of the Board of Directors, as executive director, for a term of four years.

Thus, in exercise of the non-delegable powers vested in the Board of Directors under Article 249 of the LSC, on 30 March the Board approved the appointment of José Ignacio Goirigolzarri Tellaeché as Executive Chairman of the Bank.

Accordingly, as Article 249 of the LSC states that an executive director's contract must respect any remuneration policy that the General Meeting may have approved, it was deemed necessary to amend the Remuneration Policy of the Board of Directors in order to introduce the figure of Executive Chairman, together with the agreed terms of his remuneration and other terms of contract.

It is hereby stated for the record that up to the date of approval of this Policy, José Ignacio Goirigolzarri Tellaeché has not received any compensation for the performance of his executive duties as Executive Chairman. The above notwithstanding, the amendments made to this Policy, once approved, shall take retroactive effect back to the date of approval of the Executive Chairman's contract by CaixaBank's Board of Directors.

Accordingly, the proposed terms of remuneration of José Ignacio Goirigolzarri Tellaeché to be included in the amended Policy are as follows:

- (i) Total fixed annual remuneration for 2021 of € 1.650.000 payable in cash, less, in accordance with the Directors' Remuneration Policy, remuneration for positions held at group companies or on CaixaBank's behalf in 2021.

This amount includes remuneration for his status as a member of CaixaBank's Board of Directors and for any and all seats held on its committees, which amounts to € 150.000. This amount corresponds to his duties for a full financial year. As José Ignacio Goirigolzarri



Tellaeche's contract was approved by the Board of Directors on 30 March and he has been a director since 26 March, this being the effective date of the merger, the total fixed annual remuneration that the Executive Chairman shall receive for the performance of his duties in 2021 will be the result of prorating the amount by the number of days in which he actually held office during the period.

- (ii) The target variable remuneration in the form of a bonus for 2021 will be € 200.000. In this case, the Executive Chairman will be eligible for the full amount of the target amount, insofar as Bankia is effectively absorbed by CaixaBank as a result of the Merger, and he will not receive any variable remuneration for the duties and responsibilities performed during the first few months of 2021.
- (iii) José Ignacio Goirigolzarri Tellaeche will be beneficiary under the third cycle of the Conditional Annual Incentive Plan linked to the CaixaBank Group's 2019-2021 Strategic Plan, which was approved at the General Shareholders' Meeting of 5 April 2019. The Plan is instrumented through the allocation, free of charge, in 2019, 2020 and 2021, of a number of units, which will serve as the basis for determining the number of CaixaBank shares to be delivered, if any, to each beneficiary. In this regard, the maximum number of shares that may be received, in accordance with Motion 15 to be voted on at the 2021 Annual General Meeting, amounts to 105.786 CaixaBank shares.
- (iv) He will be the beneficiary under a disability and death insurance policy which has an estimated annual cost of € 65.279.
- (v) Lastly, he will be the beneficiary of a health insurance policy valued at € 2.352 for 2021.

The contract terms agreed between the Bank and José Ignacio Goirigolzarri Tellaeche have also been included, which are similar to those already agreed with the Chief Executive Officer, including a post-contractual non-compete undertaking and the right to receive compensation in the event of early termination, subject to the events and circumstances stipulated in his contract.

### **3.3 AMENDMENT OF THE MAXIMUM ANNUAL AMOUNT OF REMUNERATION PAYABLE TO DIRECTORS IN THEIR CAPACITY AS SUCH AND TO MEMBERS OF THE VARIOUS COMMITTEES**

The Remuneration Policy of the Board of Directors hitherto in effect has taken into account the maximum amount of remuneration payable to directors in their capacity as such, without counting executive duties, and was approved at the Annual General Shareholders held in 2017 (€ 3,925,000).

Motion 13 to be heard at the 2021 Annual General Meeting proposes a reduction of this maximum remuneration from € 3,925,000 to € 2,925,000. This decrease is down to the change in the category of the Chairman of the Board of Directors. This post, previously held by a non-executive director, is remunerated in the amount of € 1,000,000. As this position is now to be held by an executive director, this amount no longer count towards the total remuneration payable to directors in their capacity as such.

As a result, the Remuneration Policy of the Board of Directors reflects this amendment, thus setting the maximum amount of the annual remuneration payable to directors in their capacity as such at € 2,925,000.

This new amount is understood to be without prejudice to the part of the additional remuneration of the non-executive chairman that accrued up to the date of termination of his duties and that was validly paid in accordance with the Remuneration Policy of the Board of Directors that will remain in effect until the amendments envisioned in this Report are approved at the Annual General Meeting of CaixaBank.

The approved maximum amount shall remain unchanged until such time as it is modified by a new resolution of the Board replacing it.

The above notwithstanding, and in the event that the proposed reduction of the maximum remuneration is not ultimately approved at the General Meeting, the Policy will apply to the maximum limit of € 3,925,000.

#### **3.4 DEFINITION OF THE MAXIMUM NUMBER OF SHARES THAT EXECUTIVE DIRECTORS MAY RECEIVE IN THE EVENT THAT ALL OF THE TARGETS UNDER THE THIRD CYCLE OF THE CONDITIONAL ANNUAL INCENTIVE PLAN LINKED TO THE 2019-2021 STRATEGIC PLAN ARE MET.**

Pursuant to Article 219 of the LSC, Motion 14 of the 2021 Annual General Meeting includes the maximum number of shares that CaixaBank executive directors may receive under the third cycle of the Conditional Annual Incentive Plan linked to the 2019-2021 Strategic Plan.

In this regard, the proposed amendment to the Remuneration Policy to be voted on by shareholders at the 2021 Annual General Meeting includes the maximum number of shares that both Gonzalo Gortázar and José Ignacio Goirigolzarri Tellaeche may receive.

#### **3.5 INTRODUCTION OF A NEW SECTION TITLED “SUBJECT MATTER AND SCOPE OF THE POLICY”**

Following market practices at peer entities and relying also on the recommendation of external advisors, it has been decided to include an introductory section to explain the purpose of the document, the persons covered (members of the Board of Directors) and its term (three years).

#### **3.6 INTRODUCTION OF A NEW SUB-SECTION ON THE SPECIFIC PROCEDURE AND RULES TO BE FOLLOWED WHEN APPROVING THE CONTRACT OF AN EXECUTIVE DIRECTOR**

At the start of the section titled “*Remuneration of directors for the performance of executive duties*”, A number of references have been added to the contract of executive directors, in accordance with Article 249 of the LSC:

- The appointment of a new executive director must first be approved by the Board of Directors with the affirmative vote of two thirds of its members. The director in question must abstain from the deliberations and from voting.
- The contract shall describe all the items for which the executive director may obtain remuneration for the performance of executive duties.
- The contract must be compliant with the provisions of the Remuneration Policy approved at the General Meeting.

The inclusion of this sub-section makes it clear that the contracts executive directors must be compliant with the Policy.

#### **3.7 AMENDMENT TO THE SECTION ON “INSTRUMENT-BASED LONG-TERM INCENTIVES”**

To make the Remuneration Policy as flexible as possible in the current climate, the option has been added to establish long-term incentives based on both instruments and cash, pegged to the

conditions established at any given time, so as to generate added value for shareholders.

If the incentive is to be paid in cash, the procedure for payment of the variable remuneration set out in paragraphs c), d), e) and f) of section 5.4 of the Policy must be complied with in all cases.

Therefore, the title of section 5.5 has been changed to “Long-term incentives” and its wording amended accordingly to allow the Company to establish long-term incentives whether or not based on instruments.

### 3.8 ADAPTING TO BEST PRACTICES IN RELATION TO REMUNERATION AT CREDIT INSTITUTIONS

CaixaBank, as a credit institution, is subject to the remuneration requirements that apply to such entities, as set out in the main regulations listed below:

- **LOSS and ROSS:** Law 10/2014 of 26 June 2014, on the organisation, supervision and capital adequacy of credit institutions (referred to by its Spanish acronym of “LOSS”), which transposes Directive 2013/36/EU (CRD IV), and its implementing regulations (referred to by its Spanish acronym of “ROSS”).
- **Bank of Spain Circular 2/2016.**
- **Commission Delegated Regulation (EU) No 604/2014** of 4 March 2014 supplementing CRD IV to identify categories of staff whose professional activities have a material impact on an institution’s risk profile (“Identified Staff”).
- **EBA Guidelines:** Guidance with interpretation criteria on the CRD IV Directive issued by the European Banking Authority (“EBA”).

While the regulation is now fully transposed into the regulatory framework for credit institutions, it is still relatively recent. As a result, CaixaBank is continuously improving its policies and processes to incorporate the latest pronouncements, market practices and the advice of experts on these matters.

Along these lines, the Policy includes the following changes to incorporate prudential remuneration criteria:

- (i) The Policy now includes the procedure to be followed in order to approve a variable remuneration level of up to 200% of the fixed component, in accordance with Article 34.1 g) of the LOSS.
- (ii) The following amendments have been made to the section on malus and clawback events:
  - a. In accordance with market practices, the malus events now include a further event whereby variable remuneration must be reduced whenever a competent authority issues a requirement or makes a recommendation to CaixaBank to restrict its dividend distribution policy.
  - b. The scope of the clawback clause has been extended, such that it will no longer cover the period of one year from payment of the variable remuneration, but the entire period of deferral and retention of the variable remuneration.
  - c. The Policy now describes the procedure established by the Bank for the effective application of these malus and clawback clauses, which has been approved by CaixaBank. This new procedure will make the process more transparent and objective.
- (iii) The section titled “*Corporate governance of the Remuneration Policy*” now includes a series of references to the duties of the Board of Directors and the Remuneration Committee and, more specifically, to the fact that these two bodies must see to it that the Remuneration Policy is broadly gender-neutral.

#### **4. CONCLUSION**

In accordance with the contents of this Report, the Remuneration Committee of CaixaBank considers that the Remuneration Policy should be amended for the above-mentioned reasons. The amended Remuneration Policy contains all information and references required by applicable law and regulations. The Remuneration Committee also considers that its content is in line with applicable regulations, particularly as regards remuneration of listed credit institutions, complies with prudential criteria for risk assumption, good governance and transparency and is suitably aligned with the interests of shareholders.



**DETAILED RECOMMENDATION ON THE PROPOSAL TO APPROVE  
THE MAXIMUM AMOUNT OF VARIABLE REMUNERATION  
PAYABLE TO EMPLOYEES WHOSE PROFESSIONAL ACTIVITIES  
HAVE A SIGNIFICANT IMPACT ON THE COMPANY'S RISK  
PROFILE**

**Board of Directors – 30 March 2021**

## I. PURPOSE OF THE RECOMMENDATION

Law 10/2014 of 26 June 2014, on the organisation, supervision and capital adequacy of credit institutions (referred to by its Spanish acronym of "LOSS"), in its Article 34 g), states that when credit institutions set the variable components of remuneration for senior executives, employees who assume risks, staff engaged in control functions and any employee whose total remuneration takes them into the same remuneration bracket as senior executives and risk takers, whose professional activities have a material impact on the Company's risk profile (Identified Staff), they must determine appropriate ratios between the fixed and variable remuneration components, applying the following principles:

1. The variable component must not exceed 100% of the fixed component of the total remuneration for each person.
2. The Bank's shareholders may however approve a higher level than that indicated in the previous paragraph, providing it does not exceed 200% of the fixed component of the total remuneration.

For the purpose of approving this higher level of variable remuneration, the article just mentioned states the shareholders of the institution must reach their decision on the basis of a detailed recommendation issued by the board of directors or equivalent body, setting out the reasons for and the scope of the decision, including the number of affected individuals and their positions, as well as the expected effect on the Bank's ability to maintain a sturdy capital base (**Detailed Recommendation**).

The Board of Directors of CaixaBank, S.A. (**CaixaBank**, the **Company**, or the **Bank**), subject to the provisions of Article 34 g) of the 34, hereby issues this Detailed Recommendation on the motion to approve the maximum level of variable remuneration (200% of fixed items) for a total of 215 positions within the Identified Staff, said motion as included under Agenda item 16 of the Annual General Meeting to be held on 13 May 2021, at first call, and on 14 May 2021, at second call.

## II. APPLICABLE LAW AND REGULATIONS

The variable components of the Identified Staff's remuneration are mainly governed by Article 34 of the LOSS, the said section g) of which governs the ratios to be established in relation to the fixed components and the mechanisms for determining them.

The variable components of remuneration include not only annual variable bonuses or incentives but also those granted through multi-year incentives, as well as other items such as early termination payments (severance payments, compensation for non-compete obligations) or payments for walking away from previous contracts.

Further to the above, paragraph 117 of the Guidelines of the European Banking Authority<sup>1</sup> (**EBA Guidelines**) set out the criteria for a remuneration component to be

---

<sup>1</sup> Guidelines on adequate remuneration policies by virtue of Articles 74, section 3, and 75, section 2, of Directive 2013/36/EU and reporting by virtue of Article 450 of Regulation (EU) no. 575/2013 (EBA/GL/2015/22). Although the

considered as fixed remuneration; while paragraph 116 explains where the clear allocation of a component to the fixed remuneration is not possible based on the criteria provided in those guidelines, it should be considered as variable remuneration.

Thus, on calculating variable remuneration for purposes of determining the maximum ratio, it must include all components granted in a determined financial year that cannot be considered fixed remuneration, by their very nature or residually, including, as previously mentioned, not only the bonuses or annual and multi-year incentives but also other items such as indemnity payments for contract termination and compensation for post-contractual non-compete commitments.

With regard to early termination payments, section 154 of the EBA Guidelines, despite reiterating that severance payments are considered variable remuneration, establishes that such payments must not be contemplated on calculating the ratio or be subject to application of deferral and payment in instruments if they are included in any of the following categories:

1. compulsory severance payments under national labour law<sup>2</sup>;
2. indemnity payments obliged by a Court ruling;
3. compensation calculated using a generic formula defined in advance in the remuneration policy in the situations referred to in paragraph 149 of the EBA Guidelines<sup>3</sup>;
4. severance payments where they are subject to a non-compete clause ("paid absence") in the contract and are paid in future years up to the maximum amount of fixed remuneration that would have been paid in the non-compete period if the staff were still employed; or
5. severance payments envisaged in section 149 of the EBA Guidelines that cannot be included in items 1, 2 and 3 above, when the entity has demonstrated the reasons and the suitability of the amount of severance payment to the competent authority.

### III. THE VARIABLE COMPONENTS IN CAIXABANK'S REMUNERATION POLICIES

#### 1. General remuneration policy for variable remuneration

The remuneration guidelines approved by the Board of Directors and generally applicable to the Bank and its group include the principle that the fixed and welfare benefit components should constitute the predominant part of the overall remuneration conditions, and that the variable remuneration item should tend to be conservative, given its potential as a risk generation factor.

This conservative principle for variable remuneration is reflected in both the General

---

European Banking Authority Guidelines do not actually form part of EU Law, the EU Regulation governing their creation and functioning establishes that the competent authorities and the entities must make every effort to "comply with them".

<sup>2</sup> Taken to mean those legally established as being mandatory or minimum by the Workers' Statute or by Royal Decree 1382/1985, of 1 August, governing special labour relationships for senior management staff.

<sup>3</sup> This section refers to situations where the credit institution is no longer viable or sustains a significant reduction in business, as well as acquisition of business areas by other institutions, or agreements in the event of a labour dispute to avoid taking the case to court.

## Remuneration Policy for CaixaBank and its group and the specific Remuneration Policies for the Board of Directors and CaixaBank's Identified Staff.

There follows a description of the approach to the variable remuneration components in these policies.

### 2. Board of Directors' Remuneration Policy

#### a) General Considerations

CaixaBank's current Directors' Remuneration Policy (**DRP**) envisages items of variable remuneration for executive directors only.

In relation to executive directors, and based on the objective of achieving a reasonable and prudent balance between fixed and variable remuneration, the **DRP** states that the amounts of fixed remuneration must be sufficient; the percentage of variable remuneration in the form of a bonus is relatively low when compared with the percentage of annual fixed remuneration and does not typically exceed 40 per cent, without counting other possible variables such as the long-term incentives (**LTI**).

It also establishes that the variable component of the executive Directors' remuneration must not exceed 100% of the fixed component of each executive Director's total remuneration, unless the CaixaBank General Meeting approves a higher level, which must not exceed 200% of the fixed component, in accordance with the form, requirements and procedures set forth in the **LOSS**.

The various components of variable remuneration for executive directors are largely regulated in sections IV.3 to IV.6, IV.9 and IV.11 of the **DRP**, or such sections as may replace them, and are established in compliance with legally established parameters regarding deferral, payment in instruments, retention, calculation of the maximum ratio and malus and clawback clauses.

#### b) Considerations on termination payments

In relation to early termination payments, section IV.11.a) of the **DRP** states that the amount of executive directors' termination payments should at all times be set so as not to exceed the legally established limits on the maximum variable remuneration ratio, based on the criteria set out in the **EBA Guidelines**.

In relation to payments for **post-contractual non-compete covenants**, section IV.11.b) of the **DRP** provides that contracts may contain covenants of this nature, compensation for which may consist of an amount that should not generally exceed the sum of the fixed components of the remuneration that the executive director would have received had he or she continued at the company; the amount of the compensation should be divided into future periodic instalments payable over the term of the non-compete covenant.

Finally, section IV.11.e) of the **DRP** establishes that making early termination payments cannot lead to the Bank's infringement of the variable remuneration limits in relation to the fixed remuneration set forth by the applicable legislation, and that the early termination payments must be reduced as necessary to comply with the mandatory limits.



---

c) Practices followed by the Bank

Since the entry into force of the EBA Guidelines, CaixaBank sets this compensation as the equivalent of one year's fixed components of the executive director's remuneration. Meanwhile, the term of the non-contractual non-compete arrangements of the contracts in effect is one year, and the compensation has been set at an amount equal to one year's fixed components of the subject's remuneration, payable monthly in 12 equal parts.

As the Executive Directors' contracts are commercial rather than employment contracts, the indemnity payment agreed on would fully count as variable remuneration in the remuneration ratio, in accordance with the previously mentioned regulations, if it was applicable in the case of termination of the contract. On the other hand, the post-contractual non-compete clause compensation would be excluded from this calculation, even though it is still considered a variable component.

3. Remuneration Policy for the Identified Staff<sup>4</sup>

a) General Considerations

As in the DRP, CaixaBank's current Remuneration Policy for the Identified Staff (**RPIS**) reflects the Bank's conservative policy when it comes to variable remuneration components.

In particular, it is established in the RPIS that CaixaBank considers that the higher the variable remuneration in relation to the fixed remuneration, the greater the incentive to achieve the required results will be and the associated risks may therefore also be greater, while if the fixed component is too low in relation to the variable remuneration it may be difficult to reduce or eliminate the variable remuneration in a financial year in which poor results have been obtained.

The RPIS implicitly considers that the variable remuneration can become a potential incentive to assume risks, and a low level of variable remuneration is therefore a simple method of protecting against such incentives.

The RPIS also states that the level of risk assumption must also take into account the category of employees included in the Identified Staff, applying the principle of internal proportionality. As a result, the right balance between the fixed and variable remuneration components may vary between staff categories, depending on market conditions and the specific context in which the Company operates.

Therefore, with the aim of achieving a reasonable, prudential balance between the fixed and variable remuneration components, the RPIS reiterates that in the case of the CaixaBank Group the fixed remuneration amounts are sufficient, and the percentage of variable remuneration over the annual fixed remuneration is generally relatively low.

---

<sup>4</sup> Although the Identified Staff includes the members of CaixaBank's Board of Directors, both executive and non-executive, they are not included in CaixaBank's Remuneration Policy for the Identified Staff as they are subject to specific regulation in the Remuneration Policy of the Board of Directors.

Lastly, the RPIS reproduces the EBA Guidelines on establishing that the remuneration of the professionals responsible for independent control functions should tend to be mainly fixed, and that when these professionals receive variable remuneration it should be determined separately from that of the business units they control, including the results deriving from business decisions in which these professionals are involved.

The different components of variable remuneration of the members of the Identified Staff are largely regulated in sections 7 to 10, 13 and 15 of the RPIS, or such sections as may replace them, and are established in compliance with the legally established parameters regarding deferral, payment in instruments, withholding, calculation of the maximum ratio and malus and clawback clauses.

b) Considerations on termination payments

As regards payments for early termination, section 15.1 of the RPIS provides that, in general, the **severance payment** obligations assumed by the Bank are as prescribed by applicable law and regulations. Thus, in the case of standard contracts of employment, the Workers Statute (Estatuto de los Trabajadores) establishes the payment of a certain severance payment in the events and in the amounts established therein as a minimum, mandatory and non-available amount.

For the professionals in the Identified Staff with an ordinary labour relationship it is determined that the amount of the redundancy or severance payments to be calculated for purposes of the maximum variable remuneration ratio must not exceed the legally established limits.

For the professionals in the Identified Staff with a senior management relationship, it is determined that with the limit of the rule itself, in general and unless the applicable legislation gives rise to a higher compulsory amount, the quantity of redundancy or severance payments must not exceed the amount of all the fixed remuneration components for one year, without prejudice to the compensation agreed on in the post-contractual non-compete commitments, as the case may be.

On this point, paragraph 15.2 of the RPIS stipulates that if a post-contractual non-compete undertaking has been included in the contract, the compensation may not generally exceed the sum of the fixed components of the remuneration that the professional would have received had he or she remained at the entity; and that the amount of the compensation must be divided into future and equal periodic instalments, payable over the entire duration of the non-compete undertaking.

Meanwhile, section 15.5 of the RPIS regulates payments for **termination under a collective redundancy plan**, which applies generally to all CaixaBank employees (TRP)<sup>5</sup> who are eligible under the plan, and to which members of the Identified Staff with an employment relationship may also be subject.

---

<sup>5</sup> These plans are typically negotiated and agreed with the representatives of CaixaBank employees and cover all CaixaBank employees who meet certain eligibility requirements (usually including length of service and age).

Following the most conservative interpretation of the applicable rules, the RPIS classifies TRP payments for members of the Identified Staff as variable remuneration, subject, where applicable, to the exceptions provided for in Article 154 of the EBA Guidelines (as referenced above in section II of this Detailed Recommendation). Accordingly, the part of the TRP payments that cannot be exempted under that provision must be fully subject to the payment cycle rules (deferral, payment in instruments, withholding, calculation of the remuneration ratio, malus and clawback clauses) governing the other variable remuneration components.

Lastly, paragraph 15.6 of the RPIS states that in no case may the payment of early termination payments cause the Bank to breach the limits on variable remuneration prescribed by applicable law in respect of fixed remuneration, and that, where necessary, early termination payments will be lowered accordingly so as to ensure strict compliance with all such mandatory limits.

c) Procedures followed by the Bank

In accordance with the contractual practice followed by CaixaBank since the application of the EBA Guidelines, for members of the Identified Staff with a senior management contract an indemnity payment has generally been established consisting of either (i) the indemnity payment that would correspond to them by virtue of the Workers Statute in accordance with a suspended previous ordinary employment contract or (ii) a year's payment of the fixed components of the annual remuneration, whichever is the highest.

As a general rule, the contracts of members of the Identified Staff that contain post-contractual non-compete undertakings have a term of one year, and the compensation for such commitments consists —again as a general rule— of an amount equal to one year of the fixed components of the subject's remuneration, payable monthly in 12 equal parts.

In accordance with the rule described, for senior management contracts where there is a suspended previous ordinary employment contract for which the indemnity payment earned up until the time of suspension exceeds the amount of one year's payment of the fixed components, the former will be applied, and it will not count towards the calculation of the ratio in accordance with the aforementioned regulation in section 154 of the EBA Guidelines; on the other hand, if no indemnity payment has been accumulated (as there is no suspended previous ordinary employment contract) or if its amount is lower than one year's payment of the fixed components, the applicable indemnity payment will be the equivalent of one year's payment of the fixed components, and it will count towards the remuneration ratio insofar as it exceeds the accumulated indemnity payment resulting from the previous ordinary labour relationship (if this relationship exists).

Finally, the post-contractual non-compete clause compensation established under the above terms would not count towards the calculation of the remuneration ratio, even though it is still considered a variable component.

#### **IV. EVENTS WARRANTING THE PROPOSED INCREASE IN THE MAXIMUM RATIO OF VARIABLE REMUNERATION AND JUSTIFICATIONS**

The events giving rise to the proposal to raise the maximum variable remuneration ratio, and their justification, are as follows:

1. The need to adapt to standard practice and market competition.

Although CaixaBank's remuneration policy generally establishes relatively low variable remuneration in relation to the fixed components and welfare benefits, the proportion established between the fixed and variable components for certain specific posts must comply with standard market practice for equivalent posts, both in Spain and internationally, on the basis of market surveys and information drawn up by top-level specialist companies.

European credit institutions are required to limit their variable remuneration regardless of the location of their business, while non-EU entities are only subject to this limitation for the business they carry out in Europe. As an entity with international vocation, CaixaBank must invest itself with the maximum potential and the necessary flexibility to be competitive with regard to attracting and retaining talent. CaixaBank must thus be able to attract, motivate and retain the best professionals for the posts in question, through a remuneration system comparable to those of the Company's direct competitors.

Extending the maximum ratio to 200% would, as in previous years, affect a limited number of 33 positions in the Identified Staff, as identified under **Heading I** of the **APPENDIX** to this Detailed Recommendation.

However, in accordance with the Bank's current remuneration principles and practices, the motion is for limited, specific and non-generalised use of variable remuneration in the form of a bonus in the case of it possibly exceeding 100% of the fixed component.

2. Co-existence of different variable components in the same year of payment

As explained in previous sections, the obligatory classification of the different types of remuneration by fixed and variable components (with no intermediate or additional categories existing) and the form of defining each one (a variable component is any component that cannot be defined as fixed) means that in the same financial year different types of variable remuneration may be earned, all of them subject to the maximum ratio applicable to the Bank (variable remuneration in bonus form, long-term variable incentives, early termination payments or, alternatively, payments made under the DRP).

In the case of CaixaBank, although conservative policies have been applied with regard to variable remuneration, in some cases early termination payments or payments made under the DRP may have to be reduced as their overall amount exceeds the limit of 100% of the fixed components when they are calculated together with the rest of the variable components and are not totally or partially exempted from this calculation, in accordance with section 154 of the EBA Guidelines.

Extending the maximum ratio to 200% in these cases would not change the Bank's conservative policies on variable remuneration in the form of bonuses, long-term incentives and early termination payments, but would make it better able to honour, in quantitative terms, all of its commitments with the members of the Identified Staff under the same conditions as the rest of the Bank's employees (without prejudice to the fact that their payment, insofar as it is classified as a variable component and not exempted under paragraph 154 of the EBA Guidelines, must be made in

accordance with the applicable principles of deferral, payment in instruments, retention, malus and clawback clauses).

Raising the maximum ratio to 200% would, as in previous years, affect a limited number of members of the Identified Staff, whose positions are identified under **Heading II** of the **APPENDIX** to this Detailed Recommendation.

Although at present the number of specific persons holding posts in the Identified Staff that could be affected by an obligatory reduction of the early termination payments or payments under the DRP is limited, given their contractual situation and the mandatory workers' compensation earned, the possible replacement of these persons in their posts may result in the aforementioned reduction being applied to the persons replacing them, and the increase in the maximum ratio aims to palliate this situation.

For this reason, raising the maximum ratio to 200% must eventually include all 215 positions of the Identified Staff that have recognised variable remuneration components, as identified under **Headings I and II of the APPENDIX**.

The approval of the maximum ratio for the reasons explained in this **IV2** does not constitute a general authorisation for the Bank to change its conservative policies regarding variable remuneration components or for it to conduct a broad review of the terms of the contracts of the members of the Identified Staff; rather, and as stated above, its purpose is to make the Bank better able to honour its individual and collective commitments in terms of termination payments under equal conditions for all members of its Identified Staff and all other employees who receive variable remuneration components.

#### **V. EFFECT OF THE PROPOSAL ON THE ABILITY TO MAINTAIN A STRONG CAPITAL BASE**

For the 33 positions whose annual variable remuneration may exceed 100% of their fixed components (as described in **section IV.1** above and listed under **Heading I of the APPENDIX** to this Detailed Recommendation), the maximum estimated aggregate amount of such excess, even in the hypothetical (and unforeseen) scenario, would be EUR 2.958.219.

In relation to the total 215 positions of the Identified Staff that receive variable remuneration components (as described under **section IV.2** of this Detailed Recommendation), and taking into account the fact that they may only potentially be affected, even if the concurrence of variable components were to affect all of the persons currently occupying the positions included on the list whose contractual situation would require a reduction in payments for early termination or TRP, the economic impact would be EUR 21.961.937.

The Board of Directors considers that the aggregate amount of both figures (EUR 24.920.156) would not have a material impact on ability to maintain a solid capital base and would not affect the Bank's capital adequacy obligations.

#### **VI. APPLICATION OF THE MAXIMUM LEVEL OF VARIABLE REMUNERATION AT CAIXABANK SUBSIDIARIES**

The proposal to approve the maximum variable remuneration ratio extends to members of the CaixaBank Group's Identified Staff who work or provide services at subsidiaries of the Company, without prejudice to the need for these subsidiaries to comply with the

obligations pertaining to them specifically in each case when raising this ratio up to the maximum level permitted.

## VII. MOTION TO BE SUBMITTED TO THE ANNUAL GENERAL MEETING

By virtue of the above, the Board of Directors proposes approval of the following resolution to the General Shareholders' Meeting:

***Approval of the maximum level of variable remuneration that may be earned by employees whose work has a significant impact on the Company's risk profile.***

*To approve the following: the variable remuneration of the 215 employees named in the 'Board of Directors' Detailed Recommendation on the motion to approve the maximum amount of variable remuneration payable to members of the Identified Staff' for those employees whose work has a significant impact on the Company's risk profile may reach up to two hundred per cent (200%) of the fixed component of their total remuneration, all by virtue of and subject to the provisions of Article 34 of Law 10/2014 of 26 June, on the structuring, supervision and capital adequacy of credit institutions.*

*The purpose of approving this resolution is: (i) to respond to prevailing market conditions in the case of the 33 positions included under Heading I of the Appendix to the aforementioned Detailed Recommendation; or (ii) for all positions included under Headings I and II of the aforementioned Appendix, to make the Company better able to honour its individual and collective termination payment commitments on an equal basis to all members of its Identified Staff and other staff with recognised variable remuneration components, without this altering the Company's general remuneration practices and policies.*

*Likewise, to approve the motion that the Company may exercise its voting rights at subsidiaries subject to a maximum variable remuneration ratio in the sense of agreeing upon the maximum permitted limit, following the same principles that apply to the Company itself.*

**APPENDIX**
**to the detailed recommendation on the motion to approve the maximum level of variable remuneration for professionals belonging to the Identified Staff**

## NUMBER OF PERSONS AND POSITIONS AFFECTED

## Heading I Positions of the Identified Staff affected due to market reasons

POSITION	No. of persons
REGIONAL GENERAL DIVISION – INTOUCH	1
REGIONAL GENERAL DIVISION – BALEARIC ISLANDS	1
REGIONAL GENERAL DIVISION – EBRO	1
BUSINESS BANKING DEPARTMENT	1
STRUCTURED FINANCE DEPARTMENT	1
ASSET FINANCE DEPARTMENT	1
CORPORATE BANKING UNIT	1
INTERNATIONAL BANKING DEPARTMENT	1
DEBT CAPITAL MARKETS & FICC SALES DEPARTMENT	1
BRANCH MANAGER – PORTO	1
MARKETS DEPARTMENT	1
ALM, TREASURY & FUNDING DEPARTMENT	1
EQUITY DEPARTMENT	1
STRUCTURED LIABILITIES & COMMODITIES DEPARTMENT	1
EQUITY DERIVATIVES DEPARTMENT	1
INTEREST RATES DERIVATIVES DEPARTMENT	1
FIXED INCOME DEPARTMENT	1
FOREIGN EXCHANGE DEPARTMENT	1
CREDIT DEPARTMENT	1
PUBLIC DEBT DEPARTMENT	1
FX VOLATILITY DEPARTMENT	1
FX SPOT AND FORWARD DEPARTMENT	1
WHOLESALE FUNDING DEPARTMENT	1

(continued)

<b>POSITION</b>	<b>No. of persons</b>
FIXED INCOME PORTFOLIO DEPARTMENT	1
STRUCTURAL RISK MANAGEMENT DEPARTMENT	1
COLLATERAL MANAGEMENT DEPARTMENT	1
CVA – FVA MANAGEMENT AND PRICING DEPARTMENT	1
PRIVATE BANKING DEPARTMENT	1
ENERGY & TELECOM DEPARTMENT	1
CONSTRUCTION & INFRAST. 1&2 & REAL ESTATE DEPARTMENT	1
INVESTOR RELATIONS DEPARTMENT	1
EQUITIES CAPITAL MARKETS DEPARTMENT	1
INVESTMENT STRATEGY DEPARTMENT AND SPECIALISTS	1

Heading II Total number of positions in the Identified Staff who receive variable remuneration components

<b>POSITION</b>	<b>No. of persons</b>
CHAIRMAN	1



CHIEF EXECUTIVE OFFICER	1
OFFICE OF THE CHIEF BUSINESS OFFICER	1
GENERAL HUMAN RESOURCES DEPARTMENT	1
CHIEF RISK MANAGER	1
INTERNAL AUDIT DEPARTMENT	1
FINANCE DEPARTMENT	1
RESOURCES DEPARTMENT	1
CIB & INTERNATIONAL BANKING DEPARTMENT	1
COMMUNICATION AND INSTITUTIONAL RELATIONS DEPARTMENT	1
ACCOUNTING, MANAGEMENT CONTROL AND CAPITAL DEPARTMENT	1
INSURANCE DEPARTMENT	1
COMPLIANCE AND CONTROL DEPARTMENT	1
SUSTAINABILITY DEPARTMENT	1
GENERAL SECRETARY	1
RISK MANAGEMENT FUNCTION	1
COMPLIANCE DEPARTMENT	1
DEPARTMENT – CHIEF LENDING OFFICER RETAIL	1
DEPARTMENT – CHIEF LENDING OFFICER FOR COMPANIES	1
PAYMENTS & CONSUMER DEPARTMENT	1
RETAIL DEPARTMENT	1
BUSINESS BANKING DEPARTMENT	1
BUSINESSES AND ENTREPRENEURS DEPARTMENT	1
REGIONAL GENERAL DIVISION FOR BARCELONA	1
REGIONAL GENERAL DIVISION FOR THE MADRID METROPOLITAN AREA	1
REGIONAL GENERAL DIVISION FOR VALENCIA	1
REGIONAL GENERAL DIVISION FOR EAST ANDALUSIA	1
REGIONAL GENERAL DIVISION FOR THE NORTH OF SPAIN	1
REGIONAL GENERAL DIVISION FOR WEST ANDALUSIA – EXTREMADURA	1
REGIONAL GENERAL DIVISION FOR CATALONIA	1
STRUCTURAL AND MARKET RISKS DEPARTMENT	1
REGULATED CREDIT RISK MODELS DEPARTMENT	1
ENTERPRISE RISK MANAGEMENT & PLANNING DEPARTMENT	1
CREDIT RISK POLICY, REPORTING AND SECURITY DEPARTMENT	1

(continued)

POSITION	No. of persons
DEPUTY COMPLIANCE DEPARTMENT	1
DEPUTY COMPLIANCE DEPARTMENT	1
COMPLIANCE ANALYTICS DEPARTMENT	1
CONTROL AND REPORTING DEPARTMENT	1
AML/CTF DEPARTMENT	1
CONDUCT AND MARKET RISKS DEPARTMENT	1
INVESTEE AUDIT DEPARTMENT	1
AUDIT, SUPERVISION AND HR DEPARTMENT	1

NATURAL AND LEGAL PERSON AUDIT DEPARTMENT	1
TRANSFORMATION & AGILE AUDIT DEPARTMENT	1
RISKS, MARKETS AND CIB DEPARTMENT	1
IT AUDIT AND DIGITAL BANKING DEPARTMENT	1
PRIVATE BANKING AUDIT AND OUTSOURCING DEPARTMENT	1
METHODOLOGY AND REPORTING DEPARTMENT	1
AUDIT INTEGRATION DEPARTMENT	1
CONSUMER BUSINESS ACTIVATION DEPARTMENT	1
STRATEGIC ALLIANCES AND P&C ECOSYSTEMS DEPARTMENT	1
RETAIL BANKING BUSINESS DEPARTMENT	1
CUSTOMER EXPERIENCE DEPARTMENT	1
COMMERCIAL OMNI-EXPERIENCE DEPARTMENT	1
RETAIL INTEGRATION DEPARTMENT	1
BUSINESS DEVELOPMENT AND TRANSFORMATION DEPARTMENT	1
REAL ESTATE BUSINESS AND DEVELOPMENT DEPARTMENT	1
SGF BUSINESS BANKING DEPARTMENT	1
TRANSACTIONAL BANKING DEPARTMENT	1
HOTELS & TOURISM DEPARTMENT	1
BUSINESS BANKING INTEGRATION DEPARTMENT	1
BUSINESS BANKING COMMERCIAL DEPARTMENT – NORTH	1
BUSINESS BANKING COMMERCIAL DEPARTMENT – SOUTH	1
TECHNOLOGY COMPANIES – INVESTORS/DAY ONE DEPARTMENT	1
BUSINESS DEPARTMENT AND BUSINESSBANK	1

(continued)

POSITION	No. of persons
BUSINESS AND ENTREPRENEUR DEVELOPMENT DEPARTMENT	1
BUSINESS INTEGRATION DEPARTMENT	1
CIB & INTERNATIONAL BANKING SOLUTIONS DEPARTMENT	1
STRUCTURED FINANCE DEPARTMENT	1
ASSET FINANCE DEPARTMENT	1
CORPORATE BANKING UNIT	1
CORPORATE BANKING DEPARTMENT	1
INTERNATIONAL BANKING DEPARTMENT	1
INSTITUTIONAL BANKING DEPARTMENT	1
DEBT CAPITAL MARKETS & FICC SALES DEPARTMENT	1
EQUITIES & CORPORATE FINANCE DEPARTMENT	1
BRANCH MANAGER – PORTO	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DEPARTMENT FOR BARCELONA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DEPARTMENT FOR BARCELONA	1
COMMERCIAL BUSINESS BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR BARCELONA	1
COMMERCIAL PRIVATE BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR BARCELONA	1
COMMERCIAL RETAIL BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR BARCELONA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR VALENCIA	1
COMMERCIAL DEPARTMENT – BANKIA NETWORK FOR VALENCIA	1
COMMERCIAL DEPARTMENT – BANKIA NETWORK FOR VALENCIA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR VALENCIA	1
COMMERCIAL PRIVATE BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR VALENCIA	1
COMMERCIAL RETAIL BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR VALENCIA	1
COMMERCIAL BUSINESS BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR VALENCIA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR THE MADRID METROPOLITAN AREA	1
COMMERCIAL DEPARTMENT – BANKIA NETWORK WITHIN THE REGIONAL GENERAL DIVISION FOR THE MADRID METROPOLITAN AREA	1
COMMERCIAL DEPARTMENT – BANKIA NETWORK WITHIN THE REGIONAL GENERAL DIVISION FOR THE MADRID METROPOLITAN AREA	1
COMMERCIAL PRIVATE BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR THE MADRID METROPOLITAN AREA	1
COMMERCIAL BUSINESS BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR THE MADRID METROPOLITAN AREA	1
COMMERCIAL RETAIL BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR THE MADRID METROPOLITAN AREA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR THE MADRID METROPOLITAN AREA	1

(continued)

POSITION	No. of persons
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR EAST ANDALUSIA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR EAST ANDALUSIA	1
COMMERCIAL DEPARTMENT – BANKIA NETWORK OF THE REGIONAL GENERAL DIVISION FOR EAST ANDALUSIA	1
COMMERCIAL PRIVATE BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR EAST ANDALUSIA	1
COMMERCIAL BUSINESS BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR EAST ANDALUSIA	1
COMMERCIAL RETAIL BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR EAST ANDALUSIA	1
COMMERCIAL PRIVATE BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR NORTHERN SPAIN	1
COMMERCIAL BUSINESS BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR NORTHERN SPAIN	1
COMMERCIAL RETAIL BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR NORTHERN SPAIN	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR NORTHERN SPAIN	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR NORTHERN SPAIN	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR WEST ANDALUSIA & EXTREMADURA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR WEST ANDALUSIA & EXTREMADURA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR WEST ANDALUSIA & EXTREMADURA	1
COMMERCIAL PRIVATE BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR WEST ANDALUSIA & EXTREMADURA	1
COMMERCIAL BUSINESS BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR WEST ANDALUSIA & EXTREMADURA	1
COMMERCIAL RETAIL BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR WEST ANDALUSIA & EXTREMADURA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR CATALONIA	1
COMMERCIAL DEPARTMENT – REGIONAL GENERAL DIVISION FOR CATALONIA	1
COMMERCIAL BUSINESS BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR CATALONIA	1
COMMERCIAL PRIVATE BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR CATALONIA	1
COMMERCIAL RETAIL BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR CATALONIA	1
LEGAL ADVISORY DEPARTMENT	1
STRATEGIC PLANNING AND STUDIES DEPARTMENT	1
CORPORATE M&A DEPARTMENT	1
OFFICE OF THE DEPUTY TO THE GENERAL BUSINESS MANAGER	1
CIB BUSINESS CONTROL DIVISION	1
GOVERNANCE AND CONTROL DEPARTMENT	1
BUSINESS RISK DEVELOPEMENT & CARS DEPARTMENT	1
LARGE BUSINESS RESTRUCTURING DEPARTMENT	1
RETAIL DEFAULTS AND RECOVERIES DEPARTMENT	1

(continued)

POSITION	No. of persons
NON-FINANCIAL RISK CONTROL DEPARTMENT	1
OPERATIONS DEPARTMENT	1
RETAIL RISK DEPARTMENT	1
BUSINESS CONTROL DEPARTMENT	1
OFFICE OF THE CHAIRMAN OF THE STANDING COMMITTEE ON CREDIT AND LOANS	1
RETAIL CUSTOMER LOAN ANALYSIS AND APPROVAL DEPARTMENT	1
CIB CREDIT MANAGER & INTERNATIONAL BANKING DEPARTMENT	1
BUSINESSES CREDIT MANAGER DEPARTMENT	1
MARKETS DEPARTMENT	1
ALM, TREASURY & FUNDING DEPARTMENT	1
EQUITY DEPARTMENT	1
STRUCTURED LIABILITIES & COMMODITIES DEPARTMENT	1
EQUITY DERIVATIVES DEPARTMENT	1
INTEREST RATES DERIVATIVES DEPARTMENT	1
FIXED INCOME DEPARTMENT	1
FOREIGN EXCHANGE DEPARTMENT	1
CREDIT DEPARTMENT	1
PUBLIC DEBT DEPARTMENT	1
FX VOLATILITY DEPARTMENT	1
FX SPOT AND FORWARD DEPARTMENT	1
LIQUIDITY MANAGEMENT DEPARTMENT	1
WHOLESALE FUNDING DEPARTMENT	1
FIXED INCOME PORTFOLIO DEPARTMENT	1
STRUCTURAL RISK MANAGEMENT DEPARTMENT	1
COLLATERAL MANAGEMENT DEPARTMENT	1
CVA – FVA MANAGEMENT AND PRICING DEPARTMENT	1
QUANTS DEPARTMENT	1
RISK UNDERWRITING DEPARTMENT – REGIONAL GENERAL DIVISION FOR BARCELONA	1
RISK UNDERWRITING DEPARTMENT – REGIONAL GENERAL DIVISION FOR CENTRAL SPAIN	1
RISK UNDERWRITING DEPARTMENT – REGIONAL GENERAL DIVISION FOR WEST ANDAL. & EXTREM.	1
RISK UNDERWRITING DEPARTMENT – REGIONAL GENERAL DIVISION FOR CATALONIA	1
RISK UNDERWRITING DIVISION – REGIONAL GENERAL DIVISION FOR VALENCIA	1
RISK UNDERWRITING DIVISION – REGIONAL GENERAL DIVISION FOR EAST ANDAL. & MURCIA	1
RISK UNDERWRITING DEPARTMENT – REGIONAL GENERAL DIVISION FOR NORTHERN SPAIN	1

(continued)

POSITION	No. of persons
PRIVATE BANKING DEPARTMENT	1
RETAIL CUSTOMER DEPARTMENT	1
CORPORATE MANAGEMENT AND GOVERNANCE DEPARTMENT	1
DEPARTMENT – CHIEF INFORMATION OFFICER	1
BUDGET MANAGEMENT AND GENERAL SERVICES DEPARTMENT	1
INSURANCE GROUP AND ASSET MANAGEMENT DEPARTMENT	1
OFFICE OF THE TECHNICAL SECRETARY ATTACHED TO THE CHAIRMAN'S OFFICE IN MADRID	1
ENERGY & TELECOM DEPARTMENT	1
FORECLOSURE REAL ESTATE ASSETS DEPARTMENT	1
SOLUTIONS & COLLECTIONS DEPARTMENT	1
CORPORATE DEVELOPMENT DEPARTMENT	1
CONSTRUCTION & INFRASTR. 1&2 & REAL ESTATE DEPARTMENT	1
INDUSTRIALS & RETAIL DEPARTMENT	1
TRANSACTIONAL BANKING DEPARTMENT	1
INSURANCE & FINANCIAL ENTITIES DEPARTMENT	1
REGIONAL MANAGER INTOUCH	1
REGIONAL MANAGER BALEARIC ISLANDS	1
BUSINESS INTEGRATION PROJECT DEPARTMENT	1
BPI BUSINESS BANKING PROJECT DEPARTMENT	1
REGIONAL GENERAL DIVISION – EBRO	1
OFFICE OF THE DEPUTY TO THE CHAIRMAN'S OFFICE	1
INVESTOR RELATIONS DEPARTMENT	1
BUSINESS INTELLIGENCE DEPARTMENT	1
REP. OFFICE MANAGER – REPRESENTATIVE OFFICE FOR CANADA	1
MARKETING STRATEGY DEPARTMENT	1
REGIONAL MANAGER OF BEIJING REPRESENTATIVE OFFICE	1
REP. OFFICE MANAGER – REPRESENTATIVE OFFICE FOR AUSTRALIA	1
EQUITIES CAPITAL MARKETS DEPARTMENT	1

(continued)

POSITION	No. of persons
INVESTMENT STRATEGY DEPARTMENT AND SPECIALISTS	1
OFFICE OF THE DEPUTY FOR ORGANISATION AND RESOURCES	1
BALANCE SHEET ANALYSIS AND MONITORING DEPARTMENT	1
SUSTAINABILITY RISKS DEPARTMENT	1
COMMERCIAL PRIVATE BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR THE EBRO REGION	1
WEALTH DEPARTMENT	1
DEPARTMENT OF CULTURE, SELECTION, DEVELOPMENT AND LABOUR RELATIONS	1
BRANCH MANAGER – WARSAW	1
LARGE COMPANIES DEPARTMENT – BARCELONA	1
AREA MANAGER OF THE REPRESENTATIVE OFFICE FOR SINGAPORE	1
OFFICE OF THE CHIEF EXECUTIVE OFFICER	1
OFFICE OF THE GENERAL SECRETARY	1
INTERNAL CONTROL AND VALIDATION DEPARTMENT	1
ORGANISATION AND RESOURCES DEPARTMENT	1
OFFICE OF THE DEPUTY OF HUMAN RESOURCES	1
COMMUNICATION AND EXTERNAL RELATIONS DEPARTMENT	1
BUSINESS INTEGRATION PROJECT DEPARTMENT	1
CIB BUSINESS DEVELOPMENT AND INTEGRATION DEPARTMENT	1
INTERNAL AUDIT INTEGRATION DEPARTMENT	1
REPRESENTATIVE OFFICES DEPARTMENT	1
MANAGEMENT CONTROL (CIB) DEPARTMENT	1
COMMERCIAL BUSINESS BANKING DEPARTMENT – REGIONAL GENERAL DIVISION FOR CASTILE-LA MANCHA	1
REGIONAL GENERAL DIVISION FOR CASTILE-LA MANCHA	1
PORTFOLIO MANAGER – CIB & COMPANIES	1
OFFICE OF THE DEPUTY FOR LEGAL ADVISORY	1
BPI PROJECT DEPARTMENT (on leave of absence)	1



**REPORT OF THE BOARD OF DIRECTORS OF CAIXABANK, S.A.  
ON THE AMENDMENTS TO THE REGULATIONS OF THE BOARD  
OF DIRECTORS OF CAIXABANK, S.A.**

**Board of Directors - 30 March 2021**



## 1. PURPOSE OF THE REPORT

In compliance with the provisions of article 518.d) of the restated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July ("**Corporate Enterprises Act**" or "**LSC**"), which requires from the moment the call notice is published and until the Annual General Meeting is held that companies must continuously post on their websites the reports of the competent bodies relating to items of a merely informative nature, in addition to article 528 of the LSC, which requires the Board of Directors to inform the Annual General Meeting of any amendments to Regulations of the Board of Directors, this report has been prepared by the Board of Directors of CaixaBank, S.A. ("**CaixaBank**" or the "**Company**") to explain the reasons for the amendments to the Regulations of the Board of Directors approved at the meetings of 17 December 2020 and 30 March 2021, which will be notified to the Company's Annual General Meeting to be held on 13 May 2021, at first call, and on the following day, 14 May, at second call, under item 19 of the agenda.

## 2. REASONS FOR THE AMENDMENTS

### a) Amendments agreed on at the Board of Directors' meeting of 17 December 2020

After submission to public consultation between 15 January and 14 February 2020 of the draft reform of the 2015 Good Governance Code for listed companies, on 26 June 2020 the CNMV published a **partial reform of the CNMV Good Governance Code of June 2020** the ("**Good Governance Code**" or "**GGC**"), which updates and adapts several GGC Recommendations to various legal changes that have been approved since its publication and clarifies the scope of others. It also reflects key developments in areas such as diversity of the Board of Directors, non-financial information and risks, the focus on sustainability aspects in environmental, social and corporate governance matters and the clarification of aspects related to directors' remuneration, among others.

On 12 October 2020, **CNMV Circular 1/2020, of 6 October, amending the templates of the Annual Corporate Governance Report ("ACGR") and the Annual Report on Director Remuneration**, whose **Transitional Provision** establishes, in relation to the GGC Recommendations amended in June, the adaptation of the relevant corporate texts and/or policies in order to fully comply with the ACGR requirements for 2020.

Further, on 19 December 2018, **Law 11/2018, of 28 December** was published in the Official State Gazette, amending the Commercial Code, the restated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Auditing of Accounts, in regard to non-financial information and diversity ("**Law 11/2018**") which, among other aspects, includes points relating to diversity in the composition of the Board of Directors.

In accordance with the above, CaixaBank's Board of Directors resolved to amend the Regulations of the Company's Board of Directors, essentially to **adapt them to the GGC Recommendations amended in June 2020, which the Company had been adhering to at that time**, in order to express its continued full compliance in the ACGR for 2020 (and in line with the *CNMV Technical Guide 1/2016 for good practices in the application of the "comply or explain" principle*, which

points out that companies and their directors should take the recommendations of the GGC into consideration in all significant actions in their scope of governance, so that for each specific case they must assess whether the best criteria to use should comply or partially comply with the GGC recommendations applicable), in addition to **including specific amendments deriving mainly from the restated text of the Corporate Enterprises Act** in its wording in Law 11/2018.

The amendments included in the Regulations of the Company's Board of Directors are detailed below by Board resolution approved at its meeting on 17 December 2020:

- **Article 4 ("Duties of the Board of Directors")** replacing in section 2 the words "*social responsibility*" with "*sustainability*" and adapting in section 3.(xii) the heading of the "*sustainability/corporate responsibility policy*", in accordance with the term used in Recommendations 53 to 55 of the GGC; and including as a new section 3.(xviii) "*monitoring the process of preparing and submitting financial information and the management report, including any required non-financial information*", in accordance with article 529 ter.1.j) of the LSC, in its wording in Law 11/2018.
- Section 5 of **Article 5 ("Qualitative composition")** was supplemented with a reference to "*age*" as a factor of **diversity for the Board of Directors** and an express reference was also included in section 5 of the Policy for the selection, diversity and suitability assessments of directors and members of senior management and other holders of key posts at CaixaBank and its Group, in accordance with the new wording of Principle 10 and Recommendation 14 of the GGC.
- The **composition of the Executive Committee** (article 13) was amended in accordance with the new wording of Recommendation 37 of the GGC of June 2020, establishing that "*the committee must include at least two non-executive Directors, one of them being an independent Director*", also expressly including the words "**a copy of minutes of each meeting must be sent or delivered to each member of the Board**" pursuant to Recommendation 38 of the GGC.
- **The composition and competences of the Audit and Control Committee were adapted** (article 14) and, in particular:
  - It was established that the members of the committee, including its Chairman, will be appointed as a "unit" taking into consideration their knowledge and experience in accounting and auditing matters and "*risk management, both financial and non-financial*" in accordance with Recommendation 39 of the GGC.
  - The competences of the committee were adjusted in matters of internal control, supervision and risk assessment and the process of preparation and presentation of financial and non-financial information and financial statements, supervision of the internal audit unit, independence of the external auditor, the mechanism for reporting irregularities and supervision of corporate governance and internal codes of conduct, and supervision of the application of the communication policy for economic-financial,

non-financial and corporate information, to reflect the new wording of Recommendations 8, 41, 42, 53 and 54, letters a) and b), of the GGC.

- The composition requirements of the **Risks Committee were supplemented** establishing that the committee members must have " as a whole" the appropriate "financial and non-financial" knowledge, ability and experience to fully understand and control the risk strategy, in line with Recommendation 39 of the GGC, also supplementing the **minimum content of the risk control and management policy** in accordance with Recommendation 45 of the GGC (article 14.2 of the Regulations), and a technical point was included in article 14.2.c) eliminating the word "delegated" since the Risks Committee is an advisory committee.
- In regard to the **competences of the Appointments Committee** (article 15.2):
  - The following text was removed from section (viii): *"ensuring that the procedures for selection of its members favour the diversity of experience, knowledge, and facilitate the selection of femaleDirectors"*, since this function is already included in article 5.5 of the Regulations of the Board of Directors, in accordance with the provisions of article 529 bis.2 of the LSC that expressly attributes it to the Board of Directors; and sections (xiii) (assessment and periodic review of the corporate governance system) and (xvi) (compliance with the Company's policies and rules in environmental and social matters) with the duties provided for in the new Recommendation 54, letters c) and d) of the GGC.
  - The duty of the Appointments Committee to *"supervise the application of the policy regarding communication with shareholders and investors, proxy advisors and other stakeholders, monitoring the way in which the Company communicates and relates with small and medium-sized shareholders, and supervising and evaluating the processes of relationship with the different stakeholders"* was included, in accordance with Recommendation 54, sections b) and e) of the GGC of June 2020.
  - Further, the duty to *"ensure that no potential conflicts of interest impair the independence of any external advice provided to the Committee in relation to the exercise of its functions "* was included, in accordance with the provisions of Recommendation 50.d) of the GGC applicable to remuneration committees and also in line with the provisions of the CNMV Technical Guide 1/2019, of 20 February 2019, on appointment and remuneration committees.
- The duties **of the Remuneration Committee** were supplemented (article 15.3) in regard to the formulation of remuneration decisions *"including those impacting on the risk and the management of such risk by the Company, to be passed by the Board of Directors"* , in accordance with the provisions of article 39.1 of Royal Decree 84/2015, of 13 February, as well as *" ensuring that no conflict of interest affect the independence of any external advice provided to the Committee in relation to the exercise of its functions"* , in accordance with Recommendation 50.d) of the GGC.

- Section 7 of article 16 ("Meetings of the Board of Directors") was supplemented in accordance with sections b) and e) of Recommendation 36 of the GGC, and other aspects put forward by the Company as indicated in the 2019 ACGR (composition of the committees and the performance and contribution of each director), so that the Board may carry out its assessment "*based on the proposal of the Appointments Committee*".
- Section 4 of article 21 ("Removal of directors") was amended in accordance with the new wording of Recommendation 24 of the GGC, which establishes the content of the letter to be sent by the director in the event of resignation or termination by the Board before the end of his or her term of office.
- Section 2 of article 31 ("Use of non-public information") was adapted, replacing the words "*relevant information*" with "*Other relevant information*" in accordance with the new terminology of article 227 of the restated text of the Securities Market Act.
- Section 5 of article 32 ("Directors' informational duties") was adapted to the current wording of Recommendation 22 of the GGC (Director's informational duties in regard to the circumstances, related or not to his or her performance in the Company, which could damage its credit and reputation and, in particular, of any criminal cases in which they are being investigated).
- The expression "*significant information*" was removed, in accordance with the procedure for communicating information on issuers established by the CNMV from 8 February 2020 under article 31.1 of the Regulations.

#### **b) Amendments agreed on at the Board of Directors' meeting of 30 March 2021**

The purpose of the board of directors' **Innovation, Technology and Digital Transformation Committee** is to advise CaixaBank's Board of Directors on all matters related to technological innovation, cybersecurity and digital transformation, helping to monitor and analyse trends and innovations in this area that may affect CaixaBank's strategy and business model on a medium and long-term horizon.

**This committee was set up following the Board of Directors' resolution of 23 May 2019** and its composition and basic rules of operation and competences are included in the resolution to create the committee and published on the Company's corporate website.

Notwithstanding, given the growing importance of this committee and its advisory functions within Board, as a result of the **increasing significance of technology and cybersecurity issues**, it was considered **that the creation of this committee should be expressly included in the Regulations of the Board of Directors, in addition to its basic regulations in terms of composition, duties and operation.**

Likewise, **the amendment of articles 35, 37 and 40 of the Company by-laws will be submitted for approval by CaixaBank's Ordinary Annual General Meeting in 2021**, which will affect certain provisions of the Regulations of the Board of Directors. Therefore, and **for the purposes of ensuring the consistency of the two corporate texts**, the Board of Directors agreed at its meeting on 30 March

2021 to amend its Regulations in those aspects that will be affected by the approval of the aforementioned amendments to the Company by-laws.

The amendments included in the Regulations of the Company's Board of Directors by Board resolution approved at its meeting on 30 March 2021 are detailed below:

- **Amendment of article 14 of the Regulations of the Board of Directors**

Given the growing importance of the proper management of non-financial risks and, in particular, of technological risks, and with regard to the role of the Risks Committee in proposing the Group's risk policy to the Board, it needed to be specified in article 14.2, section b)(ii).(a) of the Regulations of the Board of Directors that technological risks shall include "*those related to cybersecurity*", in coordination with the proposed amendment to article 40.4.d.(ii) of CaixaBank's by-laws.

- **Amendment of article 15 of the Regulations of the Board of Directors and consequently of articles 7, 8, 9, 10, 11, 12, 16, 18, 19 and 32 of the Regulations**

**Corporate social responsibility has taken on a broader content, expressed through the term "sustainability", which is playing an increasingly important role in the management of companies under ESG criteria** (environmental, social and governance factors of companies) and also as an element that guides investors' decisions. Thus, in the partial reform of the Good Governance Code for listed companies approved by the CNMV on 26 June 2020, Recommendations 53, 54 and 55 were amended to include these ESG management aspects, proposing that companies establish a specialised committee for this area, made up solely of external directors, most of which would be independent, and expanding the duties of this committee in matters of sustainability.

In line with the foregoing, as explained above, the Board of Directors resolved to amend the Regulations of the Board of Directors at its meeting of 17 December 2020, among other aspects, in order to supplement the duties of the current Appointments Committee in matters of sustainability with those provided for in Recommendation 54 of the Good Governance Code.

Likewise, and in coordination with the proposed amendment of article 40 of the by-laws to change the name of the Appointments Committee to the "**Appointments and Sustainability Committee**" in order to group together the two key areas of competence of this committee, amendments were made to article 15 of the Regulations of the Board of Directors, and consequently articles 7 ("*Chairman of the Board*"); 8 ("*Vice-Chairman*"), 9 ("*The Coordinating Director*"), 10 ("*Secretary to the Board*"), 11 ("*The Vice-Secretary to the Board*"), 12 ("*Delegation of powers. Committees of the Board of Directors*"), 16 ("*Meetings of the Board of Directors*"), 18 ("*Appointment of directors*"), 19 ("*Classification of directors*") and 32 ("*Directors' information duties*") of the Regulations of the Board of Directors, for the purpose of replacing the name of the Appointments Committee with "*Appointments and Sustainability Committee*".

Therefore, **the competences in the area of sustainability provided for in article 15.2** were strengthened, supplementing those provided for in section (xvi) with the duty of “*submitting the sustainability/corporate responsibility policy for approval*”, and including the new sections (xvii), according to which the committee must notify, prior to their submission to the Board of Directors, the reports made public by the Company in matters of sustainability, and (xviii), which establishes that the committee shall receive and analyse the periodic reports submitted to it by the different areas on matters of sustainability, keeping informed of the main developments and advances in this field.

Additionally, in order to standardise the **rules for appointing members of all Board committees**, a proposal will be made to the Ordinary Annual General Meeting to amend article 40.5 of the Company by-laws, to ensure that members of the Appointments and Sustainability Committee are also appointed at the proposal of the committee itself, in the same way as members of the other board committees, as there are no reasons why the system should be different for one committee compared to the others.

To ensure consistency with the proposed amendment of the by-laws described above, articles 12.2 and 15.2.(v) of the Regulations of the Board of Directors were amended, also eliminating the current wording (“*The members of the Appointments Committee shall be appointed by the Board of Directors at the proposal of the Audit and Control Committee.*”) in article 15.1 of the Regulations, since the powers of the Appointments and Sustainability Committee to propose the appointment of all members of all board committees to the Board is set out in article 12.2 of the Regulations in general terms for all committees, thus avoiding unnecessary repetitions.

The entry into force of these amendments is conditional on the approval of the proposed amendment of article 40 of the Company by-laws, which will be submitted for approval to the next Ordinary Annual General Meeting.

- **Inclusion of a new article 15 bis in the Regulations of the Board of Directors**

A **new article 15 bis** was included for the purpose of recording **the creation of the Innovation, Technology and Digital Transformation Committee**, following the Board of Directors' resolution of 23 May 2019, as well as the rules governing its basic **competences, duties and operations**.

- **Amendment of article 17 of the Regulations of the Board of Directors**

The Company's new shareholder structure, once the merger with Bankia, S.A. has been filed, has led to a partial review of the conditions for prudential deconsolidation by the European Central Bank, which on 5 October 2020, at the request of Criteria Caixa, S.A.U. and CaixaBank, expressed its agreement that the deconsolidation condition that gave rise to the amendment included in article 37.4 of CaixaBank's by-laws may be eliminated once the merger has taken place, provided that the other conditions for deconsolidation have been complied with and Criteria Caixa, S.A.U.'s stake in CaixaBank does not exceed 31% of the Company's share capital.

In accordance with the foregoing, and in coordination with the proposed amendment to article 37.4 of the Company by-laws that will be submitted to the approval of the next Annual General Meeting, article 17.4 of the Regulations of the Board of Directors ("Procedures for meetings") was amended, removing the following text: *"In anyevent, when a shareholder is represented on the Board by more than one proprietary Director, proprietary Directors representing such shareholder shall abstain from participating in the deliberation and voting of the agreements for the appointment of independent Directors by co-option and with regard to the appointment proposals of independent Directors made to the General Shareholders Meeting."*

The entry into force of this amendment is conditional on the approval of the proposed amendment of article 37.4 of the Company by-laws, which will be submitted for approval to the next Ordinary Annual General Meeting.

### 3. APPENDICES

To provide a comparison of the new wording of the amended articles and their wording prior to the amendments, the following Appendices are attached to this Report:

- **Appendix I** includes a text comparing the Regulations of the Board of Directors approved at the Board meeting on 17 December 2020 and its wording prior to this amendment.
- **Appendix II** includes a text comparing the Regulations of the Board of Directors approved at the Board meeting on 30 March 2021 and its wording prior to this amendment.
- **Appendix III** includes the restated text of the Regulations of the Board of Directors that will enter into force at the time of the entry into force of the by-law amendments proposed to the Ordinary Annual General Meeting under item 9 of the agenda.



## APPENDIX I

### TEXT COMPARING THE REGULATIONS OF THE BOARD OF DIRECTORS APPROVED AT THE BOARD MEETING ON 17 DECEMBER 2020 AND ITS WORDING PRIOR TO THIS AMENDMENT

#### CHAPTER I

#### PRELIMINARY

##### ARTICLE 1.- ORIGIN AND DUTIES

1. These Regulations are hereby approved by the Board of Directors of CaixaBank, S.A. (hereafter, the **Company**), in fulfilment of the Law. The Regulations aim to set out the guiding principles of the Board as well as the basic rules governing its organization and functioning and the rules of conduct that apply to its members, being also applicable to its delegated corporate bodies and its internal Committees, as well as to the members that comprise them.
2. The rules of conduct set out therein for the Company Directors (hereinafter, the **Directors**) will also apply to the members of the management committee and to any other person who reports to the Board of Directors (hereinafter, the **Senior Executives**) of the Company, to the extent that said rules are compatible with the specific characteristics of the Senior Executives and with the activities that they carry out. For the purposes of these Regulations, Senior Executives will be understood to mean general directors and executives who report directly to the Board of Directors of the Company or to the Chief Executive Officer, or, if applicable, to the Executive Committee and, in all events, the Company's internal auditor.

##### ARTICLE 2.- INTERPRETATION

These Regulations develop and complete the regulatory rules that govern the Board of Directors and that are set forth in prevailing legislation and the Company's by-laws. They will be interpreted in accordance with the applicable laws and by-laws and with the principles and recommendations relative to corporate governance of listed companies.

##### ARTICLE 3.- DISSEMINATION

1. Directors and Senior Executives are required to be familiar with, comply with and enforce these Regulations. Consequently, the Secretary of the Board of Directors will provide each of them with a copy of the Regulations.
2. The Board of Directors will take the steps necessary to distribute these Regulations among the shareholders and the investing public at large. In doing so, it will use the most efficient means available to ensure that these Regulations reach the intended recipients immediately and smoothly.



## CHAPTER II

### DUTIES OF THE BOARD OF DIRECTORS

#### ARTICLE 4.- DUTIES OF THE BOARD OF DIRECTORS

1. Apart from those issues reserved by Law or the By-Laws to the General Shareholders' Meetings, the Board of Directors is the Company's highest decision-making body, that shall be the competent body for passing resolutions with regard to any matter and shall be empowered with the broadest powers and faculties to manage and represent the Company.

The Board of Directors shall also approve and supervise the strategic and management guidelines that are provided in the interest of each and every one of the Group companies of which the Company is the dominant entity, in order to establish the basis for an adequate and efficient coordination between the Company and the other companies belonging to the Group. The governing bodies of each company shall be responsible for the ordinary, effective and day-to-day management and administrative duties related to their respective businesses or activities, pursuant to each company's corporate interest and the applicable regulations to each case.

2. The Board should ensure that the Company abides by current law in its dealings with stakeholders; fulfils its explicit and implicit contracts and obligations in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional [social responsibility sustainability](#) principles the Company has subscribed to voluntarily.
3. The Board of Directors should define a corporate governance system to guarantee healthy and prudential management of the Company, and that will include an adequate distribution of duties in the organization and prevent conflicts of interests, assuring the application of the mentioned system and periodically controlling and evaluating its efficiency, taking if applicable adequate measures to resolve any possible differences.
4. In particular, and notwithstanding the powers that are reserved to the full Board of Directors by Law, the By-laws or these Regulations, the following duties of the Board of Directors will be non-delegable, their approval corresponding to the complete Board of Directors, notwithstanding the effect of the conferred delegations and powers before third parties:
  - (i) Its own organization and operation and particularly the approval and modification of its own Regulations.
  - (ii) -Supervision of the effective operation of the Committees it has formed and of the action of delegated bodies.
  - (iii) Effective supervision of senior management and of the executives appointed.
  - (iv) Preparation of the annual accounts and their presentation to the General Meeting.
  - (v) Preparation of any type of report required by Law from the Board of Directors if the operation referred to in the report cannot be delegated.

- (vi) The appointment and separation of the Director or executive Director of the Company, as well as establishing their contract conditions.
- (vii) The appointment and separation of the Directors that directly dependant on the Board of Directors or any of its members, as well as establishing the basic conditions for their contracts, including the remuneration.
- (viii) The decisions related to the remuneration of the Directors, within the framework of the By-laws and of the remuneration policy approved by the General Meeting.
- (ix) The authorization or exemption of the obligations derived from the due loyalty of the Directors according to that established in Law
- (x) The call for the General Shareholders Meeting and the preparation of the agenda and proposal of agreements.
- (xi) The powers that the General Meeting has delegated on the Board of Directors, except if being expressly authorized by the General Meeting to sub-delegate them.
- (xii) The determination of the general policies and strategies of the Company and, particularly, of the risk management and control policy, including tax risks, the corporate governance policy, the policy related to its own shares, the investment and financing policy, the [sustainability/corporate responsibility](#) policy and the dividends policy. Considering its duties to define strategic and management guidelines for the companies within CaixaBank's Group, as well as to supervise and monitor the implementation of such guidelines, the Board will establish systems for communicating and exchanging necessary information, while safeguarding the scope of each company's ordinary management and administration, pursuant to their corporate interest.
- (xiii) Monitoring, control and periodical evaluation of the corporate governance system efficiency and the adoption of adequate measures to resolve, if applicable, its deficiencies
- (xiv) The responsibility of the Company administration and management, the approval and monitoring of the strategic or business plan, as well as the application of strategic and management objectives, and its risks strategy and internal governance.
- (xv) Guarantee the integrity of the accounting and financial information systems, including the financial and operational control and compliance with applicable legislation.
- (xvi) Supervise the information distribution process and the communications derived from its condition as a credit entity.
- (xvii) Supervision of internal information and control systems.
- (xviii) [Monitoring the process of preparing and submitting financial information and the management report, including any required non-financial information.](#)

~~(xviii)~~(xix) Approval, with the previous report from the Audit and Control Committee, of the financial information that, due to its condition as listed company, the Company should periodically make public.

~~(xi)~~(xx) Approval of the annual budget

~~(x)~~(xxi) Definition of the structure of the Group of companies of which the Company is the dominant company.

~~(xii)~~(xxii) Approval of all types of investments or operations that due to their elevated amounts or special characteristics are strategic or have special tax risk, except when their approval corresponds to the General Meeting.

~~(xiii)~~(xxiii) Determination of the Company tax strategy, the approval, with the previous report from the Audit and Control Committee, of the incorporation or acquisition of shares of special purpose entities or those resident in countries or territories considered tax havens, as well as the approval of any other analogue transactions or operations that, due to their complexity, could undermine the Company and Group transparency.

~~(xiiii)~~(xxiv) Approval, with the previous report from the Audit and Control Committee of the operations that the Company or companies of its group perform with Directors, in terms established by Law, or when the authorization corresponds to the Board of Directors, with shareholders holding (individually or in concert with others) a significant stake, including shareholders represented in the Board of Directors of the Company or of other companies forming part of the same group or with persons related to them (**Related Party Transactions**). The operations that simultaneously meet the following three characteristics will be exempt from the need of this approval:

- a. they are performed pursuant to contracts with standardized conditions and applied in mass to a large amount of clients;
- b. they are performed at prices or rates, generally established by the party acting as the provider of the relevant good or service; and
- c. their amount does not exceed one per cent (1%) of the annual revenue of the Company.

5. The Board of Directors cannot delegate the powers and duties contained in the previous section 4, or any other powers or duties that may be considered as non delegable by the applicable regulations. Nevertheless, when circumstances of duly justified urgencies concur, the decisions corresponding to the subjects previously mentioned as non-delegable may be adopted by delegated persons or bodies, with the exception of those indicated in sections (ii) to (xvi), both included, of the previous section 4, which could not be delegated under any circumstance.

The decisions that under urgent circumstances may be adopted by delegated persons or bodies in relation to any of the matters considered as non-delegable should be ratified in the first Board of Directors held after the adoption of the decision.

6. The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.
7. The Board of Directors will also ensure that no shareholder receives privileged treatment vis-à-vis the others.

### **CHAPTER III**

#### **COMPOSITION OF THE BOARD**

##### **ARTICLE 5.- QUALITATIVE COMPOSITION**

1. When exercising its powers to propose appointments to the General Shareholders' Meeting and co-opt directors to cover vacancies, the Board shall endeavour to ensure that external Directors or non-executive Directors represent a broad majority over executive Directors and that the latter should be the minimum.

For these purposes, "executives" will be understood to mean the Chairman, if executive duties have been delegated to him; the Chief Executive Officers; and those persons who by virtue of any other title fulfil management responsibilities within the Company or its Group, whatever is the legal link between them.

2. The Board will also strive to ensure that the majority group of non-executive Directors includes stable significant shareholders of the Company or those shareholders that have been proposed as Directors, even when their shareholding is not significant (stakeholder Directors) and persons of recognized experience who can fulfil their duties without being conditioned by relationships with the Company or its Group, its directors or its significant shareholders (independent Directors). The above definitions of Directors' profiles will be interpreted in line with the definitions established by Law and in the recommendations of good corporate governance that are applicable at any given time.
3. It will also strive to ensure that its external Directors include stakeholder and independent directors who reflect the existing proportion of the Company's share capital represented by stakeholder Directors and the rest of its capital and that at least one third of the Company's Directors are independent Directors.

No shareholder may be represented in the Board of Directors by a number of proprietary directors that exceeds forty percent of the total number of members of the Board of Directors, notwithstanding the proportional representation right to which the shareholders are entitled to in the terms set forth in the Law.

4. The general composition of the Board of Directors as a collective should meet sufficient knowledge, powers and experience in the governance of credit entities to adequately understand the Company's activities, including its main risks and assure the effective capability of the Board of Directors to take decisions independently and autonomously for the benefit of the Company, fulfilling the suitability requirements demanded by the applicable regulations.
5. Likewise, the Board of Directors will strive to ensure the compliance with the regulation of incompatibilities established in the applicable regulation, as well as that the selection

procedures of its members favour the diversity of gender, of experiences, age and knowledge and not suffering from implicit bias that can imply any discrimination and, particularly facilitating the selection of female directors.

For this purpose, the Board of Directors will approve the Policy for the selection, diversity and evaluation of the suitability of directors and senior management members and other holders of key functions holders of CaixaBank and its Group, ensuring that the procedures governing the appointment or re-election of the members of the Board of Directors are based on a prior analysis of the competencies required by the Board and favour appropriate diversity within the Board.

#### **ARTICLE 6.- QUANTITATIVE COMPOSITION**

1. The Board of Directors will be composed of the number of Directors determined by the General Shareholders' Meeting, within the limits set in the Company's corporate by-laws.
2. The Board will propose to the General Shareholders' Meeting the number of Directors that, in accordance with the Company's changing circumstances, is most appropriate to ensure the due representativeness and proper functioning of the Board.

### **CHAPTER IV**

#### **STRUCTURE OF THE BOARD OF DIRECTORS**

#### **ARTICLE 7.- CHAIRMAN OF THE BOARD OF DIRECTORS**

1. The Chairman of the Board of Directors shall be elected from among its members, with the previous report from the Appointments Committee and shall have the powers and authorities provided by Law, the Company's By-laws, these Regulations and any others entrusted to him/her by the Board.
2. The Chairman, who has the maximum responsibility for the effective functioning of the Board of Directors, will be responsible for providing support to the Board in the performance of its powers and for promoting the coordination of the Board with its Committees in order to guarantee the best performance of the Board's functions, and, amongst others, will carry out the following powers, notwithstanding those of the Chief Executive Officer and any powers of attorney or representations by proxy that have been established:
  - (i) Represent institutionally the Company and any entities dependent on the Company, without prejudice to the functions attributed in this area to the Board of Directors.
  - (ii) Chair and direct General Shareholders' Meetings, establishing limits on remarks for and against all proposals and also establishing their duration.
  - (iii) Call, fix the agenda and chair meetings of the Board of Directors, directing the discussions and deliberations, with the same powers as stipulated in the preceding paragraph. He may also enact any resolutions by this body, with no need for any special delegation format.

- (iv) Ensure that the Directors receive in advance sufficient information to deliberate about the points of the agenda and stimulate the debate and active participation of the Directors during the sessions, safeguarding their free taking of position.
  - (v) He holds the casting vote in the event of a tie during meetings of the Board of Directors over which he presides.
  - (vi) Act on behalf of the Company vis-à-vis corporate bodies and other bodies in the sector, pursuant to the provisions of these By-laws.
  - (vii) Authorize the minutes, certifications and other documents concerning resolutions by the General Meeting, the Board of Directors and, where applicable, any Committees he chairs, and act on behalf of the Company to implement such resolutions vis-à-vis regulatory bodies, notwithstanding attributions to other bodies.
  - (viii) Be responsible for the official signature of the Company, and thus sign on behalf of the Company, following any agreements that are necessary for legal or statutory reasons, contracts, accords or other legal instruments with public bodies and other entities.
  - (ix) Ensure compliance with current legal stipulations, the precepts of these By-laws and of the Regulations and resolutions by the collegiate bodies over which he presides.
  - (x) Official representation of the Company vis-à-vis authorities, entities and third-party Spanish or foreign bodies. He may delegate this representative function to other members of the Board, to the Chief Executive Officer, or to a member of the Company's management staff.
3. In view of the special relevance of its mandate, the Board of Directors may appoint as Chairmen of Honour any persons who have held the post of Chairman of the Board, granting them the honorary representation of the Company for any functions expressly entrusted to them by the Chairman of the Board. By way of exception, Chairmen of Honour may attend Board meetings when invited by the Chairman and, apart from their duties of honorary representation, may provide advice to the Board and its Chairman and collaborate towards enhancing the relationship of the shareholders with the Company's governing bodies and of the shareholders among themselves. The Board of Directors shall place at the Chairmen of Honour's disposal all the technical, material and human resources it deems appropriate so that that they may adequately and relevantly perform their duties.

#### **ARTICLE 8.- VICE-CHAIRMAN**

1. The Board of Directors, with the previous report from the Appointments Committee must, without exception, appoint a Vice-Chairman to replace the Chairman in his/her absence, as occurs in the event of vacancy, incapacity or leave.
2. The Board may also appoint, with the previous report from the Appointments Committee additional Vice-Chairmen, in which case the duties of the Chairman will fall, in his/her absence, as occurs in the event of vacancy, leave or incapacity to the First Vice-Chairman, who in turn will be replaced, if necessary, by the Second Vice-Chairman in the same cases,

and so on, successively, and in the absence of these, by the Coordinating Director and, in the event of vacancies, leave or impossibility of the Coordinating Director by the oldest member of the Board of Directors.

#### **ARTICLE 9.- THE COORDINATING DIRECTOR**

1. Upon receipt of the relevant report from the Appointments Committee and with the abstention of the executive Directors, the Board of Directors will appoint a Coordinating Director, from amongst the independent Directors.

The position of Coordinating Director will be compatible with that of member of the Board's Committees.

2. Without prejudice to any other powers that may be delegated to the Coordinating Director by the Board of Directors, or those powers legally assigned to the Coordinating Director in the event of the Chairman of the Board being an executive Director, the Coordinating Director shall be empowered to:
  - a) Chair the Board of Directors in the absence of the Chairman and Vice-Chairmen.
  - b) Request the Chairman of the Board of Directors to call meetings of the Boards, as well as to include new items on the agenda when a Board meeting has already been called.
  - c) Coordinate, gather and give voice to the concerns of the independent Directors.
  - d) Lead the periodic evaluation of the Chairman of the Board by the Board of Directors. And also, coordinate the succession plan for the Chairman, in collaboration with the Chairman of the Board of Directors.
  - e) Maintain contact, where appropriate, with investors and shareholders to consider their positions and develop an opinion of their concerns, in particular, with regard to the Company's corporate governance, all within the framework of the Company's policy on information, communication and contact with shareholders, institutional investors and proxy advisers.

3. The term of office for the position of Coordinating Director shall be (3) years and may be re-elected for periods of equal length, notwithstanding that the appointment of such position may also be done for the years remaining in the term for which the Coordinating Director was appointed Director. In addition to the expiration of the term for which the Coordinating Director was appointed, the Coordinating Director will be removed when: his term as Director expires, when the individual ceases to be an independent Director, or when the Board of Directors, with the previous report from the Appointments Committee, decides to remove him from the position.

#### **ARTICLE 10.- THE SECRETARY OF THE BOARD OF DIRECTORS**

1. The Board of Directors will elect a Secretary, and one of the members of the Board of Directors or a person unrelated to it who has the capacity to perform the duties inherent to said position may be appointed. If the Secretary of the Board of Directors is not a Director, he will have the right to speak but not to vote.

If the Secretary simultaneously holds the post of legal advisor, a legal professional must be appointed.

2. The Secretary of the Board of Directors will assist the Chairman with his work and, particularly, will (i) process the convening of the Board, following the instruction of the Chairman; (ii) keep the documentation of the Board of Directors, record in the books of the minutes the development of the meetings and attest to its content and the resolutions passed; (iii) ensure that the actions of the Board of Directors adapt to the applicable regulations and comply with the By-laws and other internal regulations; and (iv) assist the Chairman in order for the Directors to receive the significant information to exercise their function sufficiently in advance and in the proper format.
3. The Secretary shall be appointed and, as the case may be, removed, by the Board acting as a plenary body, subject to a report, in both cases, of the Appointments Committee.

#### **ARTICLE 11.- THE VICE-SECRETARY OF THE BOARD OF DIRECTORS**

1. The Board of Directors may appoint a Vice-Secretary, who need not be a Director, to assist the Secretary of the Board of Directors or to replace the Secretary in his absence, as occurs in the event of vacancy, leave or incapacity to perform his duties for any reason.
2. Unless the Board decides otherwise, the Vice-Secretary may attend the meetings of the Board of Directors in order to assist the Secretary.
3. The Board can also appoint more than one Vice-Secretary, in which case the duties of the Secretary will fall, in absence of this latter, as occurs in the event of vacancy, leave or incapacity, on the First Vice-Secretary, who, in turn, will be replaced by the Second Vice-Secretary in the same cases, and successively, and in the absence of these latter, as occurs in the event of vacancy, leave or impossibility, by the youngest member of Board of Directors.
4. The Vice-Secretary or Vice-Secretaries will be appointed and, if applicable, separated by the full Board of Directors, with the previous report, in both cases, from the Appointments Committee.

#### **ARTICLE 12.- DELEGATION OF POWERS. COMMITTEES OF THE BOARD OF DIRECTORS**

1. Pursuant to the Company's By-laws, and without prejudice to the powers delegated individually to the Chairman or any other Director (Chief Executive Officers) and its power to establish Delegate Committees for specific spheres of activity, the Board of Directors may establish an Executive Committee with general decision-making powers but with the limitations for procedural purposes stemming from Article 4.

In all events, the Board of Directors will establish an Audit and Control Committee, an Appointment Committee, a Remuneration Committee and a Risks Committee with the powers granted by Law, the By-laws and these Regulations.

2. The Appointments Committee will evaluate the profile of the most suitable persons to sit on Committees other than the Appointments Committee itself, based on their knowledge, aptitudes and experiences, and will forward their proposals for the appointment of the members of the Committees other than the Appointments Committee itself to the Board.



In all cases it shall take into consideration the suggestions posed thereto by the Chairman, the Board members, the officers or the shareholders of the Company.

3. Except as set forth in law, in the By-laws and in these Regulations, the Committees may be self-governing. Matters not specifically defined will be governed by the rules of procedure stipulated in these Regulations regarding the Board, provided that said rules are consistent with the nature of duties of the corresponding Committee.
4. In addition, the Board may establish other Committees with consultative or advisory duties, and these Committees may, nevertheless, be exceptionally given decision-making powers.

#### **ARTICLE 13.- THE EXECUTIVE COMMITTEE**

1. The Board of Directors may appoint, from among its members, an Executive Committee, on which the Chairman and the Chief Executive Officer, if any, will sit.
2. If the Board of Directors creates an Executive Committee, it will establish the composition thereof, which ~~will reflect the composition~~must include at least two non-executive directors -one of them being an independent director-. The Board, ~~and the Board of Directors~~ will also determine the rules of operation of the Executive Committee.
3. The powers of the Executive Committee will be those that, in each case, are delegated by the Board, with the limitations set forth in the Law, in the Company's By-laws and in these Regulations.
4. The Executive Committee will meet as often as it is called by its Chairman or whoever replaces him/her in his/her absence, as occurs in the event of vacancy, leave, or incapacity, and will be validly assembled when the majority of its members attend the meeting, either personally or by representation.
5. The appointment of members of the Executive Committee and the permanent delegation of powers from the Board on the same will require the favourable vote of at least two thirds of the members of the Board of Directors.
6. The Executive Committee will inform the Board of the main matters ~~it addresses~~discussed and the decisions ~~it makes thereon~~taken at its meetings, and a copy of the minutes of each meeting of the Executive Committee must be sent or delivered to each member of the Board.
7. The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.
8. The resolutions of the Committee will be adopted by the majority of the members attending the meeting in person or represented by proxy and will be validated and binding without the need for later ratification by the full Board of Directors, notwithstanding that foreseen in article 45 of these Regulations.

#### **ARTICLE 14.- THE AUDIT AND CONTROL COMMITTEE AND THE RISKS COMMITTEE**

1. The Audit and Control Committee:

- a) The Audit and Control Committee will be formed exclusively by non-executive Directors in the number that is determined by the Board of Directors, between a minimum of three (3) and a maximum of seven (7). The majority of the members of the Audit and Control Committee will be independent Directors, and one (1) of them will be appointed on the basis of knowledge and experience of accounting or auditing, or both.

Additionally, the Board of Directors will endeavour to ensure that the Audit and Control Committee members as a whole, and its Chairperson in particular, possess the necessary accounting, auditing ~~or~~ and risk management knowledge ~~and, both financial and non-financial, as well as~~ knowledge in any other fields that may be relevant for the Audit and Control Committee's performance of its functions.

As a whole, without prejudice to endeavouring to encourage diversity, the Audit and Control Committee members, who will be appointed taking into account their necessary dedication capacity with regard to performing the duties entrusted to them, must have the relevant technical knowledge in relation to the Company's business.

- b) Notwithstanding any other task, which may be assigned thereto from time to time by the Board of Directors, the Audit and Control Committee shall exercise the following basic functions:

With regard to overseeing financial reporting:

- (i) to report to the General Shareholders' Meeting about matters posed by shareholders that are competence of the Committee and, in particular, about the audit results, explaining the audit's contribution to the integrity of the financial reporting and the role undertaken by the Committee in this process;
- (ii) to oversee and evaluate the process of ~~drawing up and submitting the obligatory preparation and submission of~~ financial ~~reporting with regard and non-financial information relating~~ to the Company and, where ~~the case may be appropriate~~, the Group, reviewing the Company's accounts and management report, the compliance with the regulatory requirements in this regard, the suitable definition of the scope of consolidation and the correct application of generally accepted accounting principles. And, in particular, to know, understand and oversee the effectiveness of the financial information internal control system (FIICS), drawing conclusions with regard to the system's level of confidence and reliability, and to inform of the proposals for modification of accounting principles and criteria suggested by the management, in order to guarantee the integrity of the accounting and financial information systems, including financial and operational control, and compliance with the applicable legislation in this regard. The Committee may submit recommendations or proposals to the Board of Directors with the aim of safeguarding the integrity of the mandatory financial reporting;
- (iii) to ensure that the Annual Accounts and the management report submitted by the Board of Directors endeavours to submit the Annual Accounts to the General Shareholders' Meeting are drawn up in accordance with no limitations or reservations in the applicable accounting legislation and that, if the auditor has included a qualification in its audit report, and that in the exceptional case of there being any reservations, that both the Committee Chairperson and the auditors

clearly ~~explain~~explains the Committee's opinion on the content and scope of such qualification at the said limitations or reservationsGeneral Shareholders' Meeting. A summary of this opinion will also be made available to the shareholders at the time of publication of the notice of the meeting, along with the rest of the proposals and reports of the Board;

- (iv) to inform the Board of Directors in advance of the financial reporting and the related non-financial reporting that the Company must periodically publicly disclose to the markets and their supervisory bodies;

*With regard to overseeing internal control and internal auditing:*

- (v) to oversee the effectiveness of the internal control systems, ensuring that internal control policies and systems are effectively applied, and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit, all without jeopardising their independence. For such purposes, where the case may be, they may submit recommendations or proposals to the Board of Directors, together with the corresponding follow-up periods;
- (vi) to oversee the effectiveness of the internal ~~auditing, and in particular that the internal audit unit endeavours to function, which must~~ ensure the correct ~~functioning~~operation of the reporting and internal control systems, verifying their suitability and integrity; to ensure the independence and effectiveness of ~~the internal audit such~~ function, proposing the selection, appointment, ~~re-election~~ and cessation of the person responsible for it; to propose the budget for this service; to ~~approve its approach and its work plans~~propose to the Board the guidelines and annual work plan of the internal audit department, ensuring that its work isactivities are mainly ~~geared to the Company's significant~~focused on relevant risks; (including reputational risks); to receive periodical reporting on its activity and to verify that the senior management is taking into account the conclusions and recommendations in its reports; and to conduct an annual assessment of the functioning of the internal audit unit and the performance of its duties by the person responsible, for which purpose it will gather any opinions the executive management may have, and this assessment must include an evaluation of the degree of compliance with the objectives and criteria established for setting the variable components of its remuneration, the Committee also being involved in determining such components.

The person responsible for the unit in charge of the internal audit function will submit its annual work plan to the Committee, ~~inform of report on its implementation, including any incidents arising on carrying it out and limitations on the scope of such implementation,, the results and the follow-up of its recommendations, and will further~~ submit a report on its ~~activity~~activities to such Committee at the end of each financial year.

The Internal Audit Department will be functionally dependent on the Chairperson of the Audit and Control Committee, without prejudice to the fact that it must report to the Chairperson of the Board of Directors so that the latter may suitably perform its functions;

- (vii) to establish and oversee a mechanism enabling the Company's employees, or those of the ~~group to which it belongs~~ Group to which it belongs and other persons related to the Company such as directors, shareholders, suppliers, contractors or subcontractors, to confidentially (and anonymously, if deemed appropriate) notify of any potentially significant irregularities they may observe within the Company, ~~particularly or its Group, including~~ those of a financial and accounting nature and any other irregularity related to the Company, receiving periodical reporting on its functioning and being able to propose the relevant measures for improvement and reduction of the risk of irregularities in future;

With regard to overseeing risk management and control:

The Audit and Control Committee will carry out the functions established in this section in coordination with the Risk Committee to the necessary extent.

- (viii) to oversee and evaluate the effectiveness of the financial and non-financial risk management systems related to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational risks or risks related to corruption;
- (ix) to hold a meeting at least once a year with the leading persons responsible for the business units at which the latter will explain the trends of the business and the associated risks;

With regard to the accounts auditor:

- (x) to submit to the Board of Directors, for submission to the General Shareholders' Meeting, the proposals for selection, appointment, re-election and replacement of the accounts auditor, being responsible for the selection process, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof and the scope of his/her professional mandate, and for this purpose, it must define the auditor selection procedure and issue a reasoned proposal containing at least two alternatives for the selection of an auditor, except in cases of the auditor's re-election;
- (xi) regularly recompile from the external auditor information on the auditing plan and its execution as well as preserving its independence in the exercise of its duties;
- (xii) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, as the case may be, motivated the resignation of the auditor and to ensure that the Company ~~sends a significant event notice to~~ reports through the Securities Market Commission (CNMV) ~~informing of~~ the change of auditor, accompanied by a statement regarding any possible disagreements with the outgoing auditor and, if there have been any such disagreements, of their content;

- (xiii) to establish appropriate relationships with the external auditor in order to receive information, for examination by the Audit and Control Committee, on matters which may threaten the independence of said auditor and any other matters relating to the audit process, particularly any discrepancies that may arise between the auditor and the Company management, and, where the case may be, the authorisation of any services other than those that are prohibited, under the terms set forth in the applicable legislation in relation to their independence and any other communications provided for in audit legislation and audit regulations.

In all events, on an annual basis, the Audit and Control Committee must receive from the external auditors a declaration of their independence with regard to the Company or entities related to it directly or indirectly, in addition to detailed, personalised information on additional services of any kind rendered to these entities and the corresponding fees received by the aforementioned auditors or persons or entities related to them as stipulated by the regulations governing auditing activity, ensuring that the external audit firm's remuneration for its work does not jeopardise its quality or independence and ensuring that the Company and the auditor observe the applicable legislation with regard to provision of services other than auditing services, the limitations on the auditor's business concentration and, in general, all other regulations regarding auditor independence.

- (xiv) to issue annually, prior to the issuance of the audit report, a report containing an opinion regarding whether the independence of the auditor has been compromised, which will be posted on the Company's website sufficiently in advance of the Ordinary General Meeting This report must address, in all cases, the reasoned evaluation of the provision of each and all of the additional services referred to in the preceding section, individually and collectively considered, different from the legal audit and related to the degree of independence or to the regulations governing auditing activity;
- (xv) to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely;
- (xvi) to ensure that the external auditor holds an annual meeting with the Board of Directors as a plenary body, to inform it of the work carried out and the evolution of the Company's situation as regards auditing and risks;
- (xvii) to conduct a final assessment with regard to the auditor's work and how it has contributed to the quality of the audit and the integrity of the financial reporting;

Other functions:

- (xviii) to supervise the compliance with regulations with respect to Related Party Transactions and, previously, inform the Board of Directors on such transactions. In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the current legislation, and to report on transactions which imply or may imply conflicts of interest and, in general, on the subject matters contemplated in Chapter IX of this Regulation.

The report on related party transactions issued by the Audit and Control Committee, where the case may be, will be posted on the Company website sufficiently in advance of the date of the Ordinary General Meeting.

- (xix) to supervise ~~the~~ compliance with the internal codes of conduct, particularly the Internal Rules of Conduct on Matters Related to the Securities Market and, in general, the ~~rules of corporate governance~~ corporate governance rules and policies, ensuring that the corporate culture is aligned with the Company's purpose and values. In particular, the Audit and Control Committee will supervise the application of the general policy regarding the disclosure of economic-financial, non-financial and corporate information;
  - (xx) to provide the Board of Directors with advance notice of any transactions regarding structural and corporate modifications that the Company may plan to carry out, their financial terms and their accounting impact and, in particular, where the case may be, of the proposed equation of exchange;
  - (xxi) to, previously, report to the Board of Directors on the creation or acquisition of stakes in special purpose entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of an analogous nature which, due to their complexity, may deteriorate the transparency of the Company or of the group to which it belongs;
  - (xxii) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company;
  - (xxiii) to receive information and, as the case may be, issue a report on the disciplinary measures intended to be imposed upon members of the Company's senior management team;
  - (xxiv) to supervise compliance with any relations protocols which the Company may sign with shareholders or which the Company may sign with companies from its Group, and the carrying out of any other action established in the actual protocols for the best compliance with the aforementioned supervisory duty; and
  - (xxv) any others attributed thereto in the Law, the By-laws, these Regulations and other regulations applicable to the Company.
- c) the provisions contained in sections (iii), (v), (x), (xi), (xii), (xiii) and (xiv) above shall be understood without prejudice to the regulatory audit regulation.
- d) The Audit and Control Committee shall meet, ordinarily on a quarterly basis, in order to review the required financial information to be submitted to the authorities, as well as the information which the Board of Directors must approve and include within its annual public documentation, with the presence of the internal auditor in such cases, and, if it issues any type of review report, the presence of the financial auditor. At least some of these meetings must be held without the presence of the management team, so that the specific matters arising from the reviews performed can be discussed.
- e) The Audit and Control Committee shall appoint a Chairman from among its independent members. ~~The~~ Chairman must be replaced every four (4) years and may be re-elected once a period of one (1) year from his departure has transpired. The Committee Chairman

will act as spokesperson at the meetings of the Board of Directors and, where the case may be, those of the Company's General Shareholders' Meeting;

- f) It shall also appoint a Secretary and may appoint a Vice Secretary, both of whom need not be members thereof. In the event that such appointments are not made, the Secretary of the Board shall act as Secretary. The Secretary must help the Committee Chairman to plan its meetings and to gather and distribute the necessary information sufficiently in advance, taking the minutes of the meetings.
- g) The Audit and Control Committee will establish an annual work plan contemplating the Committee's main activities during the financial year.
- h) The members of the Company's management team or personnel shall be required to attend the meeting of the Audit and Control Committee and to provide it with their collaboration and access to the information available to them when the Committee so requests, and the Committee may decide that they attend without the presence of any other managers. The Committee may also request the attendance at its meetings of the Company's auditors, or that of any other persons, although they may only attend on invitation by the Committee Chairman and only for discussion of the specific agenda items for which they are called to attend.

The Audit and Control Committee must establish an effective, regular communication channel with its main contact persons, for which the Committee Chairman will normally be responsible, and, among others, with the Company management, particularly the financial management; the Internal Audit Department Manager; and the main auditor responsible for the audit of accounts. In particular, the communication between the Audit and Control Committee and the external auditor must be smooth and continuous, in accordance with the regulatory guidelines for audit activity, and must not jeopardise the auditor's independence or the effectiveness with which it carries out the audit or with which the audit procedures are developed.

- i) The Audit and Control Committee must have adequate, relevant and sufficient access to any information or documentation held by the Company and may receive advice from external experts when it deems this necessary for correctly fulfilling its functions.
- j) The Company must provide the Audit and Control Committee with sufficient resources to fulfil its functions.

## 2. The Risks Committee:

- a) The Risks Committee shall comprise exclusively non-executive Directors and who ~~possess,~~ as a whole, have the appropriate knowledge, skills and experience to fully understand and manage the risk strategy, both financial and non-financial, and risk propensity of the entityCompany, in the number determined by the Board of Directors, with a minimum of three (3) and a maximum of six (6) members, the majority of whom must be independent Directors.
- b) Notwithstanding any other task which may be assigned thereto from time to time by the Board of Directors, the Risks Committee shall exercise the following basic functions:
  - (i) To advise the Board of Directors on the overall susceptibility to risk, current and future, of the Company and its strategy in this area, reporting on the risk appetite



framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and implementing the monitoring of the appropriateness of the risks assumed and the profile established.

- (ii) To propose to the Board the Group's risk policy, which shall identify or determine, in particular:
  - (a) The different types of risk (operational, technological, financial, legal and reputational, ~~etc.~~including inter alia those related to corruption) which the Company faces, including among the financial or economic risks the contingent liabilities and others off-balance sheet.
  - (b) A risk control and management model based on different levels and involving the Risk Committee.
  - ~~(b)~~(c) The information and internal control systems that will be used to monitor and manage these risks.
  - ~~(c)~~(d) The level of risk that the Company considers acceptable.
  - ~~(d)~~(e) The planned measures to mitigate the impact of the identified risks in the event that they materialise.
- (iii) Ensure that the pricing policy of the assets and liabilities offered to the clients fully consider the business model and risk strategy of the entity. Otherwise, the Risks Committee will submit to the Board of Directors a plan to amend it.
- (iv) Determine with the Board of Directors, the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establish what the Committee should receive.
- (v) Regularly review exposures with its main customers, economic business sectors, geographic areas and types of risk.
- (vi) Examine the information and control processes of the Group's risk as well as the information systems and indicators, which should enable:
  - (a) The adequacy of the structure and the functionality of risk management throughout the Group.
  - (b) To know the risk exposure of the Group in order to assess whether it conforms to the profile determined by the institution.
  - (c) The availability of sufficient information to enable accurate knowledge of the risk exposure for decision-making purposes.
  - (d) The proper functioning of policies and procedures that mitigate the operational risks.
- (vii) Evaluation of the regulatory compliance risk in its scope of action and determination, understood as the risk management of legal or regulatory sanctions,



financial loss, material or reputational that the Company could suffer as a result of non-compliance with laws, rules, regulation standards and codes of conduct, detecting any risk of non-compliance and carrying out monitoring and examining possible deficiencies in the principles of professional conduct.

- (viii) Report on new products and services or significant changes to existing ones, in order to determine:
  - (a) The risks facing the Company from their issue and their commercialisation on the market, as well as from significant changes in existing ones.
  - (b) Information and internal control systems for the management and control of these risks.
  - (c) The corrective measures to limit the impact of the identified risks in the event that they materialise;
  - (d) The means and the appropriate channels for their commercialisation in order to minimise any reputational risks and mis-marketing.
- (ix) Cooperate with the Remuneration Committee in the establishment of rational policies and practices of remunerations. For these purposes, the Risks Committee will examine notwithstanding the functions of the Remuneration Committee, if the incentives policy anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.
- (x) Assist the Board of Directors, particularly, regarding the (i) establishment of efficient channels of information to the Board about the risk management policies of the Company and all the important risks it faces, (ii) ensure that adequate resources will be assigned for managing risks, and, particularly, intervening in the evaluation of the assets, in the use of external credit classifications and the internal models related to these risks and (iii) the approval and periodical review of the strategies and policies for assuming, managing, supervising and reducing the risks to which the Company is or can be exposed, including those presented by the macro-economic situation in which it operates in relation to the economic cycle.
- (xi) Any others attributed thereto by the Law, the By-laws, these Regulations and other regulations applicable to the Company.

- c) For the proper performance of its functions, the Company shall ensure that the [delegated](#) Risks Committee can access without difficulty the information concerning the risk situation of the Company and, if necessary, specialised outside expertise, including external auditors and regulators.

The Risks Committee may request the attendance at meetings of the people that, within the organisation, have roles related to its functions, and shall have the advice that may be necessary to form criteria on matters within its competence, which shall be processed through the Council Secretariat.

- d) The Risks Committee shall appoint a Chairperson from among its members, who shall be an independent Director and may appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary, or one of the Deputy Secretaries.

3. Common Regulations:

Both the Audit and Control Committee and the Risks Committee:

- a) Shall meet, without prejudice of the provisions of section 14.1.d) above, as often as necessary to fulfil their duties and shall be convened by the Chair of the Committee in question, either on his/her own initiative or at the request of the Chair of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.
- b) The Secretary of each of the Committees will be responsible for convening the same and for filing the minutes and documents submitted to the Committee.
- c) They shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by a majority of the members attending in person or by proxy and minutes of the resolutions adopted at each meeting shall be drawn up and such resolutions shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members.
- d) The Committees will inform the Board of its activities and work performed via its Chairperson in the meetings scheduled for this purpose, or immediately afterwards when the Chair deems necessary.
- e) They shall prepare an annual report on their operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof that will serve as a base, among others, and if applicable, for the evaluation that the Board of Directors will make of the Committees functions. Furthermore, if the Committee in question considers it appropriate it will include in that report suggestions for improvement.

In particular, the Audit and Control Committee's report will include, among other content, the significant activities carried out during the period, and it will inform of those carried out in collaboration with external experts, posting them on the Company's website sufficiently in advance of the Ordinary General Meeting.

**ARTICLE 15.- THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE**

1. The Appointments Committee and the Remuneration Committee will each be made up of the number of non-executive Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5) members, the majority of whom must be independent Directors. The members of the Appointments Committee shall be appointed by the Board of Directors, at the proposal of the Audit and Control Committee. The Chairman of the Appointments Committee and the Chairman of the Remuneration Committee will be respectively appointed from among the independent Directors forming part of such Committees.
2. The Appointments Committee:

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments Committee shall have the following basic responsibilities:

- (i) Evaluate and propose to the Board of Directors the evaluation of skills, knowledge and experience necessary for the members of the Board of Directors and for the key personnel of the Company.
- (ii) Submit to the Board of Directors the proposals for the nomination of the independent Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for the reappointment or removal of such Directors by the General Shareholders Meeting.
- (iii) Report on the proposed appointment of the remaining Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for their reappointment or removal by the General Shareholders Meeting.
- (iv) Report the appointment and, if necessary, removal of the Coordinating Director, and of the Secretary and the Vice-Secretaries of the Board for submission for approval of the Board.
- (v) Evaluate the profile of the most suitable persons to sit on the Committees other than the Appointments Committee itself, based on their knowledge, aptitudes and experience, and forward to the Board the corresponding proposals for the appointment of the members of the Committees other than the Appointments Committee itself.
- (vi) Report on proposals for appointment or removal of senior executives, being able to effect such proposals directly in the case of senior managers which due to their roles of either control or support of the Board or its Committees, it is considered by the Committee that it should take the initiative. Propose, if deemed appropriate, basic conditions in senior executives' contracts, outside the remuneration aspects and reporting on them when they have been established.
- (vii) Examine and organize, where appropriate, under the coordination of the Coordinating Director, and in collaboration with the Chairman of the Board of Directors, the succession of the Chairman, as well as examine and organize, in collaboration with the Chairman of the Board, the chief executive officer of the Company and, if appropriate, make proposals to the Board of Directors so that this succession takes place in an orderly and planned manner.
- (viii) Report to the Board on gender diversity issues, ~~ensuring that the procedures for selection of its members favour the diversity of experience, knowledge, and facilitate the selection of female Directors~~, and establish a representation target for the less represented sex on the Board of Directors as well as preparing guidelines for how this should be achieved, in any case endeavouring to ensure compliance with the diversity policy applied to the Board of Directors, which will be informed of in the Annual Corporate Governance Report.
- (ix) Evaluate periodically, and at least once a year, the structure, size, composition and actions of the Board and its Committees, its Chairperson, CEO and Secretary, making recommendations regarding possible changes to these, led by the Coordinating Director, when applicable, with regard to the evaluation of the

Chairman. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions.

- (x) Evaluate, with the frequency required by the regulations, the suitability of the diverse members of the Board of Directors and of the Board as a collective, and consequently inform the Board of Directors.
- (xi) Periodically review the Board of Directors selection and appointment policy in relation to senior executives and make recommendations.
- (xii) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.
- (xiii) Supervise and control the smooth operation of the corporate governance system of the Company, ~~making~~carrying out an evaluation and periodic review thereof in order to ensure that such system actually promotes the corporate interest and takes into account, as appropriate, the legitimate interests of other shareholders, and submit, if applicable, the proposals it deems necessary ~~for its improvement, to improve such system.~~
- (xiv) Monitor the independence of the independent Directors.
- (xv) Propose to the Board the Annual Corporate Governance Report.
- (xvi) Supervise compliance with the activities policies and rules of the organisation in relation to Company regarding environmental and social matters, evaluating and reviewing such policies and rules periodically so that they may fulfill their mission of promoting the corporate social responsibility issues and interest and take into account, as appropriate, the legitimate interests of other stakeholders, and to submit to the Board those proposals it deems appropriate in this matter. The Committee will also supervise that the Company's environmental and social practices are in line with the strategy and policies established by the Board.
- (xvii) Supervise the application of the policy regarding communication with shareholders and investors, proxy advisors and other stakeholders, monitoring the way in which the Company communicates and relates with small and medium-sized shareholders, and supervising and evaluating the processes of relationship with the different stakeholders.
- ~~(xvii)~~(xviii) Evaluate the balance of knowledge, skills, diversity and experience of the Board of Directors and prepare a description of the duties and aptitudes which may be necessary for any specific appointment, evaluating the expected dedication of time for fulfilling the position.
- (xix) Ensure that no potential conflicts of interest impair the independence of any external advice provided to the Committee in relation to the exercise of its functions.

The Appointments Committee can use the resources it considers appropriate to develop its duties, including external assessment and can have adequate funds for these purposes.

### 3. The Remuneration Committee:

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration Committee shall have the following basic responsibilities:

- (i) Draft the resolutions related to remunerations and, particularly, including those impacting on the risk and the management of such risk by the Company, to be passed by the Board of Directors and, in particular, report and propose to the Board of Directors the remuneration policy for the Directors and Senior Management, the system and amount of annual remuneration for Directors and Senior Managers, as well as the individual remuneration of the Executive Directors and Senior Managers, and the other conditions of their contracts, particularly financial, and without prejudice to the competences of the Appointments Committee in relation to any conditions that it has proposed and unconnected with the retributive aspect.
- (ii) Ensure compliance with the remuneration policy for Directors and Senior Managers as well as report the basic conditions established in the contracts of these and compliance of the contracts.
- (iii) Report and prepare the general remuneration policy of the Company and in particular the policies relating to the categories of staff whose professional activities have a significant impact on the risk profile of the Company and those that are intended to prevent or manage conflicts of interest with the Company's customers.
- (iv) Analyse, formulate and periodically review the remuneration programs, weighing their adequacy and performance and ensuring compliance.
- (v) Propose to the Board the approval of the remuneration reports or policies that it has to submit to the General Shareholders Meeting as well as informing the Board concerning the proposals relating to remuneration that, where applicable, it will propose to the General Meeting.
- (vi) Ensure that no conflict of interest affect the independence of any external advice provided to the Committee in relation to the exercise of its functions.
- ~~(vi)~~(vii) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.

4. Common regulations:

Both the Appointments Committee and the Remuneration Committee;

- (i) May regulate their own operation, they shall elect their Chairperson among the independent Directors forming part of each of them and they may also appoint a Secretary and in the absence of a specific appointment by the Committee, the Secretary of the Board shall act as the same or, failing that, any of the Deputy Secretaries.
- (ii) Shall meet each time when considered appropriate for the good performance of their duties and the meetings will be called by their Chairperson, either by his/her own initiative, or when required by two (2) members of the Committee itself, and must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal.

The meeting notice shall be given by letter, telegram, fax, e-mail or any other means which allows keeping a record of its receipt.

- (iii) The Secretary of each of the Committees will be responsible for calling the meetings and of the filing of the minutes and documentation presented to the Committee.
- (iv) Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members.
- (v) The Committees shall be validly constituted with the attendance in person or represented by proxy of the majority of its members and resolutions shall be adopted by a majority of members who attend in person or by proxy.
- (vi) They will prepare an annual report on about their operation highlighting the main incidents occurred, if any, related to their duties, that will be the base, among others, and if applicable, for the evaluation made by the Board of Directors. In addition, when the relevant Committee deems it appropriate, it will include in that report suggestions for improvement.

## **CHAPTER V**

### **FUNCTIONING OF THE BOARD OF DIRECTORS**

#### **ARTICLE 16.- MEETINGS OF THE BOARD OF DIRECTORS**

1. The Board of Directors shall meet whenever it considers it necessary for the smooth running of the Company, and at least eight (8) times a year, celebrating a meeting at least once every quarter. The Board of Directors must also meet when requested by at least two (2) of its members or one of the independent Directors, in writing addressed to the Chairman indicating the agenda, in which case, the meeting of the Board of Directors will be called by the Chairman, through any written means addressed personally to each Director, to be held within fifteen (15) days following the request at the registered office. Should one month elapse after the date of receipt of the request without the Chairman having called the Board of Directors meeting, without a justified reason, and provided that the request is supported by at least one third of the members of the Board of Directors, a meeting of the Board may be called by the Directors who requested the call as long as they constitute at least one third of the members of the Board. In all events, the Board of Directors shall meet within a maximum period of three (3) months from the end of the financial year, in order to draw up the Annual Accounts, the Management Report and the proposed distribution of profit.
2. Meetings will be notified to each Director by letter, fax, telegram or e-mail, or by any other means that allows acknowledgment of receipt, and will be authorised with the signature of the Chairman or that of the Secretary or Vice-Secretary by order of the Chairman. Notice will be sent at least forty-eight (48) hours in advance, unless an emergency situation exists and is accepted by the Board when it meets.
3. Except when the Board of Directors has been held or has been exceptionally convened due to urgency, the Directors should previously receive with sufficient advance all the

necessary information for the deliberation and adoption of resolutions on the matters in question, the Chairman assisted by the secretary being responsible for the fulfilment of this disposition.

4. Meetings of the Board of Directors and its Committees will normally take place at the Company's registered office, but may also be held at another location determined by the Chairman of the Board or of the relevant Committee, who may authorize meetings to be held with simultaneous attendance at various locations connected by audiovisual or telephonic means, provided the recognition of those attending and real-time interactivity and intercommunication, and thus unity of action, can be guaranteed. Board members who are not physically present at the meeting place and who use remote means of communication such that the meeting can be transmitted simultaneously and reciprocally with all other members using such means of communication will, for all purposes, be considered to have attended and may issue their vote remotely, through the means of communication being used. In the case that any of the Directors are at the corporate address, the meeting will be understood to be held there. Otherwise, the meeting will be understood as being held where the Director chairing the meeting is located.
5. The meeting of the Board will be considered to be validly held without any need for a call if all of its members, present or represented by proxy, unanimously agree to the meeting and to the items of the agenda to be discussed.
6. The Board may also adopt resolutions in writing, with no meeting, in accordance with current regulations and the Company's by-laws, and votes may be cast in writing or by e-mail, or by any other means that allows acknowledgment of receipt, provided that the identity of the Director casting the vote has been verified.
7. At least once a year, [and based on the proposal of the Appointments Committee](#), the Board, as a plenary body, shall evaluate:
  - (i) the quality and efficiency of the functioning of the Board;
  - (ii) the carrying out of their duties on the part of the Chairman of the Board, where appropriate, led by the Coordinating Director and the chief executive of the Company; and
  - (iii) the functioning [and composition](#) of the Committees; [and](#)
  - (iv) [the performance and contribution of each Director](#),

and shall propose, on the basis of the outcome, an action plan to correct the deficiencies identified. The result of the evaluations will be included in the minutes of the meeting or will be incorporated to these as an appendix.

#### **ARTICLE 17.- PROCEDURES FOR MEETINGS**

1. A meeting of the Board of Directors will be validly assembled when at least the majority of its members attend or are represented by proxy, except in the case of the absence of a meeting notice, in which case the attendance of all of its members in person or by proxy will be required.

2. Board members should attend Board meetings in person. Nevertheless, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. The non-executive Directors can only grant their proxy to another non-executive Director, although the independent Directors, are only entitled to grant their proxy in favour of other independent Director. The proxy may be granted by any postal, electronic means or by fax, provided that the identity of the Director is assured.
3. The Chairman will organize debates by seeking and promoting the participation of all Directors in the Board's deliberations, and will lead the voting.
4. Except in cases in which the Law or the by-laws specifically set forth another voting quorum, resolutions will be adopted by an absolute majority of the Directors attending the meeting in person or represented by proxy. In the event of a tie, the Chairman will have the casting vote. In any event, when a shareholder is represented on the Board by more than one proprietary Director, proprietary Directors representing such shareholder shall abstain from participating in the deliberation and voting of the agreements for the appointment of independent Directors by co-option and with regard to the appointment proposals of independent Directors made to the General Shareholders Meeting.

Particularly, the permanent delegation of all or any of the duties of the Board of Directors on the Executive Committee, on the Executive Director, the appointment of the Directors that have to hold such positions, the appointment of the Chairman when this falls on an executive Director and the approval of the contracts between the Directors with executive functions and the Company, will require to be valid the favourable vote of two thirds (2/3) of the Board members.

5. Minutes of the meetings of the Board of Directors will be drawn up by the Secretary and will be signed, at a minimum, by the Chairman or, if applicable, the Vice-Chairman and the Secretary or Vice-Secretary. The minutes which will be transcribed or entered, pursuant to applicable requirements, into a special book of minutes of the Board of Directors.

The minutes will be approved by the Board of Directors at the end of the meeting or immediately afterwards, unless the immediate nature of the meetings does not permit this, in which case they will be approved at a subsequent meeting. The minutes may also be approved by the Chairman, the Secretary and two (2) Directors attending the Board meeting to which the minutes refer, who are designated by the Board itself at each meeting.

In order to facilitate the implementation of resolutions and, as the case may be, their recording in a public deed, the minutes may be partially approved, and each of the approved sections may contain one or more resolutions.



## CHAPTER VI

### APPOINTMENT AND REPLACEMENT OF DIRECTORS

#### ARTICLE 18.- APPOINTMENT OF DIRECTORS

1. Directors will be appointed by the General Shareholders' Meeting of the Board of Directors in accordance with the provisions of the Law and in the Company's By-laws.
2. Proposed appointments of Directors submitted by the Board of Directors for the General Shareholders' Meeting and resolutions regarding appointments which said body adopts by virtue of the powers of co-option legally attributed to it must be preceded by the pertinent proposal of the Appointments Committee, in the case of independent directors, and by a report, in the case of the remaining Directors.
3. The members of the Board of Directors must fulfil the required standards for the exercise of their duties. In particular, they should have recognised business and professional integrity, have the appropriate knowledge, skills and experience to perform their duties and be able to exercise good governance of the entity within the terms provided by the current legislation.
4. The proposals for appointment or re-election of Directors should be accompanied in any event by a supporting report from the Board of Directors evaluating the skills, knowledge and merits of the proposed candidate that will be attached to the minutes of General Meeting or that of the Board itself.

#### ARTICLE 19.- CLASSIFICATION OF DIRECTORS

1. The directors will be classified as executives or non-executives, distinguishing among these between stakeholder, independent or other external directors.
2. Executive directors are considered those that develop management functions in the Company or its group, whatever the legal link with the same. Nevertheless, the Directors that are Senior Executives or directors of companies belonging to the group of the dominant entity of the Company will be considered as stakeholders Directors.

When a director develops management functions and, at the same time is or represents a significant shareholder or that is represented in the Board of Directors, it is considered as executive.

3. Stakeholders directors are considered to be those that hold a stake in the share capital of the Company equal to or higher than what is legally considered as significant or that has been appointed due to its condition as shareholder, even if its shareholding does not reach the mentioned amount, as well as those who represent the previously mentioned shareholders.
4. Independent Directors will be considered to be those who are appointed in consideration of their personal and professional qualities and who may fulfil their duties without being constrained by their ties to the Company or its group, to its significant shareholders and to its Senior Officers.

In particular, the following persons may not be considered, under any circumstance as independent Directors in any of the following situations:

- (a) persons who have been employees or executive directors of group companies, unless three (3) or five (5) years, respectively, have elapsed since the termination of that relationship.
- (b) persons who receive from the Company, or from the same group, any amount or benefit other than remuneration as Directors, unless the amount in question is insignificant for the Director.

For the purposes of this section, dividends or pension complements received by a Director by virtue of his prior professional or work relationship will not be taken into account, provided that such complements are unconditional and, consequently, the company that pays them does not have the discretion, except in the case of non-fulfilment of obligations, to suspend, modify or revoke the payment thereof;

- (c) persons who are, or who have been in the last three (3) years, partners of the external auditor or who have been responsible for the audit report, whether regarding the audit of the Company during said period or of any other company in its group;
- (d) persons who are executive Directors or senior managers of a different company in which an executive Director or senior Director of the Company is an external Director;
- (e) persons who maintain, or who have maintained in the last year, a significant business relationship with the Company or with any company in its group, either in their own name or as significant shareholders, Directors or Senior Managers of an entity that maintains or has maintained said relationship.

Relationships of suppliers of goods or providers of services, including financial services, advisory services or consultant services shall be considered to business relationships.

- (f) persons who are significant shareholders, executive Directors or senior managers of an entity that receives, or has received in the last three (3) years, significant donations from the Company or its group.

Persons who are mere patrons of a foundation receiving donations will not be considered included in this item.

- (g) The spouses of, the persons linked by an analogous affective relationship to, or the relatives removed by up to two steps from an executive Director or Senior Director of the Company;
- (h) Persons who have not been proposed, either for appointment or renewal, by the Appointments Committee;
- (i) persons who have been Directors for a continued period of more than twelve (12) years;

- (j) persons who, with regard to any significant shareholder or person represented by proxy on the Board, are covered by the cases referred to in items (a), (e), (f) or (g) above. In the case of the degree of kinship referred to in (g), the limitation will apply not only to the shareholder but also to the stakeholder Directors in the investee company.

Persons who cease to be stakeholder Directors because the shareholder whom they represented sold his stake may be re-elected as independent Directors only if the shareholder whom they represented until that time sold all of this shares in the Company.

A Director who holds a shareholding in the Company may be an independent Director, if he meets all of the conditions set forth above and, in addition, his shareholding is not significant.

- 5. Other external directors will be considered as non-executive directors that are not considered as stakeholder or independent directors.
- 6. The Board of Directors will detail the class of each director before the General Meeting that may appoint or ratify the appointment or agree its re-election and such classification will be maintained or, if applicable, modified it in the Annual Corporate Governance Report, with the previous report from the Appointments Committee.

#### **ARTICLE 20.- TERM IN OFFICE**

- 1. Directors shall remain in their posts for the term of office stipulated in the By-laws while the General Meeting does not agree their removal or they resign from the position, and may be re-elected one or more times for periods of equal length. Nevertheless, independent Directors will not stay on as such for a continuous period of more than twelve (12) years.
- 2. Directors designated by co-option shall hold their post until the date of the next General Shareholders' Meeting or until the legal deadline for holding the General Shareholders' Meeting that is to decide whether to approve the accounts for the previous financial year has passed, but if the vacancy was produced after having called the General Meeting and before it being held, the appointment of the director by co-option by the Board to cover such vacancy will be effective until the celebration of the next General Meeting.

#### **ARTICLE 21.- REMOVAL OF DIRECTORS**

- 1. Directors shall be removed from office when the period for which they were appointed has elapsed, when so decided by the General Shareholders' Meeting in use of the attributes granted thereto, legally or in the by-laws, and when they resign.
- 2. Directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems appropriate, the pertinent resignation, in the following cases:
  - (a) when they depart the executive positions, posts or functions with which their appointment as Director was associated;

- (b) when they are subject to any of the cases of incompatibility or prohibition provided by law or no longer meet the suitability requirements according to the applicable regulations.
  - (c) when they are indicted for an allegedly criminal act or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities;
  - (d) when their remaining on the Board, they may place at risk the Company's interest, or when the reasons for which they were appointed cease to exist. In particular, in the case of stakeholder Directors, when the shareholder they represent transfers its stake holding in its entirety. They must also do so when the said shareholder lowers its stake holding to a level which requires the reduction of the number of stakeholder Directors;
  - (e) when significant changes in their professional status or in the conditions under which they were appointed Director take place; and
  - (f) when due to facts attributable to the Director, his remaining on the Board could cause serious damage to the corporate net worth or reputation in the judgement of the Board.
3. In the case of an individual representing a director who is a legal entity incurs in any of the situations foreseen in the previous section, the individual representative should offer its post to the legal entity appointing him. If this latter decides to maintain the representative to develop its position of director, the director who is a legal entity should offer its post of director to the Board of Directors,
4. When a Director leaves office prior to the end of his term, he must [sufficiently](#) explain the reasons [for his resignation or, in the case of non-executive directors, his view on the reasons for the dismissal by the General Shareholders' Meeting](#), in a letter which he shall send to all members of the Board of Directors.

## CHAPTER VII

### INFORMATION FROM DIRECTORS

#### ARTICLE 22.- INFORMATION AND INSPECTION POWERS

1. In the development of their duties, the directors have the duty of demanding and the right to recompile from the Company the necessary information for fulfilling their obligations. For such purpose, the Director should request information on any aspect of the Company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible.
2. Requests for information must be directed to the Chairman of the Board of Directors, if he holds executive status, and, otherwise, to the Chief Executive Officer, who will forward the request to the appropriate party in the Company.

3. If the Chairman deems that the information is confidential, he will notify the Director who requests and receives the information of this as well as of the Director's duty of confidentiality under these Regulations.

#### **ARTICLE 23.- ASSISTANCE FROM EXPERTS**

1. To receive assistance in fulfilling their duties, the non-executive Directors may request that legal, accounting or financial advisers or other experts be contracted, to the account of the Company. The tasks to be carried out must, without exception, be related to specific issues of a certain significance and complexity that arise when the Directors exercise their duties.
2. The decision to contract must be notified to the Chairman of the Company, if he holds executive status, and, otherwise, to the Chief Executive Officer, and may be vetoed by the Board of Directors, provided that it demonstrates that:
  - (a) it is not necessary for the proper performance of the duties entrusted to the non-executive directors;
  - (b) the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;
  - (c) the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or
  - (d) it may entail a risk to the confidentiality of the information that must be handled.

### **CHAPTER VIII**

#### **REMUNERATION OF DIRECTORS**

##### **ARTICLE 24.- REMUNERATION OF DIRECTORS**

1. The Board of Directors will determine the remuneration corresponding to each Director, in their condition as such, and, when applicable, for the development of executive functions, in accordance with the provisions of the by-laws and the remuneration policy approved by the General Meeting and in accordance, if applicable, with the indications of the Remuneration Committee. With the exception of the remuneration expressly approved by the General Shareholders Meeting.
2. The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions. In all cases, the remuneration of the directors should keep a reasonable proportion with the importance of the Company, the economic situation at any given time, and market standards of comparable companies. The established remuneration system should be aimed at promoting long-term profitability and sustainability of the Company and incorporate the necessary caution to avoid the excessive assumption of risks and the reward of favourable results.

3. In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of Directors, in their condition as such, including any remuneration they receive as members of the Committees, conforms to the following guidelines:
  - (a) Directors must be remunerated according to their effective dedication and of the functions and responsibilities attributed to them; and
  - (b) the remuneration amount of Directors, in their condition as such, must be calculated such that it offers incentives for dedication without undermining their independence.
4. The Board of Directors will determine the remuneration of the Directors developing executive functions as well as the terms and conditions of their contracts according to the current regulation and remunerations policy.
5. The Company General Meeting will approve, at least every three (3) years and as a separate point of the agenda, the remuneration policy of the directors, that will adapt, as appropriate, to the remuneration policy included in the By-laws, in the legally foreseen terms. The proposal of the mentioned remuneration policy should be accompanied by a report from the Remuneration Committee.

Additionally, the remuneration policy will be annually subject to an internal, central and independent evaluation in order to verify if it complies with the guidelines and remuneration procedures approved by the Board of Directors.

The Board of Directors of the Company will periodically adopt and review the general principles of the remunerations policy and will be responsible for supervising its application.

6. The Board of Directors must prepare and annually publish a report on the remunerations of the Directors including what they perceive or should perceive in their condition as such, and if applicable, for the development of executive functions, under the terms provided for in law. This report will be made available to the shareholders when the General Shareholders' Meeting is called and will be brought to an advisory vote of the Meeting, as a separate item on the agenda, in addition to the proposal for the remuneration policy proposed, when appropriate, to the General Shareholders Meeting for approval.

If the annual report on the Directors' remunerations is rejected during the advisory vote in the Ordinary General Meeting, the applicable remuneration policy for the following year should be submitted for the approval of the General Shareholders Meeting prior to its application, even when the mentioned period of there (3) years has not passed.

## **CHAPTER IX**

### **DIRECTORS' DUTIES**

#### **ARTICLE 25.- GENERAL DUTIES OF DIRECTORS**

In performing their duties, Directors will act with the diligence of respected businesspersons and the loyalty of a faithful representative. Their actions should be in good faith and will be guided

solely by the interest of the Company, as they strive to better defend and protect the interests of the shareholders overall, from whom their mandate derives and to whom they are accountable.

#### **ARTICLE 26.- DUTY OF DILIGENCE**

Directors should develop their position and fulfil the duties imposed by Law and the By-law with the diligence of orderly businesspersons, taking into account the nature of their position and the duties attributed to each of them. In particular, Directors are required to:

- (a) have adequate dedication and adopt the necessary measures for the good management and control of the Company;
- (b) demand and recompile adequate and necessary information for fulfilling their obligations and, specifically, prepare suitably for the Board meetings and, if applicable, of the delegate bodies and internal Committees to which they belong;
- (c) attend the meetings of the Board of Directors and take an active part in the deliberations in order for their opinions to effectively contribute to decision-making. If, for a justified reason, a Director is unable to attend meetings to which he has been called, he must instruct the Director who will represent him, as established in these Regulations;
- (d) contribute their strategic vision, as well as innovative measures, opinions and concepts for the optimal functioning and evolution of the Company's business;
- (e) carry out any specific task entrusted to them by the Board of Directors or any of its delegated and/or advisory bodies that is reasonably within the purview of their dedication pledge;
- (f) investigate any irregularity in the management of the Company of which they have learned and to watch over any situation of risk;
- (g) urge persons with meeting-calling capacity to call an extraordinary meeting of the Board or to include the points they deem appropriate in the agenda of the first meeting to be held; and
- (h) oppose resolutions that are contrary to the Law, to the By-laws, to the General Meeting Regulations, to these Regulations or to the Company's interest, and to request that their position be entered into the minutes when they deem that such action is more appropriate to safeguard the Company's interest.

#### **ARTICLE 27.- DUTY OF LOYALTY**

Directors should develop the position with the loyalty of a faithful representative, in good faith and in the best interests of the Company. Particularly the Director, in compliance with the duty of loyalty should:

- (a) refrain from attending and intervening in the deliberations and voting affecting matters in which the Director or Persons Related to the Director directly or indirectly have conflicting interests, in which case the votes of the Directors affected by the conflict and that have to abstain, will be deducted for the calculation of the majority of votes that are necessary;

- (b) safeguard secrets about the information, data, reports, or background to which it may have access in the development of their position, even when they have been separated from the same, except for the cases where the Law allows or requires it, in the terms established under article 28 of these Regulations;
- (c) not exercise their powers for other aims than those for which they have been granted:  
and
- (d) develop their duties under the principle of personal responsibility with freedom of judgement or judgment and independence regarding the instructions and links with third parties; and
- (e) adopt the necessary measures to avoid incurring in situations in which their interests, either for their own account or for third parties, can enter into conflict with the Company's interest and with their duties for the Company.

#### **ARTICLE 28.- DIRECTOR'S DUTY OF CONFIDENTIALITY**

1. Directors will keep secret all deliberations of the Board of Directors and the delegate bodies to which the Directors belong and, in general, will abstain from disclosing the information to which they have been privy in performing their duties.
2. The duty of confidentiality will remain even when a Director has left his position, and he must keep secret all confidential information and all information, data, reports or antecedents of which he becomes aware as a result of performing his duties. He may not communicate said information to third parties or disseminate it when so doing might be detrimental to the Company's interest. –Excepted from the duties referred to in this [paragrapharticle](#) are cases in which the law permits the communication of dissemination of information to third parties, as are, if applicable, cases in which Directors are summoned by or must refer to the respective oversight authorities, in which case the relinquishment of information must conform to the laws.

#### **ARTICLE 29.- DUTY NOT TO COMPETE**

1. Directors should refrain from developing, for their own account or the account of others, activities the exercise of which entails effective competition with the Company, either current or potential, or which any other way, position them in permanent conflict with the Company interests, unless they have the express and separate consent of the Company through a resolution adopted at a General Shareholders' Meeting, for which purpose the Director must issue the communication set forth in item 3 of the following article. The obligation of not competing with the Company can only be subject to release in the case that no harm for the Company may be expected or that the harm which could be expected is compensated by the benefits that foreseeably are expected from the release. Excepted from the above are offices which may be held in subsidiaries or investee entities of the Company. The above prohibition is not applicable to those persons who hold executive or management offices at the parent company or at other entities of the [groupGroup](#).
2. The obligation to abide by the conditions and guarantees provided by the dispensation resolution and, in any case, the obligation to abstain from participating in the deliberations and voting in which he has a conflict of interest shall be applicable to the



Director who has obtained the dispensation from the General Shareholders' Meeting, all of which in accordance with the provisions of current legislation.

3. A Director who terminates his mandate or for any other reason departs from his office may not provide services or be a director at another entity that is in a situation of effective competition with the Company for the term set forth, which in no event will be more than two (2) years.

#### **ARTICLE 30.- DUTY TO AVOID CONFLICTS OF INTEREST**

1. Directors shall avoid situations which may imply a conflict of interest between the Company and themselves or persons related thereto, taking for these purposes any measures that may be necessary. In any case, Directors must abstain from:
  - (a) directly or indirectly carry out transactions with the Company unless they are ordinary operations made in standard conditions for all clients and with little relevance;
  - (b) use the Company's name or invoke their status as Director in order to unduly influence the carrying out private transactions;
  - (c) use the Company's assets or avail themselves of their position at the Company to obtain an economic advantage or for any private aims;
  - (d) use for their own benefit a business opportunity of the Company, understanding as business opportunity any possibility to carry out an investment or commercial transaction that has arisen and has been discovered in connection with the Director's performance of his duties, or by using means and information of the Company, or under any such circumstances that it is reasonable to believe that a third party offer was in fact intended for the Company;
  - (e) obtain advantages or remunerations from third parties different from the Company and its ~~group~~Group, related to the development of its position, except when these are mere courtesy attentions; and from
  - (f) developing activities on its own account or for third parties that in any case position them in permanent conflict of interests with the Company,
2. The above provisions will also apply in the case that the beneficiary of the prohibited acts or activities are persons related to Directors in accordance to the definition of this concept in the Law (henceforth, **Related Persons**).
3. In all cases, Directors should inform to the Board of Directors on the situations of direct or indirect conflict that they or the Persons Related to them may have with the interests of the Company.
4. The Company can only release from the prohibitions contained in this article in singular cases according to the procedure and restrictions established by current legislation.
5. The situations of conflict of interests in which the Directors are involved will be reported in the annual report.

#### ARTICLE 31.- USE OF NON-PUBLIC INFORMATION

1. Directors are subject, with regard to the use of any non-public information of the Company, to the duties of diligence, loyalty, confidentiality, and secrecy inherent to their position, and must abstain from using said information to their own benefit or to the benefit of third parties, in violation of the duties referred to above.
2. The ~~contents~~provisions of this article are ~~deemed as~~ without prejudice to the obligations that correspond to the Directors regarding insider information and ~~significant~~other relevant information ~~of~~about the Company, in accordance with the terms set forth in laws governing the securities market.

#### ARTICLE 32.- DIRECTORS' INFORMATION DUTY

1. Directors must inform the Company of the shares of the Company which they own directly or indirectly through Related Persons, in accordance, in all respects, with the Internal Rules of Conduct on Matters Relating to the Securities Market.
2. Directors must also inform the Company of the positions they hold and the activities they carry out in other companies and, in general, of facts, circumstances or situations that may prove significant for their performance as Company directors.
3. Directors must inform the Company of any situation of which they are aware whose importance of which seriously damage the Company's reputation.
4. Directors must abide by the limitations on belonging to Boards of Directors set forth in the current regulations of organization, supervision and solvency of credit entities.
5. Directors must inform the Company of any circumstances, whether or not they are related to their performance in the Company, that affect the ~~Company-relevant~~ Director and that may damage ~~the~~ credit or reputation of the Company, especially of criminal ~~charges~~investigations brought against them and the progress of any subsequent trial. The Board ~~may, after examining, having been so informed or having otherwise become aware of such circumstances, will examine~~ the Director's situation, ~~demand his as soon as possible and, taking into account the specific circumstances, will decide, following a report from the Appointments Committee, whether or not to adopt any measures, such as opening an internal investigation, requesting the~~ resignation ~~and~~of the Director ~~must abide by this~~(a decision that shall be complied with by the relevant Director), or proposing that the relevant Director be removed from office.

#### ARTICLE 33.- DISPENSATION FROM COMPLIANCE WITH DUTIES BY DIRECTORS

In cases in which authorization of the Board of Directors is not expressly prohibited, the Company can release the Director from complying with certain obligations. When the release is not the competence of the Meeting, the Board of Directors may approve the release, previously and exceptionally and subject to a report by the Audit and Control Committee reflecting that no damage is caused to the Company and no legal or by-law regulations applicable in each case are breached.

## CHAPTER X

### RELATIONS OF THE BOARD

#### ARTICLE 34.- RELATIONS WITH SHAREHOLDERS

1. The Board of Directors will provide suitable channels to familiarize itself with any proposals formulated by shareholders with regard to the management of the Company.
2. Through some of its Directors and with the collaboration of the members of senior management that the Board deems appropriate, the Board may organize informational meetings on the running of the Company, for shareholders residing in the most important financial markets, either in Spain or other countries.
3. Public requests for vote delegation made by the Board of Directors or by any of its members must express how the representative would vote in the event that the shareholder does not give instructions. A vote that has been delegated in response to such a public request may not be exercised relative to agenda items regarding which there is a conflict of interest, unless the person granting the proxy has given precise voting instructions for each of those items, all in accordance with the Law.
4. The Board of Directors will promote shareholders' informed participation in General Shareholders' Meetings and will adopt all timely measures required to allow the General Shareholders' Meeting to effectively exercise the duties that correspond to it in accordance with the law and the Company's by-laws.

In particular, the Board of Directors will adopt the following measures in accordance with the Law:

- (a) it will strive to make available to the shareholders, prior to the Meeting and in sufficient advance, all information that can legally be demanded, and all information that, even though not legally demandable, may be of interest and can be reasonably provided;
- (b) it will respond, with utmost diligence, to requests for information formulated by shareholders prior to the Meeting;
- (c) if meeting the requests for information is not possible in the same meeting, the requested information will be provided after the closing of the meeting in the legally established terms;
- (d) also with utmost diligence, it will answer questions posed by shareholders when the Meeting is held; and
- (e) it will ensure that the matters proposed to the Meeting are voted on in an orderly manner and separately, allowing the shareholders to intervene and express their opinion on each issue submitted to a vote.

#### **ARTICLE 35.- RELATIONS WITH INSTITUTIONAL SHAREHOLDERS**

1. The Board of Directors will also establish adequate mechanisms for the regular sharing of information with institutional investors who are among the Company's shareholders.
2. In no event may the relations between the Board of Directors and institutional shareholders translate into the delivery to the latter of any information that might give them a privilege or advantage over other shareholders.

#### **ARTICLE 36.- MARKET RELATIONS**

1. The Board of Directors, ~~through communiqués of significant events will, by notice sent~~ to the Spanish National Securities Market Commission and ~~posted on~~ the corporate web page, ~~will~~ immediately provide the public with all significant information on the terms set forth in the current regulations.
2. The Board of Directors shall adopt the necessary measures to ensure that half-yearly, quarterly and any other financial information that the Law requires making available to the markets is prepared in accordance with the same principles, criteria and professional practices as the Annual Financial Statements and enjoys the same reliability as the latter. The Audit and Control Committee will report before to the Board of Directors about the financial information that the Company should periodically make public.
3. Information obligations will be fulfilled through any technical, information-technology or telematic means, without prejudice to the shareholder's right to request printed information.

#### **ARTICLE 37.- RELATIONS WITH AUDITORS**

1. The Board's relations with the Company's external auditors shall be channelled through the Audit and Control Committee.
2. The Board of Directors will publicly report the overall fees that the Company has paid for non-auditing services.

#### **FINAL PROVISION**

No more than half of the executive Directors should be appointed from amongst the proprietary Directors representing a same shareholder, neither amongst Directors who are current or past members of the governing bodies or senior management of a shareholder holding, or having held, control of the Company, unless three (3) or five (5) years, respectively, have elapsed since the termination of such relationship.

\* \* \*



## APPENDIX II

**TEXT COMPARING THE REGULATIONS OF THE BOARD OF DIRECTORS APPROVED AT THE BOARD MEETING ON 30 MARCH 2021 AND ITS WORDING PRIOR TO THIS AMENDMENT THAT WILL ENTER INTO FORCE AT THE TIME OF ENTRY INTO FORCE OF THE BY-LAWS AMENDMENTS PROPOSED TO THE ANNUAL GENERAL MEETING UNDER ITEM 9 ON THE AGENDA, WITH THE EXCEPTION OF ARTICLE 15 BIS, WHICH COMES INTO FORCE AT THE TIME OF ITS APPROVAL BY THE BOARD OF DIRECTORS, ON MARCH 30, 2021**

### **CHAPTER I**

#### **PRELIMINARY**

##### **ARTICLE 1.- ORIGIN AND DUTIES**

1. These Regulations are hereby approved by the Board of Directors of CaixaBank, S.A. (hereafter, the **Company**), in fulfilment of the Law. The Regulations aim to set out the guiding principles of the Board as well as the basic rules governing its organization and functioning and the rules of conduct that apply to its members, being also applicable to its delegated corporate bodies and its internal Committees, as well as to the members that comprise them.
2. The rules of conduct set out therein for the Company Directors (hereinafter, the **Directors**) will also apply to the members of the management committee and to any other person who reports to the Board of Directors (hereinafter, the **Senior Executives**) of the Company, to the extent that said rules are compatible with the specific characteristics of the Senior Executives and with the activities that they carry out. For the purposes of these Regulations, Senior Executives will be understood to mean general directors and executives who report directly to the Board of Directors of the Company or to the Chief Executive Officer, or, if applicable, to the Executive Committee and, in all events, the Company's internal auditor.

##### **ARTICLE 2.- INTERPRETATION**

These Regulations develop and complete the regulatory rules that govern the Board of Directors and that are set forth in prevailing legislation and the Company's by-laws. They will be interpreted in accordance with the applicable laws and by-laws and with the principles and recommendations relative to corporate governance of listed companies.

### **ARTICLE 3.- DISSEMINATION**

1. Directors and Senior Executives are required to be familiar with, comply with and enforce these Regulations. Consequently, the Secretary of the Board of Directors will provide each of them with a copy of the Regulations.
2. The Board of Directors will take the steps necessary to distribute these Regulations among the shareholders and the investing public at large. In doing so, it will use the most efficient means available to ensure that these Regulations reach the intended recipients immediately and smoothly.

## **CHAPTER II**

### **DUTIES OF THE BOARD OF DIRECTORS**

#### **ARTICLE 4.- DUTIES OF THE BOARD OF DIRECTORS**

1. Apart from those issues reserved by Law or the By-Laws to the General Shareholders' Meetings, the Board of Directors is the Company's highest decision-making body, that shall be the competent body for passing resolutions with regard to any matter and shall be empowered with the broadest powers and faculties to manage and represent the Company.

The Board of Directors shall also approve and supervise the strategic and management guidelines that are provided in the interest of each and every one of the Group companies of which the Company is the dominant entity, in order to establish the basis for an adequate and efficient coordination between the Company and the other companies belonging to the Group. The governing bodies of each company shall be responsible for the ordinary, effective and day-to-day management and administrative duties related to their respective businesses or activities, pursuant to each company's corporate interest and the applicable regulations to each case.

2. The Board should ensure that the Company abides by current law in its dealings with stakeholders; fulfils its explicit and implicit contracts and obligations in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional sustainability principles the Company has subscribed to voluntarily.
3. The Board of Directors should define a corporate governance system to guarantee healthy and prudential management of the Company, and that will include an adequate distribution of duties in the organization and prevent conflicts of interests, assuring the application of the mentioned system and periodically controlling and evaluating its efficiency, taking if applicable adequate measures to resolve any possible differences.
4. In particular, and notwithstanding the powers that are reserved to the full Board of Directors by Law, the By-laws or these Regulations, the following duties of the Board of Directors will be non-delegable, their approval corresponding to the complete Board of Directors, notwithstanding the effect of the conferred delegations and powers before third parties:

- (i) Its own organization and operation and particularly the approval and modification of its own Regulations.
- (ii) Supervision of the effective operation of the Committees it has formed and of the action of delegated bodies.
- (iii) Effective supervision of senior management and of the executives appointed.
- (iv) Preparation of the annual accounts and their presentation to the General Meeting.
- (v) Preparation of any type of report required by Law from the Board of Directors if the operation referred to in the report cannot be delegated.
- (vi) The appointment and separation of the Director or executive Director of the Company, as well as establishing their contract conditions.
- (vii) The appointment and separation of the Directors that directly dependant on the Board of Directors or any of its members, as well as establishing the basic conditions for their contracts, including the remuneration.
- (viii) The decisions related to the remuneration of the Directors, within the framework of the By-laws and of the remuneration policy approved by the General Meeting.
- (ix) The authorization or exemption of the obligations derived from the due loyalty of the Directors according to that established in Law
- (x) The call for the General Shareholders Meeting and the preparation of the agenda and proposal of agreements.
- (xi) The powers that the General Meeting has delegated on the Board of Directors, except if being expressly authorized by the General Meeting to sub-delegate them.
- (xii) The determination of the general policies and strategies of the Company and, particularly, of the risk management and control policy, including tax risks, the corporate governance policy, the policy related to its own shares, the investment and financing policy, the sustainability/corporate responsibility policy and the dividends policy. Considering its duties to define strategic and management guidelines for the companies within CaixaBank's Group, as well as to supervise and monitor the implementation of such guidelines, the Board will establish systems for communicating and exchanging necessary information, while safeguarding the scope of each company's ordinary management and administration, pursuant to their corporate interest.
- (xiii) Monitoring, control and periodical evaluation of the corporate governance system efficiency and the adoption of adequate measures to resolve, if applicable, its deficiencies
- (xiv) The responsibility of the Company administration and management, the approval and monitoring of the strategic or business plan, as well as the application of strategic and management objectives, and its risks strategy and internal governance.



- (xv) Guarantee the integrity of the accounting and financial information systems, including the financial and operational control and compliance with applicable legislation.
- (xvi) Supervise the information distribution process and the communications derived from its condition as a credit entity.
- (xvii) Supervision of internal information and control systems.
- (xviii) Monitoring the process of preparing and submitting financial information and the management report, including any required non-financial information.
- (xix) Approval, with the previous report from the Audit and Control Committee, of the financial information that, due to its condition as listed company, the Company should periodically make public.
- (xx) Approval of the annual budget
- (xxi) Definition of the structure of the Group of companies of which the Company is the dominant company.
- (xxii) Approval of all types of investments or operations that due to their elevated amounts or special characteristics are strategic or have special tax risk, except when their approval corresponds to the General Meeting.
- (xxiii) Determination of the Company tax strategy, the approval, with the previous report from the Audit and Control Committee, of the incorporation or acquisition of shares of special purpose entities or those resident in countries or territories considered tax havens, as well as the approval of any other analogue transactions or operations that, due to their complexity, could undermine the Company and Group transparency.
- (xxiv) Approval, with the previous report from the Audit and Control Committee of the operations that the Company or companies of its group perform with Directors, in terms established by Law, or when the authorization corresponds to the Board of Directors, with shareholders holding (individually or in concert with others) a significant stake, including shareholders represented in the Board of Directors of the Company or of other companies forming part of the same group or with persons related to them (***Related Party Transactions***). The operations that simultaneously meet the following three characteristics will be exempt from the need of this approval:
  - a. they are performed pursuant to contracts with standardized conditions and applied in mass to a large amount of clients;
  - b. they are performed at prices or rates, generally established by the party acting as the provider of the relevant good or service; and
  - c. their amount does not exceed one per cent (1%) of the annual revenue of the Company.

5. The Board of Directors cannot delegate the powers and duties contained in the previous section 4, or any other powers or duties that may be considered as non delegable by the applicable regulations. Nevertheless, when circumstances of duly justified urgencies concur, the decisions corresponding to the subjects previously mentioned as non-delegable may be adopted by delegated persons or bodies, with the exception of those indicated in sections (ii) to (xvi), both included, of the previous section 4, which could not be delegated under any circumstance.

The decisions that under urgent circumstances may be adopted by delegated persons or bodies in relation to any of the matters considered as non-delegable should be ratified in the first Board of Directors held after the adoption of the decision.

6. The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.
7. The Board of Directors will also ensure that no shareholder receives privileged treatment vis-à-vis the others.

### **CHAPTER III**

#### **COMPOSITION OF THE BOARD**

##### **ARTICLE 5.- QUALITATIVE COMPOSITION**

1. When exercising its powers to propose appointments to the General Shareholders' Meeting and co-opt directors to cover vacancies, the Board shall endeavour to ensure that external Directors or non-executive Directors represent a broad majority over executive Directors and that the latter should be the minimum.

For these purposes, "executives" will be understood to mean the Chairman, if executive duties have been delegated to him; the Chief Executive Officers; and those persons who by virtue of any other title fulfil management responsibilities within the Company or its Group, whatever is the legal link between them.

2. The Board will also strive to ensure that the majority group of non-executive Directors includes stable significant shareholders of the Company or those shareholders that have been proposed as Directors, even when their shareholding is not significant (stakeholder Directors) and persons of recognized experience who can fulfil their duties without being conditioned by relationships with the Company or its Group, its directors or its significant shareholders (independent Directors). The above definitions of Directors' profiles will be interpreted in line with the definitions established by Law and in the recommendations of good corporate governance that are applicable at any given time.
3. It will also strive to ensure that its external Directors include stakeholder and independent directors who reflect the existing proportion of the Company's share capital represented by stakeholder Directors and the rest of its capital and that at least one third of the Company's Directors are independent Directors.

No shareholder may be represented in the Board of Directors by a number of proprietary directors that exceeds forty percent of the total number of members of the Board of

Directors, notwithstanding the proportional representation right to which the shareholders are entitled to in the terms set forth in the Law.

4. The general composition of the Board of Directors as a collective should meet sufficient knowledge, powers and experience in the governance of credit entities to adequately understand the Company's activities, including its main risks and assure the effective capability of the Board of Directors to take decisions independently and autonomously for the benefit of the Company, fulfilling the suitability requirements demanded by the applicable regulations.
5. Likewise, the Board of Directors will strive to ensure the compliance with the regulation of incompatibilities established in the applicable regulation, as well as that the selection procedures of its members favour the diversity of gender, of experiences, age and knowledge and not suffering from implicit bias that can imply any discrimination and, particularly facilitating the selection of female directors.

For this purpose, the Board of Directors will approve the Policy for the selection, diversity and evaluation of the suitability of directors and senior management members and other holders of key functions holders of CaixaBank and its Group, ensuring that the procedures governing the appointment or re-election of the members of the Board of Directors are based on a prior analysis of the competencies required by the Board and favour appropriate diversity within the Board.

#### **ARTICLE 6.- QUANTITATIVE COMPOSITION**

1. The Board of Directors will be composed of the number of Directors determined by the General Shareholders' Meeting, within the limits set in the Company's corporate by-laws.
2. The Board will propose to the General Shareholders' Meeting the number of Directors that, in accordance with the Company's changing circumstances, is most appropriate to ensure the due representativeness and proper functioning of the Board.

### **CHAPTER IV**

#### **STRUCTURE OF THE BOARD OF DIRECTORS**

##### **ARTICLE 7.- CHAIRMAN OF THE BOARD OF DIRECTORS**

1. The Chairman of the Board of Directors shall be elected from among its members, with the previous report from the Appointments and Sustainability Committee and shall have the powers and authorities provided by Law, the Company's By-laws, these Regulations and any others entrusted to him/her by the Board.
2. The Chairman, who has the maximum responsibility for the effective functioning of the Board of Directors, will be responsible for providing support to the Board in the performance of its powers and for promoting the coordination of the Board with its Committees in order to guarantee the best performance of the Board's functions, and, amongst others, will carry out the following powers, notwithstanding those of the Chief Executive Officer and any powers of attorney or representations by proxy that have been established:

- (i) Represent institutionally the Company and any entities dependent on the Company, without prejudice to the functions attributed in this area to the Board of Directors.
  - (ii) Chair and direct General Shareholders' Meetings, establishing limits on remarks for and against all proposals and also establishing their duration.
  - (iii) Call, fix the agenda and chair meetings of the Board of Directors, directing the discussions and deliberations, with the same powers as stipulated in the preceding paragraph. He may also enact any resolutions by this body, with no need for any special delegation format.
  - (iv) Ensure that the Directors receive in advance sufficient information to deliberate about the points of the agenda and stimulate the debate and active participation of the Directors during the sessions, safeguarding their free taking of position.
  - (v) He holds the casting vote in the event of a tie during meetings of the Board of Directors over which he presides.
  - (vi) Act on behalf of the Company vis-à-vis corporate bodies and other bodies in the sector, pursuant to the provisions of these By-laws.
  - (vii) Authorize the minutes, certifications and other documents concerning resolutions by the General Meeting, the Board of Directors and, where applicable, any Committees he chairs, and act on behalf of the Company to implement such resolutions vis-à-vis regulatory bodies, notwithstanding attributions to other bodies.
  - (viii) Be responsible for the official signature of the Company, and thus sign on behalf of the Company, following any agreements that are necessary for legal or statutory reasons, contracts, accords or other legal instruments with public bodies and other entities.
  - (ix) Ensure compliance with current legal stipulations, the precepts of these By-laws and of the Regulations and resolutions by the collegiate bodies over which he presides.
  - (x) Official representation of the Company vis-à-vis authorities, entities and third-party Spanish or foreign bodies. He may delegate this representative function to other members of the Board, to the Chief Executive Officer, or to a member of the Company's management staff.
3. In view of the special relevance of its mandate, the Board of Directors may appoint as Chairmen of Honour any persons who have held the post of Chairman of the Board, granting them the honorary representation of the Company for any functions expressly entrusted to them by the Chairman of the Board. By way of exception, Chairmen of Honour may attend Board meetings when invited by the Chairman and, apart from their duties of honorary representation, may provide advice to the Board and its Chairman and collaborate towards enhancing the relationship of the shareholders with the Company's governing bodies and of the shareholders among themselves. The Board of Directors shall place at the Chairmen of Honour's disposal all the technical, material and

human resources it deems appropriate so that that they may adequately and relevantly perform their duties.

#### **ARTICLE 8.- VICE-CHAIRMAN**

1. The Board of Directors, with the previous report from the Appointments and Sustainability Committee must, without exception, appoint a Vice-Chairman to replace the Chairman in his/her absence, as occurs in the event of vacancy, incapacity or leave.
2. The Board may also appoint, with the previous report from the Appointments and Sustainability Committee additional Vice-Chairmen, in which case the duties of the Chairman will fall, in his/her absence, as occurs in the event of vacancy, leave or incapacity to the First Vice-Chairman, who in turn will be replaced, if necessary, by the Second Vice-Chairman in the same cases, and so on, successively, and in the absence of these, by the Coordinating Director and, in the event of vacancies, leave or impossibility of the Coordinating Director by the oldest member of the Board of Directors.

#### **ARTICLE 9.- THE COORDINATING DIRECTOR**

1. Upon receipt of the relevant report from the Appointments and Sustainability Committee and with the abstention of the executive Directors, the Board of Directors will appoint a Coordinating Director, from amongst the independent Directors.

The position of Coordinating Director will be compatible with that of member of the Board's Committees.

2. Without prejudice to any other powers that may be delegated to the Coordinating Director by the Board of Directors, or those powers legally assigned to the Coordinating Director in the event of the Chairman of the Board being an executive Director, the Coordinating Director shall be empowered to:
  - a) Chair the Board of Directors in the absence of the Chairman and Vice-Chairmen.
  - b) Request the Chairman of the Board of Directors to call meetings of the Boards, as well as to include new items on the agenda when a Board meeting has already been called.
  - c) Coordinate, gather and give voice to the concerns of the independent Directors.
  - d) Lead the periodic evaluation of the Chairman of the Board by the Board of Directors. And also, coordinate the succession plan for the Chairman, in collaboration with the Chairman of the Board of Directors.
  - e) Maintain contact, where appropriate, with investors and shareholders to consider their positions and develop an opinion of their concerns, in particular, with regard to the Company's corporate governance, all within the framework of the Company's policy on information, communication and contact with shareholders, institutional investors and proxy advisers.
3. The term of office for the position of Coordinating Director shall be (3) years and may be re-elected for periods of equal length, notwithstanding that the appointment of such position may also be done for the years remaining in the term for which the Coordinating

Director was appointed Director. In addition to the expiration of the term for which the Coordinating Director was appointed, the Coordinating Director will be removed when: his term as Director expires, when the individual ceases to be an independent Director, or when the Board of Directors, with the previous report from the Appointments and Sustainability Committee, decides to remove him from the position.

#### **ARTICLE 10.- THE SECRETARY OF THE BOARD OF DIRECTORS**

1. The Board of Directors will elect a Secretary, and one of the members of the Board of Directors or a person unrelated to it who has the capacity to perform the duties inherent to said position may be appointed. If the Secretary of the Board of Directors is not a Director, he will have the right to speak but not to vote.

If the Secretary simultaneously holds the post of legal advisor, a legal professional must be appointed.

2. The Secretary of the Board of Directors will assist the Chairman with his work and, particularly, will (i) process the convening of the Board, following the instruction of the Chairman; (ii) keep the documentation of the Board of Directors, record in the books of the minutes the development of the meetings and attest to its content and the resolutions passed; (iii) ensure that the actions of the Board of Directors adapt to the applicable regulations and comply with the By-laws and other internal regulations; and (iv) assist the Chairman in order for the Directors to receive the significant information to exercise their function sufficiently in advance and in the proper format.
3. The Secretary shall be appointed and, as the case may be, removed, by the Board acting as a plenary body, subject to a report, in both cases, of the Appointments and Sustainability Committee.

#### **ARTICLE 11.- THE VICE-SECRETARY OF THE BOARD OF DIRECTORS**

1. The Board of Directors may appoint a Vice-Secretary, who need not be a Director, to assist the Secretary of the Board of Directors or to replace the Secretary in his absence, as occurs in the event of vacancy, leave or incapacity to perform his duties for any reason.
2. Unless the Board decides otherwise, the Vice-Secretary may attend the meetings of the Board of Directors in order to assist the Secretary.
3. The Board can also appoint more than one Vice-Secretary, in which case the duties of the Secretary will fall, in absence of this latter, as occurs in the event of vacancy, leave or incapacity, on the First Vice-Secretary, who, in turn, will be replaced by the Second Vice-Secretary in the same cases, and successively, and in the absence of these latter, as occurs in the event of vacancy, leave or impossibility, by the youngest member of Board of Directors.
4. The Vice-Secretary or Vice-Secretaries will be appointed and, if applicable, separated by the full Board of Directors, with the previous report, in both cases, from the Appointments and Sustainability Committee.

## ARTICLE 12.- DELEGATION OF POWERS. COMMITTEES OF THE BOARD OF DIRECTORS

1. Pursuant to the Company's By-laws, and without prejudice to the powers delegated individually to the Chairman or any other Director (Chief Executive Officers) and its power to establish Delegate Committees for specific spheres of activity, the Board of Directors may establish an Executive Committee with general decision-making powers but with the limitations for procedural purposes stemming from Article 4.

In all events, the Board of Directors will establish an Audit and Control Committee, an Appointments and Sustainability Committee, a Remuneration Committee and a Risks Committee with the powers granted by Law, the By-laws and these Regulations.

2. The Appointments and Sustainability Committee will evaluate the profile of the most suitable persons to sit on all Board Committees ~~other than the Appointments Committee itself~~, based on their knowledge, aptitudes and experiences, and will forward their proposals for the appointment of the members of the Committees ~~other than the Appointments Committee itself~~ to the Board. In all cases it shall take into consideration the suggestions posed thereto by the Chairman, the Board members, the officers or the shareholders of the Company.
3. Except as set forth in law, in the By-laws and in these Regulations, the Committees may be self-governing. Matters not specifically defined will be governed by the rules of procedure stipulated in these Regulations regarding the Board, provided that said rules are consistent with the nature of duties of the corresponding Committee.
4. In addition, the Board may establish other Committees with consultative or advisory duties, and these Committees may, nevertheless, be exceptionally given decision-making powers.

## ARTICLE 13.- THE EXECUTIVE COMMITTEE

1. The Board of Directors may appoint, from among its members, an Executive Committee, on which the Chairman and the Chief Executive Officer, if any, will sit.
2. If the Board of Directors creates an Executive Committee, it will establish the composition thereof, which must include at least two non-executive directors -one of them being an independent director-. The Board of Directors will also determine the rules of operation of the Executive Committee.
3. The powers of the Executive Committee will be those that, in each case, are delegated by the Board, with the limitations set forth in the Law, in the Company's By-laws and in these Regulations.
4. The Executive Committee will meet as often as it is called by its Chairman or whoever replaces him/her in his/her absence, as occurs in the event of vacancy, leave, or incapacity, and will be validly assembled when the majority of its members attend the meeting, either personally or by representation.
5. The appointment of members of the Executive Committee and the permanent delegation of powers from the Board on the same will require the favourable vote of at least two thirds of the members of the Board of Directors.

6. The Executive Committee will inform the Board of the main matters discussed and the decisions taken at its meetings, and a copy of the minutes of each meeting of the Executive Committee must be sent or delivered to each member of the Board.
7. The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.
8. The resolutions of the Committee will be adopted by the majority of the members attending the meeting in person or represented by proxy and will be validated and binding without the need for later ratification by the full Board of Directors, notwithstanding that foreseen in article 4.5 of these Regulations.

#### **ARTICLE 14.- THE AUDIT AND CONTROL COMMITTEE AND THE RISKS COMMITTEE**

##### **1. The Audit and Control Committee:**

- a) The Audit and Control Committee will be formed exclusively by non-executive Directors in the number that is determined by the Board of Directors, between a minimum of three (3) and a maximum of seven (7). The majority of the members of the Audit and Control Committee will be independent Directors, and one (1) of them will be appointed on the basis of knowledge and experience of accounting or auditing, or both.

Additionally, the Board of Directors will endeavour to ensure that the Audit and Control Committee members as a whole, and its Chairperson in particular, possess the necessary accounting, auditing and risk management knowledge, both financial and non-financial, as well as knowledge in any other fields that may be relevant for the Audit and Control Committee's performance of its functions.

As a whole, without prejudice to endeavouring to encourage diversity, the Audit and Control Committee members, who will be appointed taking into account their necessary dedication capacity with regard to performing the duties entrusted to them, must have the relevant technical knowledge in relation to the Company's business.

- b) Notwithstanding any other task, which may be assigned thereto from time to time by the Board of Directors, the Audit and Control Committee shall exercise the following basic functions:

##### **With regard to overseeing financial reporting:**

- (i) to report to the General Shareholders' Meeting about matters posed by shareholders that are competence of the Committee and, in particular, about the audit results, explaining the audit's contribution to the integrity of the financial reporting and the role undertaken by the Committee in this process;
- (ii) to oversee and evaluate the process of preparation and submission of financial and non-financial information relating to the Company and, where appropriate, the Group, reviewing the Company's accounts and management report, the compliance with the regulatory requirements in this regard, the suitable definition of the scope of consolidation and the correct application of accounting principles. And, in particular, to know, understand and oversee the effectiveness of the financial information internal control system (FIICS), drawing conclusions with regard to the system's level of confidence and reliability, and to inform of the



proposals for modification of accounting principles and criteria suggested by the management, in order to guarantee the integrity of the accounting and financial information systems, including financial and operational control, and compliance with the applicable legislation in this regard. The Committee may submit recommendations or proposals to the Board of Directors with the aim of safeguarding the integrity of the mandatory financial reporting;

- (iii) to ensure that the Annual Accounts and the management report submitted by the Board of Directors to the General Shareholders' Meeting are drawn up in accordance with applicable accounting legislation and that, if the auditor has included a qualification in its audit report, the Committee Chairperson clearly explains the Committee's opinion on the content and scope of such qualification at the General Shareholders' Meeting. A summary of this opinion will also be made available to the shareholders at the time of publication of the notice of the meeting, along with the rest of the proposals and reports of the Board;
- (iv) to inform the Board of Directors in advance of the financial reporting and the related non-financial reporting that the Company must periodically publicly disclose to the markets and their supervisory bodies;

*With regard to overseeing internal control and internal auditing:*

- (v) to oversee the effectiveness of the internal control systems, ensuring that internal control policies and systems are effectively applied, and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit, all without jeopardising their independence. For such purposes, where the case may be, they may submit recommendations or proposals to the Board of Directors, together with the corresponding follow-up periods;
- (vi) to oversee the effectiveness of the internal audit function, which must ensure the correct operation of the reporting and internal control systems, verifying their suitability and integrity; to ensure the independence and effectiveness of such function, proposing the selection, appointment and cessation of the person responsible for it; to propose the budget for this service; to propose to the Board the guidelines and annual work plan of the internal audit department, ensuring that its activities are mainly focused on relevant risks (including reputational risks); to receive periodical reporting on its activity and to verify that the senior management is taking into account the conclusions and recommendations in its reports; and to conduct an annual assessment of the functioning of the internal audit unit and the performance of its duties by the person responsible, for which purpose it will gather any opinions the executive management may have, and this assessment must include an evaluation of the degree of compliance with the objectives and criteria established for setting the variable components of its remuneration, the Committee also being involved in determining such components.

The person responsible for the unit in charge of the internal audit function will submit its annual work plan to the Committee, report on its implementation, including any incidents and limitations on the scope of such implementation,, the results and the follow-up of its recommendations, and will further submit a report on its activities to such Committee at the end of each financial year.

The Internal Audit Department will be functionally dependent on the Chairperson of the Audit and Control Committee, without prejudice to the fact that it must report to the Chairperson of the Board of Directors so that the latter may suitably perform its functions;

- (vii) to establish and oversee a mechanism enabling the Company's employees, or those of the Group to which it belongs and other persons related to the Company such as directors, shareholders, suppliers, contractors or subcontractors, to confidentially (and anonymously, if deemed appropriate) notify of any potentially significant irregularities they may observe within the Company or its Group, including those of a financial and accounting nature and any other irregularity related to the Company, receiving periodical reporting on its functioning and being able to propose the relevant measures for improvement and reduction of the risk of irregularities in future;

*With regard to overseeing risk management and control:*

The Audit and Control Committee will carry out the functions established in this section in coordination with the Risk Committee to the necessary extent.

- (viii) to oversee and evaluate the effectiveness of the financial and non-financial risk management systems related to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational risks or risks related to corruption;
- (ix) to hold a meeting at least once a year with the leading persons responsible for the business units at which the latter will explain the trends of the business and the associated risks;

*With regard to the accounts auditor:*

- (x) to submit to the Board of Directors, for submission to the General Shareholders' Meeting, the proposals for selection, appointment, re-election and replacement of the accounts auditor, being responsible for the selection process, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof and the scope of his/her professional mandate, and for this purpose, it must define the auditor selection procedure and issue a reasoned proposal containing at least two alternatives for the selection of an auditor, except in cases of the auditor's re-election;
- (xi) regularly recompile from the external auditor information on the auditing plan and its execution as well as preserving its independence in the exercise of its duties;
- (xii) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, as the case may be, motivated the resignation of the auditor and to ensure that the Company reports through the Securities Market Commission (CNMV) the change of auditor, accompanied by a statement

regarding any possible disagreements with the outgoing auditor and, if there have been any such disagreements, of their content;

- (xiii) to establish appropriate relationships with the external auditor in order to receive information, for examination by the Audit and Control Committee, on matters which may threaten the independence of said auditor and any other matters relating to the audit process, particularly any discrepancies that may arise between the auditor and the Company management, and, where the case may be, the authorisation of any services other than those that are prohibited, under the terms set forth in the applicable legislation in relation to their independence and any other communications provided for in audit legislation and audit regulations.

In all events, on an annual basis, the Audit and Control Committee must receive from the external auditors a declaration of their independence with regard to the Company or entities related to it directly or indirectly, in addition to detailed, personalised information on additional services of any kind rendered to these entities and the corresponding fees received by the aforementioned auditors or persons or entities related to them as stipulated by the regulations governing auditing activity, ensuring that the external audit firm's remuneration for its work does not jeopardise its quality or independence and ensuring that the Company and the auditor observe the applicable legislation with regard to provision of services other than auditing services, the limitations on the auditor's business concentration and, in general, all other regulations regarding auditor independence.

- (xiv) to issue annually, prior to the issuance of the audit report, a report containing an opinion regarding whether the independence of the auditor has been compromised, which will be posted on the Company's website sufficiently in advance of the Ordinary General Meeting This report must address, in all cases, the reasoned evaluation of the provision of each and all of the additional services referred to in the preceding section, individually and collectively considered, different from the legal audit and related to the degree of independence or to the regulations governing auditing activity;
- (xv) to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely;
- (xvi) to ensure that the external auditor holds an annual meeting with the Board of Directors as a plenary body, to inform it of the work carried out and the evolution of the Company's situation as regards auditing and risks;
- (xvii) to conduct a final assessment with regard to the auditor's work and how it has contributed to the quality of the audit and the integrity of the financial reporting;

Other functions:

- (xviii) to supervise the compliance with regulations with respect to Related Party Transactions and, previously, inform the Board of Directors on such transactions. In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the current legislation, and to report

on transactions which imply or may imply conflicts of interest and, in general, on the subject matters contemplated in Chapter IX of this Regulation.

The report on related party transactions issued by the Audit and Control Committee, where the case may be, will be posted on the Company website sufficiently in advance of the date of the Ordinary General Meeting.

- (xix) to supervise compliance with the internal codes of conduct, particularly the Internal Rules of Conduct on Matters Related to the Securities Market and, in general, the corporate governance rules and policies, ensuring that the corporate culture is aligned with the Company's purpose and values. In particular, the Audit and Control Committee will supervise the application of the general policy regarding the disclosure of economic-financial, non-financial and corporate information;
- (xx) to provide the Board of Directors with advance notice of any transactions regarding structural and corporate modifications that the Company may plan to carry out, their financial terms and their accounting impact and, in particular, where the case may be, of the proposed equation of exchange;
- (xxi) to, previously, report to the Board of Directors on the creation or acquisition of stakes in special purpose entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of an analogous nature which, due to their complexity, may deteriorate the transparency of the Company or of the group to which it belongs;
- (xxii) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company;
- (xxiii) to receive information and, as the case may be, issue a report on the disciplinary measures intended to be imposed upon members of the Company's senior management team;
- (xxiv) to supervise compliance with any relations protocols which the Company may sign with shareholders or which the Company may sign with companies from its Group, and the carrying out of any other action established in the actual protocols for the best compliance with the aforementioned supervisory duty; and
- (xxv) any others attributed thereto in the Law, the By-laws, these Regulations and other regulations applicable to the Company.

- c) ~~the~~The provisions contained in sections (iii), (v), (x), (xi), (xii), (xiii) and (xiv) above shall be understood without prejudice to the regulatory audit regulation.
- d) The Audit and Control Committee shall meet, ordinarily on a quarterly basis, in order to review the required financial information to be submitted to the authorities, as well as the information which the Board of Directors must approve and include within its annual public documentation, with the presence of the internal auditor in such cases, and, if it issues any type of review report, the presence of the financial auditor. At least some of these meetings must be held without the presence of the management team, so that the specific matters arising from the reviews performed can be discussed.

- e) The Audit and Control Committee shall appoint a Chairman from among its independent members. The Chairman must be replaced every four (4) years and may be re-elected once a period of one (1) year from his departure has transpired. The Committee Chairman will act as spokesperson at the meetings of the Board of Directors and, where the case may be, those of the Company's General Shareholders' Meeting;
- f) It shall also appoint a Secretary and may appoint a Vice Secretary, both of whom need not be members thereof. In the event that such appointments are not made, the Secretary of the Board shall act as Secretary. The Secretary must help the Committee Chairman to plan its meetings and to gather and distribute the necessary information sufficiently in advance, taking the minutes of the meetings.
- g) The Audit and Control Committee will establish an annual work plan contemplating the Committee's main activities during the financial year.
- h) The members of the Company's management team or personnel shall be required to attend the meeting of the Audit and Control Committee and to provide it with their collaboration and access to the information available to them when the Committee so requests, and the Committee may decide that they attend without the presence of any other managers. The Committee may also request the attendance at its meetings of the Company's auditors, or that of any other persons, although they may only attend on invitation by the Committee Chairman and only for discussion of the specific agenda items for which they are called to attend.

The Audit and Control Committee must establish an effective, regular communication channel with its main contact persons, for which the Committee Chairman will normally be responsible, and, among others, with the Company management, particularly the financial management; the Internal Audit Department Manager; and the main auditor responsible for the audit of accounts. In particular, the communication between the Audit and Control Committee and the external auditor must be smooth and continuous, in accordance with the regulatory guidelines for audit activity, and must not jeopardise the auditor's independence or the effectiveness with which it carries out the audit or with which the audit procedures are developed.

- i) The Audit and Control Committee must have adequate, relevant and sufficient access to any information or documentation held by the Company and may receive advice from external experts when it deems this necessary for correctly fulfilling its functions.
- j) The Company must provide the Audit and Control Committee with sufficient resources to fulfil its functions.

## 2. The Risks Committee:

- a) The Risks Committee shall comprise exclusively non-executive Directors and who, as a whole, have the appropriate knowledge, skills and experience to fully understand and manage the risk strategy, both financial and non-financial, and risk propensity of the Company, in the number determined by the Board of Directors, with a minimum of three (3) and a maximum of six (6) members, the majority of whom must be independent Directors.

- b) Notwithstanding any other task which may be assigned thereto from time to time by the Board of Directors, the Risks Committee shall exercise the following basic functions:
- (i) To advise the Board of Directors on the overall susceptibility to risk, current and future, of the Company and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and implementing the monitoring of the appropriateness of the risks assumed and the profile established.
  - (ii) To propose to the Board the Group's risk policy, which shall identify or determine, in particular:
    - (a) The different types of risk (operational, technological, – including those related to cybersecurity –, financial, legal and reputational, including *inter alia* those related to corruption) which the Company faces, including among the financial or economic risks the contingent liabilities and others off-balance sheet.
    - (b) A risk control and management model based on different levels and involving the Risk Committee.
    - (c) The information and internal control systems that will be used to monitor and manage these risks.
    - (d) The level of risk that the Company considers acceptable.
    - (e) The planned measures to mitigate the impact of the identified risks in the event that they materialise.
  - (iii) Ensure that the pricing policy of the assets and liabilities offered to the clients fully consider the business model and risk strategy of the entity. Otherwise, the Risks Committee will submit to the Board of Directors a plan to amend it.
  - (iv) Determine with the Board of Directors, the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establish what the Committee should receive.
  - (v) Regularly review exposures with its main customers, economic business sectors, geographic areas and types of risk.
  - (vi) Examine the information and control processes of the Group's risk as well as the information systems and indicators, which should enable:
    - (a) The adequacy of the structure and the functionality of risk management throughout the Group.
    - (b) To know the risk exposure of the Group in order to assess whether it conforms to the profile determined by the institution.
    - (c) The availability of sufficient information to enable accurate knowledge of the risk exposure for decision-making purposes.

- (d) The proper functioning of policies and procedures that mitigate the operational risks.
- (vii) Evaluation of the regulatory compliance risk in its scope of action and determination, understood as the risk management of legal or regulatory sanctions, financial loss, material or reputational that the Company could suffer as a result of non-compliance with laws, rules, regulation standards and codes of conduct, detecting any risk of non-compliance and carrying out monitoring and examining possible deficiencies in the principles of professional conduct.
- (viii) Report on new products and services or significant changes to existing ones, in order to determine:
  - (a) The risks facing the Company from their issue and their commercialisation on the market, as well as from significant changes in existing ones.
  - (b) Information and internal control systems for the management and control of these risks.
  - (c) The corrective measures to limit the impact of the identified risks in the event that they materialise;
  - (d) The means and the appropriate channels for their commercialisation in order to minimise any reputational risks and mis-marketing.
- (ix) Cooperate with the Remuneration Committee in the establishment of rational policies and practices of remunerations. For these purposes, the Risks Committee will examine notwithstanding the functions of the Remuneration Committee, if the incentives policy anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.
- (x) Assist the Board of Directors, particularly, regarding the (i) establishment of efficient channels of information to the Board about the risk management policies of the Company and all the important risks it faces, (ii) ensure that adequate resources will be assigned for managing risks, and, particularly, intervening in the evaluation of the assets, in the use of external credit classifications and the internal models related to these risks and (iii) the approval and periodical review of the strategies and policies for assuming, managing, supervising and reducing the risks to which the Company is or can be exposed, including those presented by the macro-economic situation in which it operates in relation to the economic cycle.
- (xi) Any others attributed thereto by the Law, the By-laws, these Regulations and other regulations applicable to the Company.
- c) For the proper performance of its functions, the Company shall ensure that the Risks Committee can access without difficulty the information concerning the risk situation of the Company and, if necessary, specialised outside expertise, including external auditors and regulators.

The Risks Committee may request the attendance at meetings of the people that, within the organisation, have roles related to its functions, and shall have the advice that may be

necessary to form criteria on matters within its competence, which shall be processed through the Council Secretariat.

- d) The Risks Committee shall appoint a Chairperson from among its members, who shall be an independent Director and may appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary, or one of the Deputy Secretaries.

3. Common Regulations:

Both the Audit and Control Committee and the Risks Committee:

- a) Shall meet, without prejudice of the provisions of section 14.1.d) above, as often as necessary to fulfil their duties and shall be convened by the Chair of the Committee in question, either on his/her own initiative or at the request of the Chair of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.
- b) The Secretary of each of the Committees will be responsible for convening the same and for filing the minutes and documents submitted to the Committee.
- c) They shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by a majority of the members attending in person or by proxy and minutes of the resolutions adopted at each meeting shall be drawn up and such resolutions shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members.
- d) The Committees will inform the Board of its activities and work performed via its Chairperson in the meetings scheduled for this purpose, or immediately afterwards when the Chair deems necessary.
- e) They shall prepare an annual report on their operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof that will serve as a base, among others, and if applicable, for the evaluation that the Board of Directors will make of the Committees functions. Furthermore, if the Committee in question considers it appropriate it will include in that report suggestions for improvement.

In particular, the Audit and Control Committee's report will include, among other content, the significant activities carried out during the period, and it will inform of those carried out in collaboration with external experts, posting them on the Company's website sufficiently in advance of the Ordinary General Meeting.

**ARTICLE 15.- THE APPOINTMENTS AND SUSTAINABILITY COMMITTEE AND THE REMUNERATION COMMITTEE**

1. The Appointments and Sustainability Committee and the Remuneration Committee will each be made up of the number of non-executive Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5) members, the majority of whom must be independent Directors. ~~The members of the Appointments Committee shall be appointed by the Board of Directors, at the proposal of the Audit and Control Committee.~~ The Chairman of the Appointments and Sustainability Committee and the Chairman of the Remuneration Committee will be respectively appointed from among the independent Directors forming part of such Committees.



2. The Appointments and Sustainability Committee:

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments and Sustainability Committee shall have the following basic responsibilities:

- (i) Evaluate and propose to the Board of Directors the evaluation of skills, knowledge and experience necessary for the members of the Board of Directors and for the key personnel of the Company.
- (ii) Submit to the Board of Directors the proposals for the nomination of the independent Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for the reappointment or removal of such Directors by the General Shareholders Meeting.
- (iii) Report on the proposed appointment of the remaining Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for their reappointment or removal by the General Shareholders Meeting.
- (iv) Report the appointment and, if necessary, removal of the Coordinating Director, and of the Secretary and the Vice-Secretaries of the Board for submission for approval of the Board.
- (v) Evaluate the profile of the most suitable persons to sit on the all Board Committees ~~other than the Appointments Committee itself~~, based on their knowledge, aptitudes and experience, and forward to the Board the corresponding proposals for the appointment of the members of the Committees ~~other than the Appointments Committee itself~~.
- (vi) Report on proposals for appointment or removal of senior executives, being able to effect such proposals directly in the case of senior managers which due to their roles of either control or support of the Board or its Committees, it is considered by the Committee that it should take the initiative. Propose, if deemed appropriate, basic conditions in senior executives' contracts, outside the remuneration aspects and reporting on them when they have been established.
- (vii) Examine and organize, where appropriate, under the coordination of the Coordinating Director, and in collaboration with the Chairman of the Board of Directors, the succession of the Chairman, as well as examine and organize, in collaboration with the Chairman of the Board, the chief executive officer of the Company and, if appropriate, make proposals to the Board of Directors so that this succession takes place in an orderly and planned manner.
- (viii) Report to the Board on gender diversity issues, and establish a representation target for the less represented sex on the Board of Directors as well as preparing guidelines for how this should be achieved, in any case endeavouring to ensure compliance with the diversity policy applied to the Board of Directors, which will be informed of in the Annual Corporate Governance Report.
- (ix) Evaluate periodically, and at least once a year, the structure, size, composition and actions of the Board and its Committees, its Chairperson, CEO and Secretary,

making recommendations regarding possible changes to these, led by the Coordinating Director, when applicable, with regard to the evaluation of the Chairman. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions.

- (x) Evaluate, with the frequency required by the regulations, the suitability of the diverse members of the Board of Directors and of the Board as a collective, and consequently inform the Board of Directors.
- (xi) Periodically review the Board of Directors selection and appointment policy in relation to senior executives and make recommendations.
- (xii) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.
- (xiii) Supervise and control the smooth operation of the corporate governance system of the Company, carrying out an evaluation and periodic review thereof in order to ensure that such system actually promotes the corporate interest and takes into account, as appropriate, the legitimate interests of other shareholders, and submit, if applicable, the proposals it deems necessary to improve such system.
- (xiv) Monitor the independence of the independent Directors.
- (xv) Propose to the Board the Annual Corporate Governance Report.
- (xvi) Supervise compliance with the policies and rules of the Company regarding environmental and social matters, evaluating and reviewing such policies and rules periodically so that they may fulfill their mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders, and to submit to the Board those proposals it deems appropriate in this matter, and submit the sustainability/corporate responsibility policy for its approval. The Committee will also supervise that the Company's environmental and social practices are in line with the strategy and policies established by the Board.
- (xvii) Notify, prior to their submission to the Board of Directors, the reports that the Company makes public in the area of sustainability, including the review of the non-financial information contained in its annual management report; the socio-economic impact report and the socially responsible banking master plan, ensuring the integrity of its content and compliance with applicable legislation and international benchmarks.
- (xviii) Receive and assess the regular reports on sustainability issues submitted by the different areas, keeping up to date with the main news and advances in this field.
- ~~(xvii)~~(xix) Supervise the application of the policy regarding communication with shareholders and investors, proxy advisors and other stakeholders, monitoring the way in which the Company communicates and relates with small and medium-sized shareholders, and supervising and evaluating the processes of relationship with the different stakeholders.

~~(xviii)~~(xx) Evaluate the balance of knowledge, skills, diversity and experience of the Board of Directors and prepare a description of the duties and aptitudes which may be necessary for any specific appointment, evaluating the expected dedication of time for fulfilling the position.

~~(xix)~~(xxi) Ensure that no potential conflicts of interest impair the independence of any external advice provided to the Committee in relation to the exercise of its functions.

The Appointments and Sustainability Committee can use the resources it considers appropriate to develop its duties, including external assessment and can have adequate funds for these purposes.

### 3. The Remuneration Committee:

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration Committee shall have the following basic responsibilities:

- (i) Draft the resolutions related to remunerations, including those impacting on the risk and the management of such risk by the Company, to be passed by the Board of Directors and, in particular, report and propose to the Board of Directors the remuneration policy for the Directors and Senior Management, the system and amount of annual remuneration for Directors and Senior Managers, as well as the individual remuneration of the Executive Directors and Senior Managers, and the other conditions of their contracts, particularly financial, and without prejudice to the competences of the Appointments and Sustainability Committee in relation to any conditions that it has proposed and unconnected with the retributive aspect.
- (ii) Ensure compliance with the remuneration policy for Directors and Senior Managers as well as report the basic conditions established in the contracts of these and compliance of the contracts.
- (iii) Report and prepare the general remuneration policy of the Company and in particular the policies relating to the categories of staff whose professional activities have a significant impact on the risk profile of the Company and those that are intended to prevent or manage conflicts of interest with the Company's customers.
- (iv) Analyse, formulate and periodically review the remuneration programs, weighing their adequacy and performance and ensuring compliance.
- (v) Propose to the Board the approval of the remuneration reports or policies that it has to submit to the General Shareholders Meeting as well as informing the Board concerning the proposals relating to remuneration that, where applicable, it will propose to the General Meeting.
- (vi) Ensure that no conflict of interest affect the independence of any external advice provided to the Committee in relation to the exercise of its functions.
- (vii) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.

4. Common regulations:

Both the Appointments and Sustainability Committee and the Remuneration Committee;

- (i) May regulate their own operation, they shall elect their Chairperson among the independent Directors forming part of each of them and they may also appoint a Secretary and in the absence of a specific appointment by the Committee, the Secretary of the Board shall act as the same or, failing that, any of the Deputy Secretaries.
- (ii) Shall meet each time when considered appropriate for the good performance of their duties and the meetings will be called by their Chairperson, either by his/her own initiative, or when required by two (2) members of the Committee itself, and must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal.

The meeting notice shall be given by letter, telegram, fax, e-mail or any other means which allows keeping a record of its receipt.

- (iii) The Secretary of each of the Committees will be responsible for calling the meetings and of the filing of the minutes and documentation presented to the Committee.
- (iv) Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members.
- (v) The Committees shall be validly constituted with the attendance in person or represented by proxy of the majority of its members and resolutions shall be adopted by a majority of members who attend in person or by proxy.
- (vi) They will prepare an annual report on about their operation highlighting the main incidents occurred, if any, related to their duties, that will be the base, among others, and if applicable, for the evaluation made by the Board of Directors. In addition, when the relevant Committee deems it appropriate, it will include in that report suggestions for improvement.

**ARTICLE 15 BIS - INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE**

- 1. The Innovation, Technology and Digital Transformation Committee will consist of a minimum of three (3) and a maximum of six (6) members, with the number to be established by the Board of Directors, who will be appointed by the Board following a proposal submitted by the Appointments and Sustainability Committee, particularly taking into account their knowledge and experience in the Committee's area of competence, such as technology and innovation, information systems and cybersecurity. The Chairman of the Board of Directors and the Chief Executive Officer will sit on the Committee.
- 2. Notwithstanding other duties that may be assigned to it by the Board of Directors, the Innovation, Technology and Digital Transformation Committee shall have the following basic responsibilities:

- (i) Advise the Board of Directors in the implementation of the strategic plan in processes related to digital transformation and technological innovation (the digital strategy), in particular, reporting the plans and projects designed by the Company in this area and the new business models, products, customer relations, etc. that are developed.
  - (ii) Promote a framework for reflection that enables the Board of Directors to identify new business opportunities deriving from technological developments, as well as any potential threats.
  - (iii) Support the Board of Directors in the identification, monitoring and analysis of new entrants and new business models, in addition to the advances, main trends and initiatives in the field of technological innovation, studying the factors that help make certain innovations successful and their transformation capacity.
  - (iv) Support the Board of Directors in its analysis of the impact of technological innovation on the market structure, the provision of financial services and customer behaviour. Among other aspects, the Committee will assess the disruptive potential of new technologies, the possible regulatory implications of their development, the impact in terms of cybersecurity and issues related to privacy protection and data use.
  - (v) Encourage reflection and debate on the ethical and social implications that may arise from the application of new technologies in the banking and insurance business.
  - (vi) Support, in the exercise of their advisory duties, the Risks Committee and the Board of Directors, when they consider it appropriate, in the performance of the functions that these bodies are assigned in relation to the supervision of technological risks and aspects related to cybersecurity.
3. The chair of the Innovation, Technology and Digital Transformation Committee will be held by the Chairman of the Board of Directors, and the Secretary of the Innovation, Technology and Digital Transformation Committee will be the Secretary of the Board of Directors.
4. The committee will meet as often as needed to ensure the full and timely performance of its duties and meetings will be called by its Chairman, either on their own initiative or when requested by two (2) members of the committee. The Chairman must call a meeting whenever the Board requests that a report be issued or a resolution carried. The meeting call will be made by letter, telegram, fax, e-mail, or any other means which provides acknowledgement of receipt.
5. The Secretary will be responsible for calling the meeting and for filing the minutes and documents submitted to the committee;

6. Committee meetings shall be quorate when the majority of the members attend in person or by proxy. Resolutions are carried by a majority of votes of the members present at the meeting in person or by proxy.
7. Minutes of the resolutions adopted at each meeting shall be drawn up, which shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members. Further, the Chairman of the Innovation, Technology and Digital Transformation shall report to the Board of Directors on its activities and on the work performed at meetings specifically arranged for this purpose, or at the next meeting when the Chairman deems this to be necessary.
8. Members of senior management, as well as other CaixaBank personnel who have duties related to their areas of interest, may attend the committee meetings at the invitation of the Chairman. They must also provide support and access to the information available to them when requested by the committee.

The Innovation, Technology and Digital Transformation Committee may seek the advice of external experts when it deems this to be necessary to properly carry out its duties.
9. The Company shall provide the committee with sufficient resources for it to fulfil its duties.
10. The Innovation, Technology and Digital Transformation Committee may regulate its own operation in matters not provided for in these Regulations, and will prepare an annual report on its operations highlighting the main incidents that have arisen, if any, in relation to its duties, which will serve as the basis, if applicable, for the Board of Directors' evaluation. Furthermore, if the committee considers it appropriate, it may include suggestions for improvement in the report.

## CHAPTER V

### FUNCTIONING OF THE BOARD OF DIRECTORS

#### ARTICLE 16.- MEETINGS OF THE BOARD OF DIRECTORS

1. The Board of Directors shall meet whenever it considers it necessary for the smooth running of the Company, and at least eight (8) times a year, celebrating a meeting at least once every quarter. The Board of Directors must also meet when requested by at least two (2) of its members or one of the independent Directors, in writing addressed to the Chairman indicating the agenda, in which case, the meeting of the Board of Directors will be called by the Chairman, through any written means addressed personally to each Director, to be held within fifteen (15) days following the request at the registered office. Should one month elapse after the date of receipt of the request without the Chairman having called the Board of Directors meeting, without a justified reason, and provided that the request is supported by at least one third of the members of the Board of Directors, a meeting of the Board may be called by the Directors who requested the call as long as they constitute at least one third of the members of the Board. In all events, the Board of Directors shall meet within a maximum period of three (3) months from the end of the

financial year, in order to draw up the Annual Accounts, the Management Report and the proposed distribution of profit.

2. Meetings will be notified to each Director by letter, fax, telegram or e-mail, or by any other means that allows acknowledgment of receipt, and will be authorised with the signature of the Chairman or that of the Secretary or Vice-Secretary by order of the Chairman. Notice will be sent at least forty-eight (48) hours in advance, unless an emergency situation exists and is accepted by the Board when it meets.
3. Except when the Board of Directors has been held or has been exceptionally convened due to urgency, the Directors should previously receive with sufficient advance all the necessary information for the deliberation and adoption of resolutions on the matters in question, the Chairman assisted by the secretary being responsible for the fulfilment of this disposition.
4. Meetings of the Board of Directors and its Committees will normally take place at the Company's registered office, but may also be held at another location determined by the Chairman of the Board or of the relevant Committee, who may authorize meetings to be held with simultaneous attendance at various locations connected by audiovisual or telephonic means, provided the recognition of those attending and real-time interactivity and intercommunication, and thus unity of action, can be guaranteed. Board members who are not physically present at the meeting place and who use remote means of communication such that the meeting can be transmitted simultaneously and reciprocally with all other members using such means of communication will, for all purposes, be considered to have attended and may issue their vote remotely, through the means of communication being used. In the case that any of the Directors are at the corporate address, the meeting will be understood to be held there. Otherwise, the meeting will be understood as being held where the Director chairing the meeting is located.
5. The meeting of the Board will be considered to be validly held without any need for a call if all of its members, present or represented by proxy, unanimously agree to the meeting and to the items of the agenda to be discussed.
6. The Board may also adopt resolutions in writing, with no meeting, in accordance with current regulations and the Company's by-laws, and votes may be cast in writing or by e-mail, or by any other means that allows acknowledgment of receipt, provided that the identity of the Director casting the vote has been verified.
7. At least once a year, and based on the proposal of the Appointments [and Sustainability](#) Committee, the Board, as a plenary body, shall evaluate:
  - (i) the quality and efficiency of the functioning of the Board;
  - (ii) the carrying out of their duties on the part of the Chairman of the Board, where appropriate, led by the Coordinating Director and the chief executive of the Company; and
  - (iii) the functioning and composition of the Committees; and
  - (iv) the performance and contribution of each Director,

and shall propose, on the basis of the outcome, an action plan to correct the deficiencies identified. The result of the evaluations will be included in the minutes of the meeting or will be incorporated to these as an appendix.

#### ARTICLE 17.- PROCEDURES FOR MEETINGS

1. A meeting of the Board of Directors will be validly assembled when at least the majority of its members attend or are represented by proxy, except in the case of the absence of a meeting notice, in which case the attendance of all of its members in person or by proxy will be required.
2. Board members should attend Board meetings in person. Nevertheless, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. The non-executive Directors can only grant their proxy to another non-executive Director, although the independent Directors, are only entitled to grant their proxy in favour of other independent Director. The proxy may be granted by any postal, electronic means or by fax, provided that the identity of the Director is assured.
3. The Chairman will organize debates by seeking and promoting the participation of all Directors in the Board's deliberations, and will lead the voting.
4. Except in cases in which the Law or the by-laws specifically set forth another voting quorum, resolutions will be adopted by an absolute majority of the Directors attending the meeting in person or represented by proxy. In the event of a tie, the Chairman will have the casting vote. ~~In any event, when a shareholder is represented on the Board by more than one proprietary Director, proprietary Directors representing such shareholder shall abstain from participating in the deliberation and voting of the agreements for the appointment of independent Directors by co-option and with regard to the appointment proposals of independent Directors made to the General Shareholders Meeting.~~

Particularly, the permanent delegation of all or any of the duties of the Board of Directors on the Executive Committee, on the Executive Director, the appointment of the Directors that have to hold such positions, the appointment of the Chairman when this falls on an executive Director and the approval of the contracts between the Directors with executive functions and the Company, will require to be valid the favourable vote of two thirds (2/3) of the Board members.

5. Minutes of the meetings of the Board of Directors will be drawn up by the Secretary and will be signed, at a minimum, by the Chairman or, if applicable, the Vice-Chairman and the Secretary or Vice-Secretary. The minutes which will be transcribed or entered, pursuant to applicable requirements, into a special book of minutes of the Board of Directors.

The minutes will be approved by the Board of Directors at the end of the meeting or immediately afterwards, unless the immediate nature of the meetings does not permit this, in which case they will be approved at a subsequent meeting. The minutes may also be approved by the Chairman, the Secretary and two (2) Directors attending the Board meeting to which the minutes refer, who are designated by the Board itself at each meeting.



In order to facilitate the implementation of resolutions and, as the case may be, their recording in a public deed, the minutes may be partially approved, and each of the approved sections may contain one or more resolutions.

## CHAPTER VI

### APPOINTMENT AND REPLACEMENT OF DIRECTORS

#### ARTICLE 18.- APPOINTMENT OF DIRECTORS

1. Directors will be appointed by the General Shareholders' Meeting of the Board of Directors in accordance with the provisions of the Law and in the Company's By-laws.
2. Proposed appointments of Directors submitted by the Board of Directors for the General Shareholders' Meeting and resolutions regarding appointments which said body adopts by virtue of the powers of co-option legally attributed to it must be preceded by the pertinent proposal of the Appointments and Sustainability Committee, in the case of independent directors, and by a report, in the case of the remaining Directors.
3. The members of the Board of Directors must fulfil the required standards for the exercise of their duties. In particular, they should have recognised business and professional integrity, have the appropriate knowledge, skills and experience to perform their duties and be able to exercise good governance of the entity within the terms provided by the current legislation.
4. The proposals for appointment or re-election of Directors should be accompanied in any event by a supporting report from the Board of Directors evaluating the skills, knowledge and merits of the proposed candidate that will be attached to the minutes of General Meeting or that of the Board itself.

#### ARTICLE 19.- CLASSIFICATION OF DIRECTORS

1. The directors will be classified as executives or non-executives, distinguishing among these between stakeholder, independent or other external directors.
2. Executive directors are considered those that develop management functions in the Company or its group, whatever the legal link with the same. Nevertheless, the Directors that are Senior Executives or directors of companies belonging to the group of the dominant entity of the Company will be considered as stakeholder Directors.

When a director develops management functions and, at the same time is or represents a significant shareholder or that is represented in the Board of Directors, it is considered as executive.

3. Stakeholder directors are considered to be those that hold a stake in the share capital of the Company equal to or higher than what is legally considered as significant or that has been appointed due to its condition as shareholder, even if its shareholding does not reach the mentioned amount, as well as those who represent the previously mentioned shareholders.

4. Independent Directors will be considered to be those who are appointed in consideration of their personal and professional qualities and who may fulfil their duties without being constrained by their ties to the Company or its group, to its significant shareholders and to its Senior Officers.

In particular, the following persons may not be considered, under any circumstance as independent Directors in any of the following situations:

- (a) persons who have been employees or executive directors of group companies, unless three (3) or five (5) years, respectively, have elapsed since the termination of that relationship.
- (b) persons who receive from the Company, or from the same group, any amount or benefit other than remuneration as Directors, unless the amount in question is insignificant for the Director.

For the purposes of this section, dividends or pension complements received by a Director by virtue of his prior professional or work relationship will not be taken into account, provided that such complements are unconditional and, consequently, the company that pays them does not have the discretion, except in the case of non-fulfilment of obligations, to suspend, modify or revoke the payment thereof;

- (c) persons who are, or who have been in the last three (3) years, partners of the external auditor or who have been responsible for the audit report, whether regarding the audit of the Company during said period or of any other company in its group;
- (d) persons who are executive Directors or senior managers of a different company in which an executive Director or senior Director of the Company is an external Director;
- (e) persons who maintain, or who have maintained in the last year, a significant business relationship with the Company or with any company in its group, either in their own name or as significant shareholders, Directors or Senior Managers of an entity that maintains or has maintained said relationship.

Relationships of suppliers of goods or providers of services, including financial services, advisory services or consultant services shall be considered to business relationships.

- (f) persons who are significant shareholders, executive Directors or senior managers of an entity that receives, or has received in the last three (3) years, significant donations from the Company or its group.

Persons who are mere patrons of a foundation receiving donations will not be considered included in this item;

- (g) The spouses of, the persons linked by an analogous affective relationship to, or the relatives removed by up to two steps from an executive Director or Senior Director of the Company;

- (h) Persons who have not been proposed, either for appointment or renewal, by the Appointments [and Sustainability](#) Committee;
- (i) persons who have been Directors for a continued period of more than twelve (12) years;
- (j) persons who, with regard to any significant shareholder or person represented by proxy on the Board, are covered by the cases referred to in items (a), (e), (f) or (g) above. In the case of the degree of kinship referred to in (g), the limitation will apply not only to the shareholder but also to the stakeholder Directors in the investee company.

Persons who cease to be stakeholder Directors because the shareholder whom they represented sold his stake may be re-elected as independent Directors only if the shareholder whom they represented until that time sold all of this shares in the Company.

A Director who holds a shareholding in the Company may be an independent Director, if he meets all of the conditions set forth above and, in addition, his shareholding is not significant.

5. Other external directors will be considered as non-executive directors that are not considered as stakeholder or independent directors.
6. The Board of Directors will detail the class of each director before the General Meeting that may appoint or ratify the appointment or agree its re-election and such classification will be maintained or, if applicable, modified it in the Annual Corporate Governance Report, with the previous report from the Appointments [and Sustainability](#) Committee.

#### **ARTICLE 20.- TERM IN OFFICE**

1. Directors shall remain in their posts for the term of office stipulated in the By-laws while the General Meeting does not agree their removal or they resign from the position, and may be re-elected one or more times for periods of equal length. Nevertheless, independent Directors will not stay on as such for a continuous period of more than twelve (12) years.
2. Directors designated by co-option shall hold their post until the date of the next General Shareholders' Meeting or until the legal deadline for holding the General Shareholders' Meeting that is to decide whether to approve the accounts for the previous financial year has passed, but if the vacancy was produced after having called the General Meeting and before it being held, the appointment of the director by co-option by the Board to cover such vacancy will be effective until the celebration of the next General Meeting.

#### **ARTICLE 21.- REMOVAL OF DIRECTORS**

1. Directors shall be removed from office when the period for which they were appointed has elapsed, when so decided by the General Shareholders' Meeting in use of the attributes granted thereto, legally or in the by-laws, and when they resign.
2. Directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems appropriate, the pertinent resignation, in the following cases:

- (a) when they depart the executive positions, posts or functions with which their appointment as Director was associated;
  - (b) when they are subject to any of the cases of incompatibility or prohibition provided by law or no longer meet the suitability requirements according to the applicable regulations.
  - (c) when they are indicted for an allegedly criminal act or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities;
  - (d) when their remaining on the Board, they may place at risk the Company's interest, or when the reasons for which they were appointed cease to exist. In particular, in the case of stakeholder Directors, when the shareholder they represent transfers its stake holding in its entirety. They must also do so when the said shareholder lowers its stake holding to a level which requires the reduction of the number of stakeholder Directors;
  - (e) when significant changes in their professional status or in the conditions under which they were appointed Director take place; and
  - (f) when due to facts attributable to the Director, his remaining on the Board could cause serious damage to the corporate net worth or reputation in the judgement of the Board.
3. In the case of an individual representing a director who is a legal entity incurs in any of the situations foreseen in the previous section, the individual representative should offer its post to the legal entity appointing him. If this latter decides to maintain the representative to develop its position of director, the director who is a legal entity should offer its post of director to the Board of Directors,
4. When a Director leaves office prior to the end of his term, he must sufficiently explain the reasons for his resignation or, in the case of non-executive directors, his view on the reasons for the dismissal by the General Shareholders' Meeting, in a letter which he shall send to all members of the Board of Directors.

## **CHAPTER VII**

### **INFORMATION FROM DIRECTORS**

#### **ARTICLE 22.- INFORMATION AND INSPECTION POWERS**

1. In the development of their duties, the directors have the duty of demanding and the right to recompile from the Company the necessary information for fulfilling their obligations. For such purpose, the Director should request information on any aspect of the Company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible.

2. Requests for information must be directed to the Chairman of the Board of Directors, if he holds executive status, and, otherwise, to the Chief Executive Officer, who will forward the request to the appropriate party in the Company.
3. If the Chairman deems that the information is confidential, he will notify the Director who requests and receives the information of this as well as of the Director's duty of confidentiality under these Regulations.

#### **ARTICLE 23.- ASSISTANCE FROM EXPERTS**

1. To receive assistance in fulfilling their duties, the non-executive Directors may request that legal, accounting or financial advisers or other experts be contracted, to the account of the Company. The tasks to be carried out must, without exception, be related to specific issues of a certain significance and complexity that arise when the Directors exercise their duties.
2. The decision to contract must be notified to the Chairman of the Company, if he holds executive status, and, otherwise, to the Chief Executive Officer, and may be vetoed by the Board of Directors, provided that it demonstrates that:
  - (a) it is not necessary for the proper performance of the duties entrusted to the non-executive directors;
  - (b) the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;
  - (c) the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or
  - (d) it may entail a risk to the confidentiality of the information that must be handled.

### **CHAPTER VIII**

#### **REMUNERATION OF DIRECTORS**

##### **ARTICLE 24.- REMUNERATION OF DIRECTORS**

1. The Board of Directors will determine the remuneration corresponding to each Director, in their condition as such, and, when applicable, for the development of executive functions, in accordance with the provisions of the by-laws and the remuneration policy approved by the General Meeting and in accordance, if applicable, with the indications of the Remuneration Committee. With the exception of the remuneration expressly approved by the General Shareholders Meeting.
2. The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions. In all cases, the remuneration of the directors should keep a reasonable proportion with the importance of the Company, the economic situation at any given time, and market standards of comparable companies. The established remuneration system should be aimed at promoting long-term profitability

and sustainability of the Company and incorporate the necessary caution to avoid the excessive assumption of risks and the reward of favourable results.

3. In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of Directors, in their condition as such, including any remuneration they receive as members of the Committees, conforms to the following guidelines:
  - (a) Directors must be remunerated according to their effective dedication and of the functions and responsibilities attributed to them; and
  - (b) the remuneration amount of Directors, in their condition as such, must be calculated such that it offers incentives for dedication without undermining their independence.
4. The Board of Directors will determine the remuneration of the Directors developing executive functions as well as the terms and conditions of their contracts according to the current regulation and remunerations policy.
5. The Company General Meeting will approve, at least every three (3) years and as a separate point of the agenda, the remuneration policy of the directors, that will adapt, as appropriate, to the remuneration policy included in the By-laws, in the legally foreseen terms. The proposal of the mentioned remuneration policy should be accompanied by a report from the Remuneration Committee.

Additionally, the remuneration policy will be annually subject to an internal, central and independent evaluation in order to verify if it complies with the guidelines and remuneration procedures approved by the Board of Directors.

The Board of Directors of the Company will periodically adopt and review the general principles of the remunerations policy and will be responsible for supervising its application.

6. The Board of Directors must prepare and annually publish a report on the remunerations of the Directors including what they perceive or should perceive in their condition as such, and if applicable, for the development of executive functions, under the terms provided for in law. This report will be made available to the shareholders when the General Shareholders' Meeting is called and will be brought to an advisory vote of the Meeting, as a separate item on the agenda, in addition to the proposal for the remuneration policy proposed, when appropriate, to the General Shareholders Meeting for approval.

If the annual report on the Directors' remunerations is rejected during the advisory vote in the Ordinary General Meeting, the applicable remuneration policy for the following year should be submitted for the approval of the General Shareholders Meeting prior to its application, even when the mentioned period of there (3) years has not passed.

**CHAPTER IX**  
**DIRECTORS' DUTIES**

**ARTICLE 25.- GENERAL DUTIES OF DIRECTORS**

In performing their duties, Directors will act with the diligence of respected businesspersons and the loyalty of a faithful representative. Their actions should be in good faith and will be guided solely by the interest of the Company, as they strive to better defend and protect the interests of the shareholders overall, from whom their mandate derives and to whom they are accountable.

**ARTICLE 26.- DUTY OF DILIGENCE**

Directors should develop their position and fulfil the duties imposed by Law and the By-law with the diligence of orderly businesspersons, taking into account the nature of their position and the duties attributed to each of them. In particular, Directors are required to:

- (a) have adequate dedication and adopt the necessary measures for the good management and control of the Company;
- (b) demand and recompile adequate and necessary information for fulfilling their obligations and, specifically, prepare suitably for the Board meetings and, if applicable, of the delegate bodies and internal Committees to which they belong;
- (c) attend the meetings of the Board of Directors and take an active part in the deliberations in order for their opinions to effectively contribute to decision-making. If, for a justified reason, a Director is unable to attend meetings to which he has been called, he must instruct the Director who will represent him, as established in these Regulations;
- (d) contribute their strategic vision, as well as innovative measures, opinions and concepts for the optimal functioning and evolution of the Company's business;
- (e) carry out any specific task entrusted to them by the Board of Directors or any of its delegated and/or advisory bodies that is reasonably within the purview of their dedication pledge;
- (f) investigate any irregularity in the management of the Company of which they have learned and to watch over any situation of risk;
- (g) urge persons with meeting-calling capacity to call an extraordinary meeting of the Board or to include the points they deem appropriate in the agenda of the first meeting to be held; and
- (h) oppose resolutions that are contrary to the Law, to the By-laws, to the General Meeting Regulations, to these Regulations or to the Company's interest, and to request that their position be entered into the minutes when they deem that such action is more appropriate to safeguard the Company's interest.

#### **ARTICLE 27.- DUTY OF LOYALTY**

Directors should develop the position with the loyalty of a faithful representative, in good faith and in the best interests of the Company. Particularly the Director, in compliance with the duty of loyalty should:

- (a) refrain from attending and intervening in the deliberations and voting affecting matters in which the Director or Persons Related to the Director directly or indirectly have conflicting interests, in which case the votes of the Directors affected by the conflict and that have to abstain, will be deducted for the calculation of the majority of votes that are necessary;
- (b) safeguard secrets about the information, data, reports, or background to which it may have access in the development of their position, even when they have been separated from the same, except for the cases where the Law allows or requires it, in the terms established under article 28 of these Regulations;
- (c) not exercise their powers for other aims than those for which they have been granted:  
and
- (d) develop their duties under the principle of personal responsibility with freedom of judgement or judgment and independence regarding the instructions and links with third parties; and
- (e) adopt the necessary measures to avoid incurring in situations in which their interests, either for their own account or for third parties, can enter into conflict with the Company's interest and with their duties for the Company.

#### **ARTICLE 28.- DIRECTOR'S DUTY OF CONFIDENTIALITY**

1. Directors will keep secret all deliberations of the Board of Directors and the delegate bodies to which the Directors belong and, in general, will abstain from disclosing the information to which they have been privy in performing their duties.
2. The duty of confidentiality will remain even when a Director has left his position, and he must keep secret all confidential information and all information, data, reports or antecedents of which he becomes aware as a result of performing his duties. He may not communicate said information to third parties or disseminate it when so doing might be detrimental to the Company's interest. Excepted from the duties referred to in this article are cases in which the law permits the communication of dissemination of information to third parties, as are, if applicable, cases in which Directors are summoned by or must refer to the respective oversight authorities, in which case the relinquishment of information must conform to the laws.

#### **ARTICLE 29.- DUTY NOT TO COMPETE**

1. Directors should refrain from developing, for their own account or the account of others, activities the exercise of which entails effective competition with the Company, either current or potential, or which any other way, position them in permanent conflict with the Company interests, unless they have the express and separate consent of the Company through a resolution adopted at a General Shareholders' Meeting, for which purpose the Director must issue the communication set forth in item 3 of the following



article. The obligation of not competing with the Company can only be subject to release in the case that no harm for the Company may be expected or that the harm which could be expected is compensated by the benefits that foreseeably are expected from the release. Excepted from the above are offices which may be held in subsidiaries or investee entities of the Company. The above prohibition is not applicable to those persons who hold executive or management offices at the parent company or at other entities of the Group.

2. The obligation to abide by the conditions and guarantees provided by the dispensation resolution and, in any case, the obligation to abstain from participating in the deliberations and voting in which he has a conflict of interest shall be applicable to the Director who has obtained the dispensation from the General Shareholders' Meeting, all of which in accordance with the provisions of current legislation.
3. A Director who terminates his mandate or for any other reason departs from his office may not provide services or be a director at another entity that is in a situation of effective competition with the Company for the term set forth, which in no event will be more than two (2) years.

#### **ARTICLE 30.- DUTY TO AVOID CONFLICTS OF INTEREST**

1. Directors shall avoid situations which may imply a conflict of interest between the Company and themselves or persons related thereto, taking for these purposes any measures that may be necessary. In any case, Directors must abstain from:
  - (a) directly or indirectly carry out transactions with the Company unless they are ordinary operations made in standard conditions for all clients and with little relevance;
  - (b) use the Company's name or invoke their status as Director in order to unduly influence the carrying out private transactions;
  - (c) use the Company's assets or avail themselves of their position at the Company to obtain an economic advantage or for any private aims;
  - (d) use for their own benefit a business opportunity of the Company, understanding as business opportunity any possibility to carry out an investment or commercial transaction that has arisen and has been discovered in connection with the Director's performance of his duties, or by using means and information of the Company, or under any such circumstances that it is reasonable to believe that a third party offer was in fact intended for the Company;
  - (e) obtain advantages or remunerations from third parties different from the Company and its Group, related to the development of its position, except when these are mere courtesy attentions; and from
  - (f) developing activities on its own account or for third parties that in any case position them in permanent conflict of interests with the Company,
2. The above provisions will also apply in the case that the beneficiary of the prohibited acts or activities are persons related to Directors in accordance to the definition of this concept in the Law (henceforth, **Related Persons**).

3. In all cases, Directors should inform to the Board of Directors on the situations of direct or indirect conflict that they or the Persons Related to them may have with the interests of the Company.
4. The Company can only release from the prohibitions contained in this article in singular cases according to the procedure and restrictions established by current legislation.
5. The situations of conflict of interests in which the Directors are involved will be reported in the annual report.

#### **ARTICLE 31.- USE OF NON-PUBLIC INFORMATION**

1. Directors are subject, with regard to the use of any non-public information of the Company, to the duties of diligence, loyalty, confidentiality, and secrecy inherent to their position, and must abstain from using said information to their own benefit or to the benefit of third parties, in violation of the duties referred to above.
2. The provisions of this article are without prejudice to the obligations that correspond to the Directors regarding insider information and other relevant information about the Company, in accordance with the terms set forth in laws governing the securities market.

#### **ARTICLE 32.- DIRECTORS' INFORMATION DUTY**

1. Directors must inform the Company of the shares of the Company which they own directly or indirectly through Related Persons, in accordance, in all respects, with the Internal Rules of Conduct on Matters Relating to the Securities Market.
2. Directors must also inform the Company of the positions they hold and the activities they carry out in other companies and, in general, of facts, circumstances or situations that may prove significant for their performance as Company directors.
3. Directors must inform the Company of any situation of which they are aware whose importance of which seriously damage the Company's reputation.
4. Directors must abide by the limitations on belonging to Boards of Directors set forth in the current regulations of organization, supervision and solvency of credit entities.
5. Directors must inform the Company of any circumstances, whether or not they are related to their performance in the Company, that affect the relevant Director and that may damage the credit or reputation of the Company, especially of criminal investigations brought against them and the progress of any subsequent trial. The Board, having been so informed or having otherwise become aware of such circumstances, will examine the Director's situation as soon as possible and, taking into account the specific circumstances, will decide, following a report from the Appointments and Sustainability Committee, whether or not to adopt any measures, such as opening an internal investigation, requesting the resignation of the Director (a decision that shall be complied with by the relevant Director), or proposing that the relevant Director be removed from office.

### **ARTICLE 33.- DISPENSATION FROM COMPLIANCE WITH DUTIES BY DIRECTORS**

In cases in which authorization of the Board of Directors is not expressly prohibited, the Company can release the Director from complying with certain obligations. When the release is not the competence of the Meeting, the Board of Directors may approve the release, previously and exceptionally and subject to a report by the Audit and Control Committee reflecting that no damage is caused to the Company and no legal or by-law regulations applicable in each case are breached.

## **CHAPTER X**

### **RELATIONS OF THE BOARD**

#### **ARTICLE 34.- RELATIONS WITH SHAREHOLDERS**

1. The Board of Directors will provide suitable channels to familiarize itself with any proposals formulated by shareholders with regard to the management of the Company.
2. Through some of its Directors and with the collaboration of the members of senior management that the Board deems appropriate, the Board may organize informational meetings on the running of the Company, for shareholders residing in the most important financial markets, either in Spain or other countries.
3. Public requests for vote delegation made by the Board of Directors or by any of its members must express how the representative would vote in the event that the shareholder does not give instructions. A vote that has been delegated in response to such a public request may not be exercised relative to agenda items regarding which there is a conflict of interest, unless the person granting the proxy has given precise voting instructions for each of those items, all in accordance with the Law.
4. The Board of Directors will promote shareholders' informed participation in General Shareholders' Meetings and will adopt all timely measures required to allow the General Shareholders' Meeting to effectively exercise the duties that correspond to it in accordance with the law and the Company's by-laws.

In particular, the Board of Directors will adopt the following measures in accordance with the Law:

- (a) it will strive to make available to the shareholders, prior to the Meeting and in sufficient advance, all information that can legally be demanded, and all information that, even though not legally demandable, may be of interest and can be reasonably provided;
- (b) it will respond, with utmost diligence, to requests for information formulated by shareholders prior to the Meeting;
- (c) if meeting the requests for information is not possible in the same meeting, the requested information will be provided after the closing of the meeting in the legally established terms;

- (d) also with utmost diligence, it will answer questions posed by shareholders when the Meeting is held; and
- (e) it will ensure that the matters proposed to the Meeting are voted on in an orderly manner and separately, allowing the shareholders to intervene and express their opinion on each issue submitted to a vote.

#### **ARTICLE 35.- RELATIONS WITH INSTITUTIONAL SHAREHOLDERS**

1. The Board of Directors will also establish adequate mechanisms for the regular sharing of information with institutional investors who are among the Company's shareholders.
2. In no event may the relations between the Board of Directors and institutional shareholders translate into the delivery to the latter of any information that might give them a privilege or advantage over other shareholders.

#### **ARTICLE 36.- MARKET RELATIONS**

1. The Board of Directors will, by notice sent to the Spanish National Securities Market Commission and posted on the corporate web page, immediately provide the public with all significant information on the terms set forth in the current regulations.
2. The Board of Directors shall adopt the necessary measures to ensure that half-yearly, quarterly and any other financial information that the Law requires making available to the markets is prepared in accordance with the same principles, criteria and professional practices as the Annual Financial Statements and enjoys the same reliability as the latter. The Audit and Control Committee will report before to the Board of Directors about the financial information that the Company should periodically make public.
3. Information obligations will be fulfilled through any technical, information-technology or telematic means, without prejudice to the shareholder's right to request printed information.

#### **ARTICLE 37.- RELATIONS WITH AUDITORS**

1. The Board's relations with the Company's external auditors shall be channelled through the Audit and Control Committee.
2. The Board of Directors will publicly report the overall fees that the Company has paid for non-auditing services.

#### **FINAL PROVISION**

No more than half of the executive Directors should be appointed from amongst the proprietary Directors representing a same shareholder, neither amongst Directors who are current or past members of the governing bodies or senior management of a shareholder holding, or having

held, control of the Company, unless three (3) or five (5) years, respectively, have elapsed since the termination of such relationship.

\* \* \*

### **APPENDIX III**

**RESTATED TEXT OF THE REGULATIONS OF THE BOARD OF DIRECTORS THAT WILL ENTER INTO FORCE AT THE TIME OF THE ENTRY INTO FORCE OF THE BY-LAW AMENDMENTS PROPOSED TO THE ORDINARY ANNUAL GENERAL MEETING UNDER ITEM 9 OF THE AGENDA WITH THE EXCEPTION OF ARTICLE 15 BIS, WHICH COMES INTO FORCE AT THE TIME OF ITS APPROVAL BY THE BOARD OF DIRECTORS, ON MARCH 30, 2021**

#### **CHAPTER I PRELIMINARY**

##### **ARTICLE 1.- ORIGIN AND DUTIES**

1. These Regulations are hereby approved by the Board of Directors of CaixaBank, S.A. (hereafter, the **Company**), in fulfilment of the Law. The Regulations aim to set out the guiding principles of the Board as well as the basic rules governing its organization and functioning and the rules of conduct that apply to its members, being also applicable to its delegated corporate bodies and its internal Committees, as well as to the members that comprise them.
2. The rules of conduct set out therein for the Company Directors (hereinafter, the **Directors**) will also apply to the members of the management committee and to any other person who reports to the Board of Directors (hereinafter, the **Senior Executives**) of the Company, to the extent that said rules are compatible with the specific characteristics of the Senior Executives and with the activities that they carry out. For the purposes of these Regulations, Senior Executives will be understood to mean general directors and executives who report directly to the Board of Directors of the Company or to the Chief Executive Officer, or, if applicable, to the Executive Committee and, in all events, the Company's internal auditor.

##### **ARTICLE 2.- INTERPRETATION**

These Regulations develop and complete the regulatory rules that govern the Board of Directors and that are set forth in prevailing legislation and the Company's by-laws. They will be interpreted in accordance with the applicable laws and by-laws and with the principles and recommendations relative to corporate governance of listed companies.

##### **ARTICLE 3.- DISSEMINATION**

1. Directors and Senior Executives are required to be familiar with, comply with and enforce these Regulations. Consequently, the Secretary of the Board of Directors will provide each of them with a copy of the Regulations.
2. The Board of Directors will take the steps necessary to distribute these Regulations among the shareholders and the investing public at large. In doing so, it will use the most efficient

means available to ensure that these Regulations reach the intended recipients immediately and smoothly.

## CHAPTER II

### DUTIES OF THE BOARD OF DIRECTORS

#### ARTICLE 4.- DUTIES OF THE BOARD OF DIRECTORS

1. Apart from those issues reserved by Law or the By-Laws to the General Shareholders' Meetings, the Board of Directors is the Company's highest decision-making body, that shall be the competent body for passing resolutions with regard to any matter and shall be empowered with the broadest powers and faculties to manage and represent the Company.

The Board of Directors shall also approve and supervise the strategic and management guidelines that are provided in the interest of each and every one of the Group companies of which the Company is the dominant entity, in order to establish the basis for an adequate and efficient coordination between the Company and the other companies belonging to the Group. The governing bodies of each company shall be responsible for the ordinary, effective and day-to-day management and administrative duties related to their respective businesses or activities, pursuant to each company's corporate interest and the applicable regulations to each case.

2. The Board should ensure that the Company abides by current law in its dealings with stakeholders; fulfils its explicit and implicit contracts and obligations in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional sustainability principles the Company has subscribed to voluntarily.
3. The Board of Directors should define a corporate governance system to guarantee healthy and prudential management of the Company, and that will include an adequate distribution of duties in the organization and prevent conflicts of interests, assuring the application of the mentioned system and periodically controlling and evaluating its efficiency, taking if applicable adequate measures to resolve any possible differences.
4. In particular, and notwithstanding the powers that are reserved to the full Board of Directors by Law, the By-laws or these Regulations, the following duties of the Board of Directors will be non-delegable, their approval corresponding to the complete Board of Directors, notwithstanding the effect of the conferred delegations and powers before third parties:
  - (i) Its own organization and operation and particularly the approval and modification of its own Regulations.
  - (ii) Supervision of the effective operation of the Committees it has formed and of the action of delegated bodies.
  - (iii) Effective supervision of senior management and of the executives appointed.

- (iv) Preparation of the annual accounts and their presentation to the General Meeting.
- (v) Preparation of any type of report required by Law from the Board of Directors if the operation referred to in the report cannot be delegated.
- (vi) The appointment and separation of the Director or executive Director of the Company, as well as establishing their contract conditions.
- (vii) The appointment and separation of the Directors that directly dependant on the Board of Directors or any of its members, as well as establishing the basic conditions for their contracts, including the remuneration.
- (viii) The decisions related to the remuneration of the Directors, within the framework of the By-laws and of the remuneration policy approved by the General Meeting.
- (ix) The authorization or exemption of the obligations derived from the due loyalty of the Directors according to that established in Law
- (x) The call for the General Shareholders Meeting and the preparation of the agenda and proposal of agreements.
- (xi) The powers that the General Meeting has delegated on the Board of Directors, except if being expressly authorized by the General Meeting to sub-delegate them.
- (xii) The determination of the general policies and strategies of the Company and, particularly, of the risk management and control policy, including tax risks, the corporate governance policy, the policy related to its own shares, the investment and financing policy, the sustainability/corporate responsibility policy and the dividends policy. Considering its duties to define strategic and management guidelines for the companies within CaixaBank's Group, as well as to supervise and monitor the implementation of such guidelines, the Board will establish systems for communicating and exchanging necessary information, while safeguarding the scope of each company's ordinary management and administration, pursuant to their corporate interest.
- (xiii) Monitoring, control and periodical evaluation of the corporate governance system efficiency and the adoption of adequate measures to resolve, if applicable, its deficiencies
- (xiv) The responsibility of the Company administration and management, the approval and monitoring of the strategic or business plan, as well as the application of strategic and management objectives, and its risks strategy and internal governance.
- (xv) Guarantee the integrity of the accounting and financial information systems, including the financial and operational control and compliance with applicable legislation.
- (xvi) Supervise the information distribution process and the communications derived from its condition as a credit entity.
- (xvii) Supervision of internal information and control systems.



- (xviii) Monitoring the process of preparing and submitting financial information and the management report, including any required non-financial information.
  - (xix) Approval, with the previous report from the Audit and Control Committee, of the financial information that, due to its condition as listed company, the Company should periodically make public.
  - (xx) Approval of the annual budget
  - (xxi) Definition of the structure of the Group of companies of which the Company is the dominant company.
  - (xxii) Approval of all types of investments or operations that due to their elevated amounts or special characteristics are strategic or have special tax risk, except when their approval corresponds to the General Meeting.
  - (xxiii) Determination of the Company tax strategy, the approval, with the previous report from the Audit and Control Committee, of the incorporation or acquisition of shares of special purpose entities or those resident in countries or territories considered tax havens, as well as the approval of any other analogue transactions or operations that, due to their complexity, could undermine the Company and Group transparency.
  - (xxiv) Approval, with the previous report from the Audit and Control Committee of the operations that the Company or companies of its group perform with Directors, in terms established by Law, or when the authorization corresponds to the Board of Directors, with shareholders holding (individually or in concert with others) a significant stake, including shareholders represented in the Board of Directors of the Company or of other companies forming part of the same group or with persons related to them (***Related Party Transactions***). The operations that simultaneously meet the following three characteristics will be exempt from the need of this approval:
    - a. they are performed pursuant to contracts with standardized conditions and applied in mass to a large amount of clients;
    - b. they are performed at prices or rates, generally established by the party acting as the provider of the relevant good or service; and
    - c. their amount does not exceed one per cent (1%) of the annual revenue of the Company.
5. The Board of Directors cannot delegate the powers and duties contained in the previous section 4, or any other powers or duties that may be considered as non delegable by the applicable regulations. Nevertheless, when circumstances of duly justified urgencies concur, the decisions corresponding to the subjects previously mentioned as non-delegable may be adopted by delegated persons or bodies, with the exception of those indicated in sections (ii) to (xvi), both included, of the previous section 4, which could not be delegated under any circumstance.

The decisions that under urgent circumstances may be adopted by delegated persons or bodies in relation to any of the matters considered as non-delegable should be ratified in the first Board of Directors held after the adoption of the decision.

6. The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.
7. The Board of Directors will also ensure that no shareholder receives privileged treatment vis-à-vis the others.

## **CHAPTER III**

### **COMPOSITION OF THE BOARD**

#### **ARTICLE 5.- QUALITATIVE COMPOSITION**

1. When exercising its powers to propose appointments to the General Shareholders' Meeting and co-opt directors to cover vacancies, the Board shall endeavour to ensure that external Directors or non-executive Directors represent a broad majority over executive Directors and that the latter should be the minimum.

For these purposes, "executives" will be understood to mean the Chairman, if executive duties have been delegated to him; the Chief Executive Officers; and those persons who by virtue of any other title fulfil management responsibilities within the Company or its Group, whatever is the legal link between them.

2. The Board will also strive to ensure that the majority group of non-executive Directors includes stable significant shareholders of the Company or those shareholders that have been proposed as Directors, even when their shareholding is not significant (stakeholder Directors) and persons of recognized experience who can fulfil their duties without being conditioned by relationships with the Company or its Group, its directors or its significant shareholders (independent Directors). The above definitions of Directors' profiles will be interpreted in line with the definitions established by Law and in the recommendations of good corporate governance that are applicable at any given time.
3. It will also strive to ensure that its external Directors include stakeholder and independent directors who reflect the existing proportion of the Company's share capital represented by stakeholder Directors and the rest of its capital and that at least one third of the Company's Directors are independent Directors.

No shareholder may be represented in the Board of Directors by a number of proprietary directors that exceeds forty percent of the total number of members of the Board of Directors, notwithstanding the proportional representation right to which the shareholders are entitled to in the terms set forth in the Law.

4. The general composition of the Board of Directors as a collective should meet sufficient knowledge, powers and experience in the governance of credit entities to adequately understand the Company's activities, including its main risks and assure the effective capability of the Board of Directors to take decisions independently and autonomously

for the benefit of the Company, fulfilling the suitability requirements demanded by the applicable regulations.

5. Likewise, the Board of Directors will strive to ensure the compliance with the regulation of incompatibilities established in the applicable regulation, as well as that the selection procedures of its members favour the diversity of gender, of experiences, age and knowledge and not suffering from implicit bias that can imply any discrimination and, particularly facilitating the selection of female directors.

For this purpose, the Board of Directors will approve the Policy for the selection, diversity and evaluation of the suitability of directors and senior management members and other holders of key functions holders of CaixaBank and its Group, ensuring that the procedures governing the appointment or re-election of the members of the Board of Directors are based on a prior analysis of the competencies required by the Board and favour appropriate diversity within the Board.

#### **ARTICLE 6.- QUANTITATIVE COMPOSITION**

1. The Board of Directors will be composed of the number of Directors determined by the General Shareholders' Meeting, within the limits set in the Company's corporate by-laws.
2. The Board will propose to the General Shareholders' Meeting the number of Directors that, in accordance with the Company's changing circumstances, is most appropriate to ensure the due representativeness and proper functioning of the Board.

### **CHAPTER IV**

#### **STRUCTURE OF THE BOARD OF DIRECTORS**

#### **ARTICLE 7.- CHAIRMAN OF THE BOARD OF DIRECTORS**

1. The Chairman of the Board of Directors shall be elected from among its members, with the previous report from the Appointments and Sustainability Committee and shall have the powers and authorities provided by Law, the Company's By-laws, these Regulations and any others entrusted to him/her by the Board.
2. The Chairman, who has the maximum responsibility for the effective functioning of the Board of Directors, will be responsible for providing support to the Board in the performance of its powers and for promoting the coordination of the Board with its Committees in order to guarantee the best performance of the Board's functions, and, amongst others, will carry out the following powers, notwithstanding those of the Chief Executive Officer and any powers of attorney or representations by proxy that have been established:
  - (i) Represent institutionally the Company and any entities dependent on the Company, without prejudice to the functions attributed in this area to the Board of Directors.
  - (ii) Chair and direct General Shareholders' Meetings, establishing limits on remarks for and against all proposals and also establishing their duration.

- (iii) Call, fix the agenda and chair meetings of the Board of Directors, directing the discussions and deliberations, with the same powers as stipulated in the preceding paragraph. He may also enact any resolutions by this body, with no need for any special delegation format.
  - (iv) Ensure that the Directors receive in advance sufficient information to deliberate about the points of the agenda and stimulate the debate and active participation of the Directors during the sessions, safeguarding their free taking of position.
  - (v) He holds the casting vote in the event of a tie during meetings of the Board of Directors over which he presides.
  - (vi) Act on behalf of the Company vis-à-vis corporate bodies and other bodies in the sector, pursuant to the provisions of these By-laws.
  - (vii) Authorize the minutes, certifications and other documents concerning resolutions by the General Meeting, the Board of Directors and, where applicable, any Committees he chairs, and act on behalf of the Company to implement such resolutions vis-à-vis regulatory bodies, notwithstanding attributions to other bodies.
  - (viii) Be responsible for the official signature of the Company, and thus sign on behalf of the Company, following any agreements that are necessary for legal or statutory reasons, contracts, accords or other legal instruments with public bodies and other entities.
  - (ix) Ensure compliance with current legal stipulations, the precepts of these By-laws and of the Regulations and resolutions by the collegiate bodies over which he presides.
  - (x) Official representation of the Company vis-à-vis authorities, entities and third-party Spanish or foreign bodies. He may delegate this representative function to other members of the Board, to the Chief Executive Officer, or to a member of the Company's management staff.
3. In view of the special relevance of its mandate, the Board of Directors may appoint as Chairmen of Honour any persons who have held the post of Chairman of the Board, granting them the honorary representation of the Company for any functions expressly entrusted to them by the Chairman of the Board. By way of exception, Chairmen of Honour may attend Board meetings when invited by the Chairman and, apart from their duties of honorary representation, may provide advice to the Board and its Chairman and collaborate towards enhancing the relationship of the shareholders with the Company's governing bodies and of the shareholders among themselves. The Board of Directors shall place at the Chairmen of Honour's disposal all the technical, material and human resources it deems appropriate so that that they may adequately and relevantly perform their duties.

#### **ARTICLE 8.- VICE-CHAIRMAN**

1. The Board of Directors, with the previous report from the Appointments and Sustainability Committee must, without exception, appoint a Vice-Chairman to replace the Chairman in his/her absence, as occurs in the event of vacancy, incapacity or leave.

2. The Board may also appoint, with the previous report from the Appointments and Sustainability Committee additional Vice-Chairmen, in which case the duties of the Chairman will fall, in his/her absence, as occurs in the event of vacancy, leave or incapacity to the First Vice-Chairman, who in turn will be replaced, if necessary, by the Second Vice-Chairman in the same cases, and so on, successively, and in the absence of these, by the Coordinating Director and, in the event of vacancies, leave or impossibility of the Coordinating Director by the oldest member of the Board of Directors.

#### **ARTICLE 9.- THE COORDINATING DIRECTOR**

1. Upon receipt of the relevant report from the Appointments and Sustainability Committee and with the abstention of the executive Directors, the Board of Directors will appoint a Coordinating Director, from amongst the independent Directors.

The position of Coordinating Director will be compatible with that of member of the Board's Committees.

2. Without prejudice to any other powers that may be delegated to the Coordinating Director by the Board of Directors, or those powers legally assigned to the Coordinating Director in the event of the Chairman of the Board being an executive Director, the Coordinating Director shall be empowered to:
  - a) Chair the Board of Directors in the absence of the Chairman and Vice-Chairmen.
  - b) Request the Chairman of the Board of Directors to call meetings of the Boards, as well as to include new items on the agenda when a Board meeting has already been called.
  - c) Coordinate, gather and give voice to the concerns of the independent Directors.
  - d) Lead the periodic evaluation of the Chairman of the Board by the Board of Directors. And also, coordinate the succession plan for the Chairman, in collaboration with the Chairman of the Board of Directors.
  - e) Maintain contact, where appropriate, with investors and shareholders to consider their positions and develop an opinion of their concerns, in particular, with regard to the Company's corporate governance, all within the framework of the Company's policy on information, communication and contact with shareholders, institutional investors and proxy advisers.
3. The term of office for the position of Coordinating Director shall be (3) years and may be re-elected for periods of equal length, notwithstanding that the appointment of such position may also be done for the years remaining in the term for which the Coordinating Director was appointed Director. In addition to the expiration of the term for which the Coordinating Director was appointed, the Coordinating Director will be removed when: his term as Director expires, when the individual ceases to be an independent Director, or when the Board of Directors, with the previous report from the Appointments and Sustainability Committee, decides to remove him from the position.

**ARTICLE 10.- THE SECRETARY OF THE BOARD OF DIRECTORS**

1. The Board of Directors will elect a Secretary, and one of the members of the Board of Directors or a person unrelated to it who has the capacity to perform the duties inherent to said position may be appointed. If the Secretary of the Board of Directors is not a Director, he will have the right to speak but not to vote.

If the Secretary simultaneously holds the post of legal advisor, a legal professional must be appointed.

2. The Secretary of the Board of Directors will assist the Chairman with his work and, particularly, will (i) process the convening of the Board, following the instruction of the Chairman; (ii) keep the documentation of the Board of Directors, record in the books of the minutes the development of the meetings and attest to its content and the resolutions passed; (iii) ensure that the actions of the Board of Directors adapt to the applicable regulations and comply with the By-laws and other internal regulations; and (iv) assist the Chairman in order for the Directors to receive the significant information to exercise their function sufficiently in advance and in the proper format.
3. The Secretary shall be appointed and, as the case may be, removed, by the Board acting as a plenary body, subject to a report, in both cases, of the Appointments and Sustainability Committee.

**ARTICLE 11.- THE VICE-SECRETARY OF THE BOARD OF DIRECTORS**

1. The Board of Directors may appoint a Vice-Secretary, who need not be a Director, to assist the Secretary of the Board of Directors or to replace the Secretary in his absence, as occurs in the event of vacancy, leave or incapacity to perform his duties for any reason.
2. Unless the Board decides otherwise, the Vice-Secretary may attend the meetings of the Board of Directors in order to assist the Secretary.
3. The Board can also appoint more than one Vice-Secretary, in which case the duties of the Secretary will fall, in absence of this latter, as occurs in the event of vacancy, leave or incapacity, on the First Vice-Secretary, who, in turn, will be replaced by the Second Vice-Secretary in the same cases, and successively, and in the absence of these latter, as occurs in the event of vacancy, leave or impossibility, by the youngest member of Board of Directors.
4. The Vice-Secretary or Vice-Secretaries will be appointed and, if applicable, separated by the full Board of Directors, with the previous report, in both cases, from the Appointments and Sustainability Committee.

**ARTICLE 12.- DELEGATION OF POWERS. COMMITTEES OF THE BOARD OF DIRECTORS**

1. Pursuant to the Company's By-laws, and without prejudice to the powers delegated individually to the Chairman or any other Director (Chief Executive Officers) and its power to establish Delegate Committees for specific spheres of activity, the Board of Directors may establish an Executive Committee with general decision-making powers but with the limitations for procedural purposes stemming from Article 4.

In all events, the Board of Directors will establish an Audit and Control Committee, an Appointments and Sustainability Committee, a Remuneration Committee and a Risks Committee with the powers granted by Law, the By-laws and these Regulations.

2. The Appointments and Sustainability Committee will evaluate the profile of the most suitable persons to sit on all Board Committees, based on their knowledge, aptitudes and experiences, and will forward their proposals for the appointment of the members of the Committees to the Board. In all cases it shall take into consideration the suggestions posed thereto by the Chairman, the Board members, the officers or the shareholders of the Company.
3. Except as set forth in law, in the By-laws and in these Regulations, the Committees may be self-governing. Matters not specifically defined will be governed by the rules of procedure stipulated in these Regulations regarding the Board, provided that said rules are consistent with the nature of duties of the corresponding Committee.
4. In addition, the Board may establish other Committees with consultative or advisory duties, and these Committees may, nevertheless, be exceptionally given decision-making powers.

#### **ARTICLE 13.- THE EXECUTIVE COMMITTEE**

1. The Board of Directors may appoint, from among its members, an Executive Committee, on which the Chairman and the Chief Executive Officer, if any, will sit.
2. If the Board of Directors creates an Executive Committee, it will establish the composition thereof, which must include at least two non-executive directors -one of them being an independent director-. The Board of Directors will also determine the rules of operation of the Executive Committee.
3. The powers of the Executive Committee will be those that, in each case, are delegated by the Board, with the limitations set forth in the Law, in the Company's By-laws and in these Regulations.
4. The Executive Committee will meet as often as it is called by its Chairman or whoever replaces him/her in his/her absence, as occurs in the event of vacancy, leave, or incapacity, and will be validly assembled when the majority of its members attend the meeting, either personally or by representation.
5. The appointment of members of the Executive Committee and the permanent delegation of powers from the Board on the same will require the favourable vote of at least two thirds of the members of the Board of Directors.
6. The Executive Committee will inform the Board of the main matters discussed and the decisions taken at its meetings, and a copy of the minutes of each meeting of the Executive Committee must be sent or delivered to each member of the Board.
7. The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.
8. The resolutions of the Committee will be adopted by the majority of the members attending the meeting in person or represented by proxy and will be validated and binding

without the need for later ratification by the full Board of Directors, notwithstanding that foreseen in article 4.5 of these Regulations.

#### **ARTICLE 14.- THE AUDIT AND CONTROL COMMITTEE AND THE RISKS COMMITTEE**

##### **1. The Audit and Control Committee:**

- a) The Audit and Control Committee will be formed exclusively by non-executive Directors in the number that is determined by the Board of Directors, between a minimum of three (3) and a maximum of seven (7). The majority of the members of the Audit and Control Committee will be independent Directors, and one (1) of them will be appointed on the basis of knowledge and experience of accounting or auditing, or both.

Additionally, the Board of Directors will endeavour to ensure that the Audit and Control Committee members as a whole, and its Chairperson in particular, possess the necessary accounting, auditing and risk management knowledge, both financial and non-financial, as well as knowledge in any other fields that may be relevant for the Audit and Control Committee's performance of its functions.

As a whole, without prejudice to endeavouring to encourage diversity, the Audit and Control Committee members, who will be appointed taking into account their necessary dedication capacity with regard to performing the duties entrusted to them, must have the relevant technical knowledge in relation to the Company's business.

- b) Notwithstanding any other task, which may be assigned thereto from time to time by the Board of Directors, the Audit and Control Committee shall exercise the following basic functions:

##### **With regard to overseeing financial reporting:**

- (i) to report to the General Shareholders' Meeting about matters posed by shareholders that are competence of the Committee and, in particular, about the audit results, explaining the audit's contribution to the integrity of the financial reporting and the role undertaken by the Committee in this process;
- (ii) to oversee and evaluate the process of preparation and submission of financial and non-financial information relating to the Company and, where appropriate, the Group, reviewing the Company's accounts and management report, the compliance with the regulatory requirements in this regard, the suitable definition of the scope of consolidation and the correct application of accounting principles. And, in particular, to know, understand and oversee the effectiveness of the financial information internal control system (FIICS), drawing conclusions with regard to the system's level of confidence and reliability, and to inform of the proposals for modification of accounting principles and criteria suggested by the management, in order to guarantee the integrity of the accounting and financial information systems, including financial and operational control, and compliance with the applicable legislation in this regard. The Committee may submit recommendations or proposals to the Board of Directors with the aim of safeguarding the integrity of the mandatory financial reporting;
- (iii) to ensure that the Annual Accounts and the management report submitted by the Board of Directors to the General Shareholders' Meeting are drawn up in



accordance with applicable accounting legislation and that, if the auditor has included a qualification in its audit report, the Committee Chairperson clearly explains the Committee's opinion on the content and scope of such qualification at the General Shareholders' Meeting. A summary of this opinion will also be made available to the shareholders at the time of publication of the notice of the meeting, along with the rest of the proposals and reports of the Board;

- (iv) to inform the Board of Directors in advance of the financial reporting and the related non-financial reporting that the Company must periodically publicly disclose to the markets and their supervisory bodies;

*With regard to overseeing internal control and internal auditing:*

- (v) to oversee the effectiveness of the internal control systems, ensuring that internal control policies and systems are effectively applied, and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit, all without jeopardising their independence. For such purposes, where the case may be, they may submit recommendations or proposals to the Board of Directors, together with the corresponding follow-up periods;
- (vi) to oversee the effectiveness of the internal audit function, which must ensure the correct operation of the reporting and internal control systems, verifying their suitability and integrity; to ensure the independence and effectiveness of such function, proposing the selection, appointment and cessation of the person responsible for it; to propose the budget for this service; to propose to the Board the guidelines and annual work plan of the internal audit department, ensuring that its activities are mainly focused on relevant risks (including reputational risks); to receive periodical reporting on its activity and to verify that the senior management is taking into account the conclusions and recommendations in its reports; and to conduct an annual assessment of the functioning of the internal audit unit and the performance of its duties by the person responsible, for which purpose it will gather any opinions the executive management may have, and this assessment must include an evaluation of the degree of compliance with the objectives and criteria established for setting the variable components of its remuneration, the Committee also being involved in determining such components.

The person responsible for the unit in charge of the internal audit function will submit its annual work plan to the Committee, report on its implementation, including any incidents and limitations on the scope of such implementation,, the results and the follow-up of its recommendations, and will further submit a report on its activities to such Committee at the end of each financial year.

The Internal Audit Department will be functionally dependent on the Chairperson of the Audit and Control Committee, without prejudice to the fact that it must report to the Chairperson of the Board of Directors so that the latter may suitably perform its functions;

- (vii) to establish and oversee a mechanism enabling the Company's employees, or those of the Group to which it belongs and other persons related to the Company such as directors, shareholders, suppliers, contractors or subcontractors, to confidentially (and anonymously, if deemed appropriate) notify of any potentially significant

irregularities they may observe within the Company or its Group, including those of a financial and accounting nature and any other irregularity related to the Company, receiving periodical reporting on its functioning and being able to propose the relevant measures for improvement and reduction of the risk of irregularities in future;

*With regard to overseeing risk management and control:*

The Audit and Control Committee will carry out the functions established in this section in coordination with the Risk Committee to the necessary extent.

- (viii) to oversee and evaluate the effectiveness of the financial and non-financial risk management systems related to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational risks or risks related to corruption;
- (ix) to hold a meeting at least once a year with the leading persons responsible for the business units at which the latter will explain the trends of the business and the associated risks;

*With regard to the accounts auditor:*

- (x) to submit to the Board of Directors, for submission to the General Shareholders' Meeting, the proposals for selection, appointment, re-election and replacement of the accounts auditor, being responsible for the selection process, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof and the scope of his/her professional mandate, and for this purpose, it must define the auditor selection procedure and issue a reasoned proposal containing at least two alternatives for the selection of an auditor, except in cases of the auditor's re-election;
- (xi) regularly recompile from the external auditor information on the auditing plan and its execution as well as preserving its independence in the exercise of its duties;
- (xii) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, as the case may be, motivated the resignation of the auditor and to ensure that the Company reports through the Securities Market Commission (CNMV) the change of auditor, accompanied by a statement regarding any possible disagreements with the outgoing auditor and, if there have been any such disagreements, of their content;
- (xiii) to establish appropriate relationships with the external auditor in order to receive information, for examination by the Audit and Control Committee, on matters which may threaten the independence of said auditor and any other matters relating to the audit process, particularly any discrepancies that may arise between the auditor and the Company management, and, where the case may be, the authorisation of any services other than those that are prohibited, under the terms

set forth in the applicable legislation in relation to their independence and any other communications provided for in audit legislation and audit regulations.

In all events, on an annual basis, the Audit and Control Committee must receive from the external auditors a declaration of their independence with regard to the Company or entities related to it directly or indirectly, in addition to detailed, personalised information on additional services of any kind rendered to these entities and the corresponding fees received by the aforementioned auditors or persons or entities related to them as stipulated by the regulations governing auditing activity, ensuring that the external audit firm's remuneration for its work does not jeopardise its quality or independence and ensuring that the Company and the auditor observe the applicable legislation with regard to provision of services other than auditing services, the limitations on the auditor's business concentration and, in general, all other regulations regarding auditor independence.

- (xiv) to issue annually, prior to the issuance of the audit report, a report containing an opinion regarding whether the independence of the auditor has been compromised, which will be posted on the Company's website sufficiently in advance of the Ordinary General Meeting This report must address, in all cases, the reasoned evaluation of the provision of each and all of the additional services referred to in the preceding section, individually and collectively considered, different from the legal audit and related to the degree of independence or to the regulations governing auditing activity;
- (xv) to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely;
- (xvi) to ensure that the external auditor holds an annual meeting with the Board of Directors as a plenary body, to inform it of the work carried out and the evolution of the Company's situation as regards auditing and risks;
- (xvii) to conduct a final assessment with regard to the auditor's work and how it has contributed to the quality of the audit and the integrity of the financial reporting;

Other functions:

- (xviii) to supervise the compliance with regulations with respect to Related Party Transactions and, previously, inform the Board of Directors on such transactions. In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the current legislation, and to report on transactions which imply or may imply conflicts of interest and, in general, on the subject matters contemplated in Chapter IX of this Regulation.

The report on related party transactions issued by the Audit and Control Committee, where the case may be, will be posted on the Company website sufficiently in advance of the date of the Ordinary General Meeting.

- (xix) to supervise compliance with the internal codes of conduct, particularly the Internal Rules of Conduct on Matters Related to the Securities Market and, in general, the

corporate governance rules and policies, ensuring that the corporate culture is aligned with the Company's purpose and values. In particular, the Audit and Control Committee will supervise the application of the general policy regarding the disclosure of economic-financial, non-financial and corporate information;

- (xx) to provide the Board of Directors with advance notice of any transactions regarding structural and corporate modifications that the Company may plan to carry out, their financial terms and their accounting impact and, in particular, where the case may be, of the proposed equation of exchange;
  - (xxi) to, previously, report to the Board of Directors on the creation or acquisition of stakes in special purpose entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of an analogous nature which, due to their complexity, may deteriorate the transparency of the Company or of the group to which it belongs;
  - (xxii) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company;
  - (xxiii) to receive information and, as the case may be, issue a report on the disciplinary measures intended to be imposed upon members of the Company's senior management team;
  - (xxiv) to supervise compliance with any relations protocols which the Company may sign with shareholders or which the Company may sign with companies from its Group, and the carrying out of any other action established in the actual protocols for the best compliance with the aforementioned supervisory duty; and
  - (xxv) any others attributed thereto in the Law, the By-laws, these Regulations and other regulations applicable to the Company.
- c) The provisions contained in sections (iii), (v), (x), (xi), (xii), (xiii) and (xiv) above shall be understood without prejudice to the regulatory audit regulation.
- d) The Audit and Control Committee shall meet, ordinarily on a quarterly basis, in order to review the required financial information to be submitted to the authorities, as well as the information which the Board of Directors must approve and include within its annual public documentation, with the presence of the internal auditor in such cases, and, if it issues any type of review report, the presence of the financial auditor. At least some of these meetings must be held without the presence of the management team, so that the specific matters arising from the reviews performed can be discussed.
- e) The Audit and Control Committee shall appoint a Chairman from among its independent members. The Chairman must be replaced every four (4) years and may be re-elected once a period of one (1) year from his departure has transpired. The Committee Chairman will act as spokesperson at the meetings of the Board of Directors and, where the case may be, those of the Company's General Shareholders' Meeting;
- f) It shall also appoint a Secretary and may appoint a Vice Secretary, both of whom need not be members thereof. In the event that such appointments are not made, the Secretary of the Board shall act as Secretary. The Secretary must help the Committee Chairman to plan

its meetings and to gather and distribute the necessary information sufficiently in advance, taking the minutes of the meetings.

- g) The Audit and Control Committee will establish an annual work plan contemplating the Committee's main activities during the financial year.
- h) The members of the Company's management team or personnel shall be required to attend the meeting of the Audit and Control Committee and to provide it with their collaboration and access to the information available to them when the Committee so requests, and the Committee may decide that they attend without the presence of any other managers. The Committee may also request the attendance at its meetings of the Company's auditors, or that of any other persons, although they may only attend on invitation by the Committee Chairman and only for discussion of the specific agenda items for which they are called to attend.

The Audit and Control Committee must establish an effective, regular communication channel with its main contact persons, for which the Committee Chairman will normally be responsible, and, among others, with the Company management, particularly the financial management; the Internal Audit Department Manager; and the main auditor responsible for the audit of accounts. In particular, the communication between the Audit and Control Committee and the external auditor must be smooth and continuous, in accordance with the regulatory guidelines for audit activity, and must not jeopardise the auditor's independence or the effectiveness with which it carries out the audit or with which the audit procedures are developed.

- i) The Audit and Control Committee must have adequate, relevant and sufficient access to any information or documentation held by the Company and may receive advice from external experts when it deems this necessary for correctly fulfilling its functions.
- j) The Company must provide the Audit and Control Committee with sufficient resources to fulfil its functions.

## 2. The Risks Committee:

- a) The Risks Committee shall comprise exclusively non-executive Directors and who, as a whole, have the appropriate knowledge, skills and experience to fully understand and manage the risk strategy, both financial and non-financial, and risk propensity of the Company, in the number determined by the Board of Directors, with a minimum of three (3) and a maximum of six (6) members, the majority of whom must be independent Directors.
- b) Notwithstanding any other task which may be assigned thereto from time to time by the Board of Directors, the Risks Committee shall exercise the following basic functions:
  - (i) To advise the Board of Directors on the overall susceptibility to risk, current and future, of the Company and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and implementing the monitoring of the appropriateness of the risks assumed and the profile established.

- (ii) To propose to the Board the Group's risk policy, which shall identify or determine, in particular:
  - (a) The different types of risk (operational, technological – including those related to cybersecurity -, financial, legal and reputational, including *inter alia* those related to corruption) which the Company faces, including among the financial or economic risks the contingent liabilities and others off-balance sheet.
  - (b) A risk control and management model based on different levels and involving the Risk Committee.
  - (c) The information and internal control systems that will be used to monitor and manage these risks.
  - (d) The level of risk that the Company considers acceptable.
  - (e) The planned measures to mitigate the impact of the identified risks in the event that they materialise.
- (iii) Ensure that the pricing policy of the assets and liabilities offered to the clients fully consider the business model and risk strategy of the entity. Otherwise, the Risks Committee will submit to the Board of Directors a plan to amend it.
- (iv) Determine with the Board of Directors, the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establish what the Committee should receive.
- (v) Regularly review exposures with its main customers, economic business sectors, geographic areas and types of risk.
- (vi) Examine the information and control processes of the Group's risk as well as the information systems and indicators, which should enable:
  - (a) The adequacy of the structure and the functionality of risk management throughout the Group.
  - (b) To know the risk exposure of the Group in order to assess whether it conforms to the profile determined by the institution.
  - (c) The availability of sufficient information to enable accurate knowledge of the risk exposure for decision-making purposes.
  - (d) The proper functioning of policies and procedures that mitigate the operational risks.
- (vii) Evaluation of the regulatory compliance risk in its scope of action and determination, understood as the risk management of legal or regulatory sanctions, financial loss, material or reputational that the Company could suffer as a result of non-compliance with laws, rules, regulation standards and codes of conduct, detecting any risk of non-compliance and carrying out monitoring and examining possible deficiencies in the principles of professional conduct.

- (viii) Report on new products and services or significant changes to existing ones, in order to determine:
    - (a) The risks facing the Company from their issue and their commercialisation on the market, as well as from significant changes in existing ones.
    - (b) Information and internal control systems for the management and control of these risks.
    - (c) The corrective measures to limit the impact of the identified risks in the event that they materialise;
    - (d) The means and the appropriate channels for their commercialisation in order to minimise any reputational risks and mis-marketing.
  - (ix) Cooperate with the Remuneration Committee in the establishment of rational policies and practices of remunerations. For these purposes, the Risks Committee will examine notwithstanding the functions of the Remuneration Committee, if the incentives policy anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.
  - (x) Assist the Board of Directors, particularly, regarding the (i) establishment of efficient channels of information to the Board about the risk management policies of the Company and all the important risks it faces, (ii) ensure that adequate resources will be assigned for managing risks, and, particularly, intervening in the evaluation of the assets, in the use of external credit classifications and the internal models related to these risks and (iii) the approval and periodical review of the strategies and policies for assuming, managing, supervising and reducing the risks to which the Company is or can be exposed, including those presented by the macro-economic situation in which it operates in relation to the economic cycle.
  - (xi) Any others attributed thereto by the Law, the By-laws, these Regulations and other regulations applicable to the Company.
- c) For the proper performance of its functions, the Company shall ensure that the Risks Committee can access without difficulty the information concerning the risk situation of the Company and, if necessary, specialised outside expertise, including external auditors and regulators.

The Risks Committee may request the attendance at meetings of the people that, within the organisation, have roles related to its functions, and shall have the advice that may be necessary to form criteria on matters within its competence, which shall be processed through the Council Secretariat.

- d) The Risks Committee shall appoint a Chairperson from among its members, who shall be an independent Director and may appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary, or one of the Deputy Secretaries.

### 3. Common Regulations:

Both the Audit and Control Committee and the Risks Committee:

- a) Shall meet, without prejudice of the provisions of section 14.1.d) above, as often as necessary to fulfil their duties and shall be convened by the Chair of the Committee in question, either on his/her own initiative or at the request of the Chair of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.
- b) The Secretary of each of the Committees will be responsible for convening the same and for filing the minutes and documents submitted to the Committee.
- c) They shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by a majority of the members attending in person or by proxy and minutes of the resolutions adopted at each meeting shall be drawn up and such resolutions shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members.
- d) The Committees will inform the Board of its activities and work performed via its Chairperson in the meetings scheduled for this purpose, or immediately afterwards when the Chair deems necessary.
- e) They shall prepare an annual report on their operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof that will serve as a base, among others, and if applicable, for the evaluation that the Board of Directors will make of the Committees functions. Furthermore, if the Committee in question considers it appropriate it will include in that report suggestions for improvement.

In particular, the Audit and Control Committee's report will include, among other content, the significant activities carried out during the period, and it will inform of those carried out in collaboration with external experts, posting them on the Company's website sufficiently in advance of the Ordinary General Meeting.

#### **ARTICLE 15.- THE APPOINTMENTS AND SUSTAINABILITY COMMITTEE AND THE REMUNERATION COMMITTEE**

1. The Appointments and Sustainability Committee and the Remuneration Committee will each be made up of the number of non-executive Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5) members, the majority of whom must be independent Directors. The Chairman of the Appointments and Sustainability Committee and the Chairman of the Remuneration Committee will be respectively appointed from among the independent Directors forming part of such Committees.

2. The Appointments and Sustainability Committee:

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments and Sustainability Committee shall have the following basic responsibilities:

- (i) Evaluate and propose to the Board of Directors the evaluation of skills, knowledge and experience necessary for the members of the Board of Directors and for the key personnel of the Company.



- (ii) Submit to the Board of Directors the proposals for the nomination of the independent Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for the reappointment or removal of such Directors by the General Shareholders Meeting.
- (iii) Report on the proposed appointment of the remaining Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for their reappointment or removal by the General Shareholders Meeting.
- (iv) Report the appointment and, if necessary, removal of the Coordinating Director, and of the Secretary and the Vice-Secretaries of the Board for submission for approval of the Board.
- (v) Evaluate the profile of the most suitable persons to sit on all Board Committees, based on their knowledge, aptitudes and experience, and forward to the Board the corresponding proposals for the appointment of the members of the Committees.
- (vi) Report on proposals for appointment or removal of senior executives, being able to effect such proposals directly in the case of senior managers which due to their roles of either control or support of the Board or its Committees, it is considered by the Committee that it should take the initiative. Propose, if deemed appropriate, basic conditions in senior executives' contracts, outside the remuneration aspects and reporting on them when they have been established.
- (vii) Examine and organize, where appropriate, under the coordination of the Coordinating Director, and in collaboration with the Chairman of the Board of Directors, the succession of the Chairman, as well as examine and organize, in collaboration with the Chairman of the Board, the chief executive officer of the Company and, if appropriate, make proposals to the Board of Directors so that this succession takes place in an orderly and planned manner.
- (viii) Report to the Board on gender diversity issues, and establish a representation target for the less represented sex on the Board of Directors as well as preparing guidelines for how this should be achieved, in any case endeavouring to ensure compliance with the diversity policy applied to the Board of Directors, which will be informed of in the Annual Corporate Governance Report.
- (ix) Evaluate periodically, and at least once a year, the structure, size, composition and actions of the Board and its Committees, its Chairperson, CEO and Secretary, making recommendations regarding possible changes to these, led by the Coordinating Director, when applicable, with regard to the evaluation of the Chairman. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions.
- (x) Evaluate, with the frequency required by the regulations, the suitability of the diverse members of the Board of Directors and of the Board as a collective, and consequently inform the Board of Directors.

- (xi) Periodically review the Board of Directors selection and appointment policy in relation to senior executives and make recommendations.
- (xii) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.
- (xiii) Supervise and control the smooth operation of the corporate governance system of the Company, carrying out an evaluation and periodic review thereof in order to ensure that such system actually promotes the corporate interest and takes into account, as appropriate, the legitimate interests of other shareholders, and submit, if applicable, the proposals it deems necessary to improve such system.
- (xiv) Monitor the independence of the independent Directors.
- (xv) Propose to the Board the Annual Corporate Governance Report.
- (xvi) Supervise compliance with the policies and rules of the Company regarding environmental and social matters, evaluating and reviewing such policies and rules periodically so that they may fulfill their mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders, and to submit to the Board those proposals it deems appropriate in this matter, and submit the sustainability/corporate responsibility policy for its approval. The Committee will also supervise that the Company's environmental and social practices are in line with the strategy and policies established by the Board.
- (xvii) Notify, prior to their submission to the Board of Directors, the reports that the Company makes public in the area of sustainability, including the review of the non-financial information contained in its annual management report; the socio-economic impact report and the socially responsible banking master plan, ensuring the integrity of its content and compliance with applicable legislation and international benchmarks.
- (xviii) Receive and assess the regular reports on sustainability issues submitted by the different areas, keeping up to date with the main news and advances in this field.
- (xix) Supervise the application of the policy regarding communication with shareholders and investors, proxy advisors and other stakeholders, monitoring the way in which the Company communicates and relates with small and medium-sized shareholders, and supervising and evaluating the processes of relationship with the different stakeholders.
- (xx) Evaluate the balance of knowledge, skills, diversity and experience of the Board of Directors and prepare a description of the duties and aptitudes which may be necessary for any specific appointment, evaluating the expected dedication of time for fulfilling the position.
- (xxi) Ensure that no potential conflicts of interest impair the independence of any external advice provided to the Committee in relation to the exercise of its functions.

The Appointments and Sustainability Committee can use the resources it considers appropriate to develop its duties, including external assessment and can have adequate funds for these purposes.

3. The Remuneration Committee:

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration Committee shall have the following basic responsibilities:

- (i) Draft the resolutions related to remunerations, including those impacting on the risk and the management of such risk by the Company, to be passed by the Board of Directors and, in particular, report and propose to the Board of Directors the remuneration policy for the Directors and Senior Management, the system and amount of annual remuneration for Directors and Senior Managers, as well as the individual remuneration of the Executive Directors and Senior Managers, and the other conditions of their contracts, particularly financial, and without prejudice to the competences of the Appointments and Sustainability Committee in relation to any conditions that it has proposed and unconnected with the retributive aspect.
- (ii) Ensure compliance with the remuneration policy for Directors and Senior Managers as well as report the basic conditions established in the contracts of these and compliance of the contracts.
- (iii) Report and prepare the general remuneration policy of the Company and in particular the policies relating to the categories of staff whose professional activities have a significant impact on the risk profile of the Company and those that are intended to prevent or manage conflicts of interest with the Company's customers.
- (iv) Analyse, formulate and periodically review the remuneration programs, weighing their adequacy and performance and ensuring compliance.
- (v) Propose to the Board the approval of the remuneration reports or policies that it has to submit to the General Shareholders Meeting as well as informing the Board concerning the proposals relating to remuneration that, where applicable, it will propose to the General Meeting.
- (vi) Ensure that no conflict of interest affect the independence of any external advice provided to the Committee in relation to the exercise of its functions.
- (vii) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.

4. Common regulations:

Both the Appointments and Sustainability Committee and the Remuneration Committee;

- (i) May regulate their own operation, they shall elect their Chairperson among the independent Directors forming part of each of them and they may also appoint a Secretary and in the absence of a specific appointment by the Committee, the Secretary of the Board shall act as the same or, failing that, any of the Deputy Secretaries.

- (ii) Shall meet each time when considered appropriate for the good performance of their duties and the meetings will be called by their Chairperson, either by his/her own initiative, or when required by two (2) members of the Committee itself, and must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal.

The meeting notice shall be given by letter, telegram, fax, e-mail or any other means which allows keeping a record of its receipt.

- (iii) The Secretary of each of the Committees will be responsible for calling the meetings and of the filing of the minutes and documentation presented to the Committee.
- (iv) Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members.
- (v) The Committees shall be validly constituted with the attendance in person or represented by proxy of the majority of its members and resolutions shall be adopted by a majority of members who attend in person or by proxy.
- (vi) They will prepare an annual report on about their operation highlighting the main incidents occurred, if any, related to their duties, that will be the base, among others, and if applicable, for the evaluation made by the Board of Directors. In addition, when the relevant Committee deems it appropriate, it will include in that report suggestions for improvement.

#### **ARTICLE 15 BIS - INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE**

1. The Innovation, Technology and Digital Transformation Committee will consist of a minimum of three (3) and a maximum of six (6) members, with the number to be established by the Board of Directors, who will be appointed by the Board following a proposal submitted by the Appointments and Sustainability Committee, particularly taking into account their knowledge and experience in the Committee's area of competence, such as technology and innovation, information systems and cybersecurity. The Chairman of the Board of Directors and the Chief Executive Officer will sit on the Committee.
2. Notwithstanding other duties that may be assigned to it by the Board of Directors, the Innovation, Technology and Digital Transformation Committee shall have the following basic responsibilities:
  - (i) Advise the Board of Directors in the implementation of the strategic plan in processes related to digital transformation and technological innovation (the digital strategy), in particular, reporting the plans and projects designed by the Company in this area and the new business models, products, customer relations, etc. that are developed.

- (ii) Promote a framework for reflection that enables the Board of Directors to identify new business opportunities deriving from technological developments, as well as any potential threats.
  - (iii) Support the Board of Directors in the identification, monitoring and analysis of new entrants and new business models, in addition to the advances, main trends and initiatives in the field of technological innovation, studying the factors that help make certain innovations successful and their transformation capacity.
  - (iv) Support the Board of Directors in its analysis of the impact of technological innovation on the market structure, the provision of financial services and customer behaviour. Among other aspects, the Committee will assess the disruptive potential of new technologies, the possible regulatory implications of their development, the impact in terms of cybersecurity and issues related to privacy protection and data use.
  - (v) Encourage reflection and debate on the ethical and social implications that may arise from the application of new technologies in the banking and insurance business.
  - (vi) Support, in the exercise of their advisory duties, the Risks Committee and the Board of Directors, when they consider it appropriate, in the performance of the functions that these bodies are assigned in relation to the supervision of technological risks and aspects related to cybersecurity.
3. The chair of the Innovation, Technology and Digital Transformation Committee will be held by the Chairman of the Board of Directors, and the Secretary of the Innovation, Technology and Digital Transformation Committee will be the Secretary of the Board of Directors.
  4. The committee will meet as often as needed to ensure the full and timely performance of its duties and meetings will be called by its Chairman, either on their own initiative or when requested by two (2) members of the committee. The Chairman must call a meeting whenever the Board requests that a report be issued or a resolution carried. The meeting call will be made by letter, telegram, fax, e-mail, or any other means which provides acknowledgement of receipt.
  5. The Secretary will be responsible for calling the meeting and for filing the minutes and documents submitted to the committee;
  6. Committee meetings shall be quorate when the majority of the members attend in person or by proxy. Resolutions are carried by a majority of votes of the members present at the meeting in person or by proxy.
  7. Minutes of the resolutions adopted at each meeting shall be drawn up, which shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members. Further, the Chairman of the Innovation, Technology and Digital

Transformation shall report to the Board of Directors on its activities and on the work performed at meetings specifically arranged for this purpose, or at the next meeting when the Chairman deems this to be necessary.

8. Members of senior management, as well as other CaixaBank personnel who have duties related to their areas of interest, may attend the committee meetings at the invitation of the Chairman. They must also provide support and access to the information available to them when requested by the committee.

The Innovation, Technology and Digital Transformation Committee may seek the advice of external experts when it deems this to be necessary to properly carry out its duties.

9. The Company shall provide the committee with sufficient resources for it to fulfil its duties.
10. The Innovation, Technology and Digital Transformation Committee may regulate its own operation in matters not provided for in these Regulations, and will prepare an annual report on its operations highlighting the main incidents that have arisen, if any, in relation to its duties, which will serve as the basis, if applicable, for the Board of Directors' evaluation. Furthermore, if the committee considers it appropriate, it may include suggestions for improvement in the report.

## **CHAPTER V**

### **FUNCTIONING OF THE BOARD OF DIRECTORS**

#### **ARTICLE 16.- MEETINGS OF THE BOARD OF DIRECTORS**

1. The Board of Directors shall meet whenever it considers it necessary for the smooth running of the Company, and at least eight (8) times a year, celebrating a meeting at least once every quarter. The Board of Directors must also meet when requested by at least two (2) of its members or one of the independent Directors, in writing addressed to the Chairman indicating the agenda, in which case, the meeting of the Board of Directors will be called by the Chairman, through any written means addressed personally to each Director, to be held within fifteen (15) days following the request at the registered office. Should one month elapse after the date of receipt of the request without the Chairman having called the Board of Directors meeting, without a justified reason, and provided that the request is supported by at least one third of the members of the Board of Directors, a meeting of the Board may be called by the Directors who requested the call as long as they constitute at least one third of the members of the Board. In all events, the Board of Directors shall meet within a maximum period of three (3) months from the end of the financial year, in order to draw up the Annual Accounts, the Management Report and the proposed distribution of profit.
2. Meetings will be notified to each Director by letter, fax, telegram or e-mail, or by any other means that allows acknowledgment of receipt, and will be authorised with the signature of the Chairman or that of the Secretary or Vice-Secretary by order of the Chairman. Notice will be sent at least forty-eight (48) hours in advance, unless an emergency situation exists and is accepted by the Board when it meets.

3. Except when the Board of Directors has been held or has been exceptionally convened due to urgency, the Directors should previously receive with sufficient advance all the necessary information for the deliberation and adoption of resolutions on the matters in question, the Chairman assisted by the secretary being responsible for the fulfilment of this disposition.
4. Meetings of the Board of Directors and its Committees will normally take place at the Company's registered office, but may also be held at another location determined by the Chairman of the Board or of the relevant Committee, who may authorize meetings to be held with simultaneous attendance at various locations connected by audiovisual or telephonic means, provided the recognition of those attending and real-time interactivity and intercommunication, and thus unity of action, can be guaranteed. Board members who are not physically present at the meeting place and who use remote means of communication such that the meeting can be transmitted simultaneously and reciprocally with all other members using such means of communication will, for all purposes, be considered to have attended and may issue their vote remotely, through the means of communication being used. In the case that any of the Directors are at the corporate address, the meeting will be understood to be held there. Otherwise, the meeting will be understood as being held where the Director chairing the meeting is located.
5. The meeting of the Board will be considered to be validly held without any need for a call if all of its members, present or represented by proxy, unanimously agree to the meeting and to the items of the agenda to be discussed.
6. The Board may also adopt resolutions in writing, with no meeting, in accordance with current regulations and the Company's by-laws, and votes may be cast in writing or by e-mail, or by any other means that allows acknowledgment of receipt, provided that the identity of the Director casting the vote has been verified.
7. At least once a year, and based on the proposal of the Appointments and Sustainability Committee, the Board, as a plenary body, shall evaluate:
  - (i) the quality and efficiency of the functioning of the Board;
  - (ii) the carrying out of their duties on the part of the Chairman of the Board, where appropriate, led by the Coordinating Director and the chief executive of the Company; and
  - (iii) the functioning and composition of the Committees; and
  - (iv) the performance and contribution of each Director,

and shall propose, on the basis of the outcome, an action plan to correct the deficiencies identified. The result of the evaluations will be included in the minutes of the meeting or will be incorporated to these as an appendix.

#### **ARTICLE 17.- PROCEDURES FOR MEETINGS**

1. A meeting of the Board of Directors will be validly assembled when at least the majority of its members attend or are represented by proxy, except in the case of the absence of a meeting notice, in which case the attendance of all of its members in person or by proxy will be required.

2. Board members should attend Board meetings in person. Nevertheless, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. The non-executive Directors can only grant their proxy to another non-executive Director, although the independent Directors, are only entitled to grant their proxy in favour of other independent Director. The proxy may be granted by any postal, electronic means or by fax, provided that the identity of the Director is assured.
3. The Chairman will organize debates by seeking and promoting the participation of all Directors in the Board's deliberations, and will lead the voting.
4. Except in cases in which the Law or the by-laws specifically set forth another voting quorum, resolutions will be adopted by an absolute majority of the Directors attending the meeting in person or represented by proxy. In the event of a tie, the Chairman will have the casting vote.

Particularly, the permanent delegation of all or any of the duties of the Board of Directors on the Executive Committee, on the Executive Director, the appointment of the Directors that have to hold such positions, the appointment of the Chairman when this falls on an executive Director and the approval of the contracts between the Directors with executive functions and the Company, will require to be valid the favourable vote of two thirds (2/3) of the Board members.

5. Minutes of the meetings of the Board of Directors will be drawn up by the Secretary and will be signed, at a minimum, by the Chairman or, if applicable, the Vice-Chairman and the Secretary or Vice-Secretary. The minutes which will be transcribed or entered, pursuant to applicable requirements, into a special book of minutes of the Board of Directors.

The minutes will be approved by the Board of Directors at the end of the meeting or immediately afterwards, unless the immediate nature of the meetings does not permit this, in which case they will be approved at a subsequent meeting. The minutes may also be approved by the Chairman, the Secretary and two (2) Directors attending the Board meeting to which the minutes refer, who are designated by the Board itself at each meeting.

In order to facilitate the implementation of resolutions and, as the case may be, their recording in a public deed, the minutes may be partially approved, and each of the approved sections may contain one or more resolutions.

## **CHAPTER VI**

### **APPOINTMENT AND REPLACEMENT OF DIRECTORS**

#### **ARTICLE 18.- APPOINTMENT OF DIRECTORS**

1. Directors will be appointed by the General Shareholders' Meeting of the Board of Directors in accordance with the provisions of the Law and in the Company's By-laws.



2. Proposed appointments of Directors submitted by the Board of Directors for the General Shareholders' Meeting and resolutions regarding appointments which said body adopts by virtue of the powers of co-option legally attributed to it must be preceded by the pertinent proposal of the Appointments and Sustainability Committee, in the case of independent directors, and by a report, in the case of the remaining Directors.
3. The members of the Board of Directors must fulfil the required standards for the exercise of their duties. In particular, they should have recognised business and professional integrity, have the appropriate knowledge, skills and experience to perform their duties and be able to exercise good governance of the entity within the terms provided by the current legislation.
4. The proposals for appointment or re-election of Directors should be accompanied in any event by a supporting report from the Board of Directors evaluating the skills, knowledge and merits of the proposed candidate that will be attached to the minutes of General Meeting or that of the Board itself.

#### **ARTICLE 19.- CLASSIFICATION OF DIRECTORS**

1. The directors will be classified as executives or non-executives, distinguishing among these between stakeholder, independent or other external directors.
2. Executive directors are considered those that develop management functions in the Company or its group, whatever the legal link with the same. Nevertheless, the Directors that are Senior Executives or directors of companies belonging to the group of the dominant entity of the Company will be considered as stakeholder Directors.

When a director develops management functions and, at the same time is or represents a significant shareholder or that is represented in the Board of Directors, it is considered as executive.

3. Stakeholder directors are considered to be those that hold a stake in the share capital of the Company equal to or higher than what is legally considered as significant or that has been appointed due to its condition as shareholder, even if its shareholding does not reach the mentioned amount, as well as those who represent the previously mentioned shareholders.
4. Independent Directors will be considered to be those who are appointed in consideration of their personal and professional qualities and who may fulfil their duties without being constrained by their ties to the Company or its group, to its significant shareholders and to its Senior Officers.

In particular, the following persons may not be considered, under any circumstance as independent Directors in any of the following situations:

- (a) persons who have been employees or executive directors of group companies, unless three (3) or five (5) years, respectively, have elapsed since the termination of that relationship.
- (b) persons who receive from the Company, or from the same group, any amount or benefit other than remuneration as Directors, unless the amount in question is insignificant for the Director.

For the purposes of this section, dividends or pension complements received by a Director by virtue of his prior professional or work relationship will not be taken into account, provided that such complements are unconditional and, consequently, the company that pays them does not have the discretion, except in the case of non-fulfilment of obligations, to suspend, modify or revoke the payment thereof;

- (c) persons who are, or who have been in the last three (3) years, partners of the external auditor or who have been responsible for the audit report, whether regarding the audit of the Company during said period or of any other company in its group;
- (d) persons who are executive Directors or senior managers of a different company in which an executive Director or senior Director of the Company is an external Director;
- (e) persons who maintain, or who have maintained in the last year, a significant business relationship with the Company or with any company in its group, either in their own name or as significant shareholders, Directors or Senior Managers of an entity that maintains or has maintained said relationship.

Relationships of suppliers of goods or providers of services, including financial services, advisory services or consultant services shall be considered to business relationships.

- (f) persons who are significant shareholders, executive Directors or senior managers of an entity that receives, or has received in the last three (3) years, significant donations from the Company or its group.

Persons who are mere patrons of a foundation receiving donations will not be considered included in this item;

- (g) The spouses of, the persons linked by an analogous affective relationship to, or the relatives removed by up to two steps from an executive Director or Senior Director of the Company;
- (h) Persons who have not been proposed, either for appointment or renewal, by the Appointments and Sustainability Committee;
- (i) persons who have been Directors for a continued period of more than twelve (12) years;
- (j) persons who, with regard to any significant shareholder or person represented by proxy on the Board, are covered by the cases referred to in items (a), (e), (f) or (g) above. In the case of the degree of kinship referred to in (g), the limitation will apply not only to the shareholder but also to the stakeholder Directors in the investee company.

Persons who cease to be stakeholder Directors because the shareholder whom they represented sold his stake may be re-elected as independent Directors only if the shareholder whom they represented until that time sold all of this shares in the Company.

A Director who holds a shareholding in the Company may be an independent Director, if he meets all of the conditions set forth above and, in addition, his shareholding is not significant.

5. Other external directors will be considered as non-executive directors that are not considered as stakeholder or independent directors.
6. The Board of Directors will detail the class of each director before the General Meeting that may appoint or ratify the appointment or agree its re-election and such classification will be maintained or, if applicable, modified it in the Annual Corporate Governance Report, with the previous report from the Appointments and Sustainability Committee.

#### **ARTICLE 20.- TERM IN OFFICE**

1. Directors shall remain in their posts for the term of office stipulated in the By-laws while the General Meeting does not agree their removal or they resign from the position, and may be re-elected one or more times for periods of equal length. Nevertheless, independent Directors will not stay on as such for a continuous period of more than twelve (12) years.
2. Directors designated by co-option shall hold their post until the date of the next General Shareholders' Meeting or until the legal deadline for holding the General Shareholders' Meeting that is to decide whether to approve the accounts for the previous financial year has passed, but if the vacancy was produced after having called the General Meeting and before it being held, the appointment of the director by co-option by the Board to cover such vacancy will be effective until the celebration of the next General Meeting.

#### **ARTICLE 21.- REMOVAL OF DIRECTORS**

1. Directors shall be removed from office when the period for which they were appointed has elapsed, when so decided by the General Shareholders' Meeting in use of the attributes granted thereto, legally or in the by-laws, and when they resign.
2. Directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems appropriate, the pertinent resignation, in the following cases:
  - (a) when they depart the executive positions, posts or functions with which their appointment as Director was associated;
  - (b) when they are subject to any of the cases of incompatibility or prohibition provided by law or no longer meet the suitability requirements according to the applicable regulations.
  - (c) when they are indicted for an allegedly criminal act or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities;
  - (d) when their remaining on the Board, they may place at risk the Company's interest, or when the reasons for which they were appointed cease to exist. In particular, in the case of stakeholder Directors, when the shareholder they represent transfers its stake holding in its entirety. They must also do so when the said shareholder

lowers its stake holding to a level which requires the reduction of the number of stakeholder Directors;

- (e) when significant changes in their professional status or in the conditions under which they were appointed Director take place; and
  - (f) when due to facts attributable to the Director, his remaining on the Board could cause serious damage to the corporate net worth or reputation in the judgement of the Board.
3. In the case of an individual representing a director who is a legal entity incurs in any of the situations foreseen in the previous section, the individual representative should offer its post to the legal entity appointing him. If this latter decides to maintain the representative to develop its position of director, the director who is a legal entity should offer its post of director to the Board of Directors,
  4. When a Director leaves office prior to the end of his term, he must sufficiently explain the reasons for his resignation or, in the case of non-executive directors, his view on the reasons for the dismissal by the General Shareholders' Meeting, in a letter which he shall send to all members of the Board of Directors.

## **CHAPTER VII**

### **INFORMATION FROM DIRECTORS**

#### **ARTICLE 22.- INFORMATION AND INSPECTION POWERS**

1. In the development of their duties, the directors have the duty of demanding and the right to recompile from the Company the necessary information for fulfilling their obligations. For such purpose, the Director should request information on any aspect of the Company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible.
2. Requests for information must be directed to the Chairman of the Board of Directors, if he holds executive status, and, otherwise, to the Chief Executive Officer, who will forward the request to the appropriate party in the Company.
3. If the Chairman deems that the information is confidential, he will notify the Director who requests and receives the information of this as well as of the Director's duty of confidentiality under these Regulations.

#### **ARTICLE 23.- ASSISTANCE FROM EXPERTS**

1. To receive assistance in fulfilling their duties, the non-executive Directors may request that legal, accounting or financial advisers or other experts be contracted, to the account of the Company. The tasks to be carried out must, without exception, be related to specific issues of a certain significance and complexity that arise when the Directors exercise their duties.

2. The decision to contract must be notified to the Chairman of the Company, if he holds executive status, and, otherwise, to the Chief Executive Officer, and may be vetoed by the Board of Directors, provided that it demonstrates that:
  - (a) it is not necessary for the proper performance of the duties entrusted to the non-executive directors;
  - (b) the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;
  - (c) the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or
  - (d) it may entail a risk to the confidentiality of the information that must be handled.

## **CHAPTER VIII**

### **REMUNERATION OF DIRECTORS**

#### **ARTICLE 24.- REMUNERATION OF DIRECTORS**

1. The Board of Directors will determine the remuneration corresponding to each Director, in their condition as such, and, when applicable, for the development of executive functions, in accordance with the provisions of the by-laws and the remuneration policy approved by the General Meeting and in accordance, if applicable, with the indications of the Remuneration Committee. With the exception of the remuneration expressly approved by the General Shareholders Meeting.
2. The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions. In all cases, the remuneration of the directors should keep a reasonable proportion with the importance of the Company, the economic situation at any given time, and market standards of comparable companies. The established remuneration system should be aimed at promoting long-term profitability and sustainability of the Company and incorporate the necessary caution to avoid the excessive assumption of risks and the reward of favourable results.
3. In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of Directors, in their condition as such, including any remuneration they receive as members of the Committees, conforms to the following guidelines:
  - (a) Directors must be remunerated according to their effective dedication and of the functions and responsibilities attributed to them; and
  - (b) the remuneration amount of Directors, in their condition as such, must be calculated such that it offers incentives for dedication without undermining their independence.
4. The Board of Directors will determine the remuneration of the Directors developing executive functions as well as the terms and conditions of their contracts according to the current regulation and remunerations policy.

5. The Company General Meeting will approve, at least every three (3) years and as a separate point of the agenda, the remuneration policy of the directors, that will adapt, as appropriate, to the remuneration policy included in the By-laws, in the legally foreseen terms. The proposal of the mentioned remuneration policy should be accompanied by a report from the Remuneration Committee.

Additionally, the remuneration policy will be annually subject to an internal, central and independent evaluation in order to verify if it complies with the guidelines and remuneration procedures approved by the Board of Directors.

The Board of Directors of the Company will periodically adopt and review the general principles of the remunerations policy and will be responsible for supervising its application.

6. The Board of Directors must prepare and annually publish a report on the remunerations of the Directors including what they perceive or should perceive in their condition as such, and if applicable, for the development of executive functions, under the terms provided for in law. This report will be made available to the shareholders when the General Shareholders' Meeting is called and will be brought to an advisory vote of the Meeting, as a separate item on the agenda, in addition to the proposal for the remuneration policy proposed, when appropriate, to the General Shareholders Meeting for approval.

If the annual report on the Directors' remunerations is rejected during the advisory vote in the Ordinary General Meeting, the applicable remuneration policy for the following year should be submitted for the approval of the General Shareholders Meeting prior to its application, even when the mentioned period of there (3) years has not passed.

## **CHAPTER IX**

### **DIRECTORS' DUTIES**

#### **ARTICLE 25.- GENERAL DUTIES OF DIRECTORS**

In performing their duties, Directors will act with the diligence of respected businesspersons and the loyalty of a faithful representative. Their actions should be in good faith and will be guided solely by the interest of the Company, as they strive to better defend and protect the interests of the shareholders overall, from whom their mandate derives and to whom they are accountable.

#### **ARTICLE 26.- DUTY OF DILIGENCE**

Directors should develop their position and fulfil the duties imposed by Law and the By-law with the diligence of orderly businesspersons, taking into account the nature of their position and the duties attributed to each of them. In particular, Directors are required to:

- (a) have adequate dedication and adopt the necessary measures for the good management and control of the Company;

- (b) demand and recompile adequate and necessary information for fulfilling their obligations and, specifically, prepare suitably for the Board meetings and, if applicable, of the delegate bodies and internal Committees to which they belong;
- (c) attend the meetings of the Board of Directors and take an active part in the deliberations in order for their opinions to effectively contribute to decision-making. If, for a justified reason, a Director is unable to attend meetings to which he has been called, he must instruct the Director who will represent him, as established in these Regulations;
- (d) contribute their strategic vision, as well as innovative measures, opinions and concepts for the optimal functioning and evolution of the Company's business;
- (e) carry out any specific task entrusted to them by the Board of Directors or any of its delegated and/or advisory bodies that is reasonably within the purview of their dedication pledge;
- (f) investigate any irregularity in the management of the Company of which they have learned and to watch over any situation of risk;
- (g) urge persons with meeting-calling capacity to call an extraordinary meeting of the Board or to include the points they deem appropriate in the agenda of the first meeting to be held; and
- (h) oppose resolutions that are contrary to the Law, to the By-laws, to the General Meeting Regulations, to these Regulations or to the Company's interest, and to request that their position be entered into the minutes when they deem that such action is more appropriate to safeguard the Company's interest.

#### **ARTICLE 27.- DUTY OF LOYALTY**

Directors should develop the position with the loyalty of a faithful representative, in good faith and in the best interests of the Company. Particularly the Director, in compliance with the duty of loyalty should:

- (a) refrain from attending and intervening in the deliberations and voting affecting matters in which the Director or Persons Related to the Director directly or indirectly have conflicting interests, in which case the votes of the Directors affected by the conflict and that have to abstain, will be deducted for the calculation of the majority of votes that are necessary;
- (b) safeguard secrets about the information, data, reports, or background to which it may have access in the development of their position, even when they have been separated from the same, except for the cases where the Law allows or requires it, in the terms established under article 28 of these Regulations;
- (c) not exercise their powers for other aims than those for which they have been granted: and
- (d) develop their duties under the principle of personal responsibility with freedom of judgement or judgment and independence regarding the instructions and links with third parties; and

- (e) adopt the necessary measures to avoid incurring in situations in which their interests, either for their own account or for third parties, can enter into conflict with the Company's interest and with their duties for the Company.

#### **ARTICLE 28.- DIRECTOR'S DUTY OF CONFIDENTIALITY**

1. Directors will keep secret all deliberations of the Board of Directors and the delegate bodies to which the Directors belong and, in general, will abstain from disclosing the information to which they have been privy in performing their duties.
2. The duty of confidentiality will remain even when a Director has left his position, and he must keep secret all confidential information and all information, data, reports or antecedents of which he becomes aware as a result of performing his duties. He may not communicate said information to third parties or disseminate it when so doing might be detrimental to the Company's interest. Excepted from the duties referred to in this article are cases in which the law permits the communication or dissemination of information to third parties, as are, if applicable, cases in which Directors are summoned by or must refer to the respective oversight authorities, in which case the relinquishment of information must conform to the laws.

#### **ARTICLE 29.- DUTY NOT TO COMPETE**

1. Directors should refrain from developing, for their own account or the account of others, activities the exercise of which entails effective competition with the Company, either current or potential, or which any other way, position them in permanent conflict with the Company interests, unless they have the express and separate consent of the Company through a resolution adopted at a General Shareholders' Meeting, for which purpose the Director must issue the communication set forth in item 3 of the following article. The obligation of not competing with the Company can only be subject to release in the case that no harm for the Company may be expected or that the harm which could be expected is compensated by the benefits that foreseeably are expected from the release. Excepted from the above are offices which may be held in subsidiaries or investee entities of the Company. The above prohibition is not applicable to those persons who hold executive or management offices at the parent company or at other entities of the Group.
2. The obligation to abide by the conditions and guarantees provided by the dispensation resolution and, in any case, the obligation to abstain from participating in the deliberations and voting in which he has a conflict of interest shall be applicable to the Director who has obtained the dispensation from the General Shareholders' Meeting, all of which in accordance with the provisions of current legislation.
3. A Director who terminates his mandate or for any other reason departs from his office may not provide services or be a director at another entity that is in a situation of effective competition with the Company for the term set forth, which in no event will be more than two (2) years.



#### **ARTICLE 30.- DUTY TO AVOID CONFLICTS OF INTEREST**

1. Directors shall avoid situations which may imply a conflict of interest between the Company and themselves or persons related thereto, taking for these purposes any measures that may be necessary. In any case, Directors must abstain from:
  - (a) directly or indirectly carry out transactions with the Company unless they are ordinary operations made in standard conditions for all clients and with little relevance;
  - (b) use the Company's name or invoke their status as Director in order to unduly influence the carrying out private transactions;
  - (c) use the Company's assets or avail themselves of their position at the Company to obtain an economic advantage or for any private aims;
  - (d) use for their own benefit a business opportunity of the Company, understanding as business opportunity any possibility to carry out an investment or commercial transaction that has arisen and has been discovered in connection with the Director's performance of his duties, or by using means and information of the Company, or under any such circumstances that it is reasonable to believe that a third party offer was in fact intended for the Company;
  - (e) obtain advantages or remunerations from third parties different from the Company and its Group, related to the development of its position, except when these are mere courtesy attentions; and from
  - (f) developing activities on its own account or for third parties that in any case position them in permanent conflict of interests with the Company,
2. The above provisions will also apply in the case that the beneficiary of the prohibited acts or activities are persons related to Directors in accordance to the definition of this concept in the Law (henceforth, **Related Persons**).
3. In all cases, Directors should inform to the Board of Directors on the situations of direct or indirect conflict that they or the Persons Related to them may have with the interests of the Company.
4. The Company can only release from the prohibitions contained in this article in singular cases according to the procedure and restrictions established by current legislation.
5. The situations of conflict of interests in which the Directors are involved will be reported in the annual report.

#### **ARTICLE 31.- USE OF NON-PUBLIC INFORMATION**

1. Directors are subject, with regard to the use of any non-public information of the Company, to the duties of diligence, loyalty, confidentiality, and secrecy inherent to their position, and must abstain from using said information to their own benefit or to the benefit of third parties, in violation of the duties referred to above.

2. The provisions of this article are without prejudice to the obligations that correspond to the Directors regarding insider information and other relevant information about the Company, in accordance with the terms set forth in laws governing the securities market.

#### **ARTICLE 32.- DIRECTORS' INFORMATION DUTY**

1. Directors must inform the Company of the shares of the Company which they own directly or indirectly through Related Persons, in accordance, in all respects, with the Internal Rules of Conduct on Matters Relating to the Securities Market.
2. Directors must also inform the Company of the positions they hold and the activities they carry out in other companies and, in general, of facts, circumstances or situations that may prove significant for their performance as Company directors.
3. Directors must inform the Company of any situation of which they are aware whose importance of which seriously damage the Company's reputation.
4. Directors must abide by the limitations on belonging to Boards of Directors set forth in the current regulations of organization, supervision and solvency of credit entities.
5. Directors must inform the Company of any circumstances, whether or not they are related to their performance in the Company, that affect the relevant Director and that may damage the credit or reputation of the Company, especially of criminal investigations brought against them and the progress of any subsequent trial. The Board, having been so informed or having otherwise become aware of such circumstances, will examine the Director's situation as soon as possible and, taking into account the specific circumstances, will decide, following a report from the Appointments and Sustainability Committee, whether or not to adopt any measures, such as opening an internal investigation, requesting the resignation of the Director (a decision that shall be complied with by the relevant Director), or proposing that the relevant Director be removed from office.

#### **ARTICLE 33.- DISPENSATION FROM COMPLIANCE WITH DUTIES BY DIRECTORS**

In cases in which authorization of the Board of Directors is not expressly prohibited, the Company can release the Director from complying with certain obligations. When the release is not the competence of the Meeting, the Board of Directors may approve the release, previously and exceptionally and subject to a report by the Audit and Control Committee reflecting that no damage is caused to the Company and no legal or by-law regulations applicable in each case are breached.

### **CHAPTER X**

#### **RELATIONS OF THE BOARD**

#### **ARTICLE 34.- RELATIONS WITH SHAREHOLDERS**

1. The Board of Directors will provide suitable channels to familiarize itself with any proposals formulated by shareholders with regard to the management of the Company.

2. Through some of its Directors and with the collaboration of the members of senior management that the Board deems appropriate, the Board may organize informational meetings on the running of the Company, for shareholders residing in the most important financial markets, either in Spain or other countries.
3. Public requests for vote delegation made by the Board of Directors or by any of its members must express how the representative would vote in the event that the shareholder does not give instructions. A vote that has been delegated in response to such a public request may not be exercised relative to agenda items regarding which there is a conflict of interest, unless the person granting the proxy has given precise voting instructions for each of those items, all in accordance with the Law.
4. The Board of Directors will promote shareholders' informed participation in General Shareholders' Meetings and will adopt all timely measures required to allow the General Shareholders' Meeting to effectively exercise the duties that correspond to it in accordance with the law and the Company's by-laws.

In particular, the Board of Directors will adopt the following measures in accordance with the Law:

- (a) it will strive to make available to the shareholders, prior to the Meeting and in sufficient advance, all information that can legally be demanded, and all information that, even though not legally demandable, may be of interest and can be reasonably provided;
- (b) it will respond, with utmost diligence, to requests for information formulated by shareholders prior to the Meeting;
- (c) if meeting the requests for information is not possible in the same meeting, the requested information will be provided after the closing of the meeting in the legally established terms;
- (d) also with utmost diligence, it will answer questions posed by shareholders when the Meeting is held; and
- (e) it will ensure that the matters proposed to the Meeting are voted on in an orderly manner and separately, allowing the shareholders to intervene and express their opinion on each issue submitted to a vote.

#### **ARTICLE 35.- RELATIONS WITH INSTITUTIONAL SHAREHOLDERS**

1. The Board of Directors will also establish adequate mechanisms for the regular sharing of information with institutional investors who are among the Company's shareholders.
2. In no event may the relations between the Board of Directors and institutional shareholders translate into the delivery to the latter of any information that might give them a privilege or advantage over other shareholders.

**ARTICLE 36.- MARKET RELATIONS**

1. The Board of Directors will, by notice sent to the Spanish National Securities Market Commission and posted on the corporate web page, immediately provide the public with all significant information on the terms set forth in the current regulations.
2. The Board of Directors shall adopt the necessary measures to ensure that half-yearly, quarterly and any other financial information that the Law requires making available to the markets is prepared in accordance with the same principles, criteria and professional practices as the Annual Financial Statements and enjoys the same reliability as the latter. The Audit and Control Committee will report before to the Board of Directors about the financial information that the Company should periodically make public.
3. Information obligations will be fulfilled through any technical, information-technology or telematic means, without prejudice to the shareholder's right to request printed information.

**ARTICLE 37.- RELATIONS WITH AUDITORS**

1. The Board's relations with the Company's external auditors shall be channelled through the Audit and Control Committee.
2. The Board of Directors will publicly report the overall fees that the Company has paid for non-auditing services.

**FINAL PROVISION**

No more than half of the executive Directors should be appointed from amongst the proprietary Directors representing a same shareholder, neither amongst Directors who are current or past members of the governing bodies or senior management of a shareholder holding, or having held, control of the Company, unless three (3) or five (5) years, respectively, have elapsed since the termination of such relationship.

\* \* \*