



General Policy concerning Conflicts of Interest CaixaBank Group

July 2018

Definitions

- **Policy:** This refers to this Group's General Policy concerning Conflicts of Interest.
- **CaixaBank Group:** This refers to CAIXABANK, S.A. and to all investees controlled by CAIXABANK as per Article 42 of the Spanish Commercial Code.
- **Parties Affected¹:** This refers to parties to which this Policy is subjectively applicable.
- **Associated Parties²:** Parties that, although they are not considered employees, provide services for any CaixaBank Group company, either directly or on behalf of other parties.
- **Related Parties:** Related Parties are understood as those considered as such in the internal policies and regulations which govern the various areas.

¹ The Parties Affected are defined in section 4.3 addressing Subjective Scope.

² By way of an example, prescribers, intermediaries, related agents or suppliers, inter alia, shall be considered Parties Affected.

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1. INTRODUCTION

Conflicts of interest are common and inherent to professional and corporate relations. This reality compels companies to take organisational and administrative measures to prevent and address any risk of these conflicts leading to improper action.

The principles and procedures stipulated in the Policy are inspired by the Group commitment to act with diligence in due observation of the guiding principles of compliance with legislation, respect, integrity, transparency, excellence, professionalism, confidentiality and corporate responsibility set out in its Code of Ethics.

In the normal course of its business, however, the Group faces both potential and real conflicts of interest due to its nature and areas of activity.

This General Group Policy concerning Conflicts of Interest shall constitute the general framework for addressing conflicts of interest within the Group. The very fact this Policy exists makes it part of the mitigation of conflicts of interest because it provides a general framework for them to be addressed. This general framework contains other internal regulations and other mandatory regulatory documents³ in relation to the various services and activities in specific contexts, which also have express sections concerning conflicts of interest.

The companies making up the CaixaBank Group shall operate a number of policies and procedures to identify, prevent, manage and log conflicts in accordance with the highest possible professional standards and principles, adopting provisions equivalent to the stipulations of this Policy, in accordance at all times with the nature and specific features of their activity and the legal regulations applicable. Moreover, policies featuring any activities likely to generate conflicts of interest must contemplate the provisions of this Policy in order to be brought into line with same.

The CaixaBank Group Governance and Management Bodies must take pertinent decisions in order to take on board the stipulations of this Policy and apply the guidelines established therein, in accordance with the specific features of each of the companies and with any legal and/or regulatory provisions that may be applicable to them.

This Policy does not modify the working relations between Group companies and their employees, and cannot be interpreted as an employment contract or a promise of employment for any period of time.

The CaixaBank, S.A Board of Directors has the non-delegable power to determine the company's general policies and strategies, and it approved this Policy on 21 september 2017 on this basis.

³ At the date of approval of this Policy, the following documents form part of these internal regulations, although this list is for information purposes only and is not exhaustive:

- Code of Business Conduct and Ethics, October 2016.
- CaixaBank Group Internal Code of Conduct concerning the Securities Market, 27 April 2017.
- Policy concerning Conflicts of Interest in relation to Directors and the General Meeting, January 2016.
- Policy concerning Conflicts of Interest as per MiFID requirements, 2016.
- Regulations concerning conflicts of interest in the specific context of companies making up the CaixaBank Group.
- General CaixaBank Group Remuneration Policy, December 2016.

2. PURPOSE

This Policy sets out to furnish a global benchmark framework for Group companies and to set out, in a harmonised and homogeneous fashion, the general principles and procedures of action to be taken to address any real or potential conflicts of interest arising in the course of their respective activities and services⁴.

In this regard, the Policy shall serve as a guide for CaixaBank Group companies mainly in relation to the following:

- Identification of areas and situations the nature of which makes them more vulnerable to potential conflicts of interest that could be detrimental to the general interests of the Group, of the Parties Affected, of shareholders and/or of customers.
- Definition and adoption of measures to prevent, identify, manage and log conflicts of interest.
- Procedure for disclosure of conflicts when appropriate, for cases in which the aforementioned measures prove ineffectual to eliminate or, failing this, to satisfactorily mitigate any residual risk which could be disclosed to the detriment of the Parties Affected, shareholders and/or customers⁵.

⁴ This global framework is enhanced by policies, procedures and regulations in force, notwithstanding their possible adaptation to the provisions of this Policy.

⁵ The general procedure for action to be taken, which addresses the phases stipulated herein, is set out in section 6 "Procedures for Action to be Taken".

3. REGULATORY FRAMEWORK

A list of regulations concerning conflicts of interest issued by the various regulatory bodies is provided in Appendix I. This is not exhaustive and is for information purposes only, indicating the regulatory context of the Policy. If any discrepancies are observed between this Policy and the local regulations quoted, or any other regulations applicable, the CaixaBank Group company concerned must report these in accordance with the procedure established⁶. If the local regulation is more restrictive, it must prevail.

The regulatory framework shall be updated as part of the review of the Policy, in order to include all additional regulations and modifications concerning conflicts of interest coming into force in the various geographic regions.

⁶ Set out in section 7.4 addressing Exceptions and Specific Cases.

4. SCOPE OF APPLICATION

4.1. Definition of a Conflict of Interest

On the basis of the general concept furnished by the European Banking Authority (EBA), a conflict of interest is defined as a situation of discrepancy or collision between the duty of an individual or a legal entity and their private interests / the interests of another individual or legal entity, exercising unwarranted influence on the performance of their duties and responsibilities.

For the purposes of establishing common criteria to identify any conflicts of interest that may arise at companies within the CaixaBank Group, it shall be necessary to determine whether any of the following situations are applicable to the companies:

- Obtaining economic, political or personal gain or any other type of gain at the expense of another Party Affected and/or customer.
- Existence of interests other than those of a Party Affected and/or a customer in the outcome of the service or activity concerned.
- Existence of financial incentives or incentives of other types to favour the interests of a Party Affected and/or a customer as opposed to third Parties Affected and/or customers.
- Carrying on a professional activity which is identical to that of the Party Affected and/or customer.
- Receiving incentives from a third party in relation to the service or activity, in the form of money, goods or services, political or professional benefits, other than the commission or habitual remuneration for the service or activity concerned.

4.2. Corporate and Objective Scope

This document shall be applicable throughout the CaixaBank Group, as a benchmark document for all Group companies to draw up their own policies and procedures for action to be taken in connection with each specific activity, notwithstanding any adaptations that may arise from obligations to comply with the requirements stipulated by the regulator.

4.3. Subjective Scope: the Parties Affected

This Policy shall apply to those involved in, or who may be involved in, the activities of CaixaBank Group companies, hereinafter referred to as the Parties Affected, who are as follows:

- Employees and members of the Board of Directors.
- Related Parties of employees and members of the Board of Directors.

These Parties Affected must avoid all conflicts of interest and, when they cannot be avoided, the necessary internal mechanisms shall be in place to resolve them without granting privileges to any of said parties.

The associated persons must comply with the inspiring principles of the present Policy, although they do not apply the literality of the same.

5. GENERAL PRINCIPLES

5.1. General Principles of the Policy

The Policy described in this document is intended to be:

- **General**, acting as a framework for all Group companies, with the capacity to take on board the internal regulations of Group companies.
- **Flexible**, to enable it to be properly applied to the size and organisation of each Group company, and to the nature, scale and complexity of their activity.
- **Permanent**, thereby acting as a stable benchmark to enable conflicts of interest to be addressed at Group companies.
- **Dynamic**, to enable it to be reviewed on a recurring basis to help maintain its validity and effectiveness.
- **Executive**, so that it may be applied and serve to address specific situations in practice.

5.2. General Principles applicable to the Parties Affected

Notwithstanding the specific duties and obligations stipulated throughout this Policy, the Parties Affected must provide services and carry out their functions in accordance with the guiding inspirational principles set out in the "Code of Business Conduct and Ethics". Consequently, in due compliance with their duty of loyalty, their professional conduct must ensure at all times that the interests of customers, of the Group and of its shareholders prevail over personal interests.

They must also undertake the following as general principles of action to be taken:

- **Independence.** Parties Affected must act at all times with freedom of judgment, showing good faith and loyalty to the Group, its shareholders and customers, and independently of their own interests or the interests of any parties that may be related to them.
- **Abstention.** Parties Affected must abstain from participating in or influencing decision-making that may affect them, shareholders and/or customers with which a conflict exists, and from gaining access to relevant information or insider information which may affect said conflict.
- **Communication.** Parties Affected must report any conflicts of interest in which they may be involved due to their activities outside the Group, their family relationships, their personal assets, or for any other reason. Potential conflicts of interest shall be reported through the communication channels established by Group companies, and must be reported as soon as possible, and in any case prior to any decision that may be affected by the potential conflict of interest.
- **Transparency.** Parties Affected must provide precise, truthful and comprehensible information concerning the conflict of interest identified, to enable the Party Affected and/or the customer to take an informed decision in possession of the facts as to whether or not the activity or service concerned should continue.

6. PROCEDURES FOR ACTION TO BE TAKEN

The procedures for action to be taken in connection with conflicts of interest described in this section shall apply to companies making up the CaixaBank Group. Any Group companies implementing additional procedures within the scope of their own activities must do so in accordance with this Policy.

6.1. Identification of Conflicts of Interest

Conflicts of interest may be classified in the following categories, depending on the parties involved:

i Conflicts of interest between CaixaBank Group companies and their customers

CaixaBank Group companies may have a conflict of interest with their customers in the event of one of the situations described below:

- Receiving incentives in the form of money, goods or services, political or professional rewards, or rewards other than the commission or habitual remuneration for the provision of services to the customer.
- Making use of the capacity of CaixaBank Group companies to influence or condition the decision taken by the customer, to the detriment of the latter.
- Using confidential information which gives CaixaBank Group companies an advantage with respect to the customer concerning a service or activity.
- Giving priority to the interests of CaixaBank Group companies by providing a service which does not suit the needs of the customer and is not provided in the best possible conditions for the customer.
- Carrying out the same activity as the customer, if this leads to an incompatibility which generates discrepancies between the interests of both parties.

In order to prevent any conflicts of interest with their customers, the employees and members of the Board of Directors, with respect to themselves and to their Related Parties, must not accept gifts, favours or gratifications or other benefits from a customer, especially when an operation is being carried out, except in circumstances permitted by social customs specified in CaixaBank's internal regulations.

ii Conflicts of interest between customers

A conflict of interest is identified when the CaixaBank Group company gives preferential treatment to one of its customers with respect to other customers of CaixaBank Group companies, as the result of economic links or other kinds of links, to the detriment or disadvantage of another customer.

iii Conflicts of interest between CaixaBank Group companies and the members of their respective Boards of Directors

Within the context of their duty to avoid conflicts of interest, Directors of CaixaBank Group companies and related parties must refrain from:

- Using the name of the CaixaBank Group company or making use of their status as director to unduly influence private operations.
- Making use of the CaixaBank Group company's assets and availing themselves of their position at the Company to obtain an economic advantage, or for any private reasons.
- Availing themselves of any Company business opportunities that may have arisen in connection with the exercise of functions by the director.
- Obtaining advantages or remuneration from third parties other than the Company and its Group in association with the exercise of their functions.

- Carrying out activities on their behalf or on behalf of others which effectively constitute competition, whether real or potential, with CaixaBank Group companies.
- With the exceptions provided for in the consolidated text of the capital companies law and in the operating regulations of the Board of Directors, carrying out direct or indirect professional or commercial transactions with the CaixaBank Group company.

iv Conflicts of interest between CaixaBank Group companies⁷ and their shareholders (including shareholder proxies)

In connection with the CaixaBank General Shareholders' Meeting, shareholders and their proxies may have a conflict of interest when an attempt is made to adopt a resolution the purpose of which is to:

- Release the shareholder concerned from an obligation or grant rights to the shareholder concerned.
- Furnish any kind of financial assistance to the shareholder, including the provision of collateral in favour of the shareholder.
- Release the shareholder from obligations arising from the duty of loyalty legally established for directors.

v Conflicts of interest between employees, Associated Parties or their Related Parties and CaixaBank Group companies

Employees, Associated Parties or their Related Parties may have conflicts of interest in the event of one of the following situations:

- Putting their interests before those of CaixaBank Group companies, interfering with their professional activity.
- Taking part in activities or transactions of any kind in which the employees themselves or related parties are the beneficiaries or direct or indirect participants.
- Making unwarranted use of any information to which they have access due to their position, funds of CaixaBank Group Companies, intellectual property or goods for personal reasons or reasons unrelated to the business purpose of the CaixaBank Group company. The situation shall be particularly serious in cases involving insider information or confidential information.
- Using the name of the Group or of a CaixaBank Group company for the purpose of unduly influencing the provision of an activity or service which leads to economic, personal or political rewards or other types of rewards, and is detrimental to the interests, values or reputation of a CaixaBank Group company.
- Making use of their position or status as employees, Associated Parties or their Related Parties to obtain economic advantage.
- Carrying out activities on their behalf or on behalf of others which effectively constitute real or potential competition with regard to the respective employer company.

vi Conflicts of interest between CaixaBank Group companies and their suppliers

CaixaBank Group companies may have conflicts of interest with their suppliers in the event of one of the following scenarios:

- Unduly influencing the selection of suppliers to which employees of CaixaBank Group companies / members of governance bodies or their Related Parties have economic or family ties.

⁷ In cases where this is applicable.

- Receiving gifts, favours or gratifications or other benefits from a supplier, except in circumstances permitted by social customs specified in CaixaBank's internal regulations.
- Disclosing confidential information concerning the economic or technical conditions or other conditions submitted by competing suppliers for the purposes of favouring a third party.
- Issuing a call for tenders for a specific item or service with differing requirements, depending on the supplier to which it is sent.

vii Conflicts of interest between departments of the same CaixaBank Group company or between departments of different CaixaBank Group companies

Different departments of CaixaBank Group companies may have a conflict of interest in the event of one of the following situations:

- Exchanging confidential information or insider information concerning an activity or service that is detrimental to the interests of customers/of the CaixaBank Group company itself.
- Exercising unwarranted influence on other departments in carrying out their activities or services.
- Being simultaneously or consecutively involved in various services or activities, leading to a potential risk of jeopardising the interests of the customer or of the CaixaBank Group company itself.

viii Conflicts of interest between CaixaBank Group companies and the Group

CaixaBank Group companies may have conflicts of interest with the Group when they are in one of the following situations, although this list is not exhaustive:

- Implementing corporate development strategies or other structural modifications that are detrimental to the interests of the Group or its companies.
- Approving and offering products or services the characteristics and distribution strategy of which are not suited to or respond to the needs of the target market, with a consequent detrimental impact on the interests and reputation of the entire Group.
- Using a brand which is contrary to the positioning, values and attributes of the Group.
- Issuing communications to the market, investors, analysts or media, inter alia, where the message conveyed is detrimental to the interests of the Group.
- Giving preferential treatment to one customer with respect to other Group customers, as the consequence of economic ties or other ties.
- Using the name of the Group for the purpose of unduly influencing the provision of an activity or service which leads to economic, personal or political benefits or other types of benefits, and is detrimental to the interests, values or reputation of the Group.

ix Other potential conflicts of interest

Other situations shall also be identified which have not been addressed in the aforementioned categories and are liable to generate conflicts of interest as the result of services and activities provided, and of relations with the various Parties Affected, shareholders and/or customers.

6.2. Prevention Measures

CaixaBank Group companies shall have measures in place to prevent the conflicts of interest identified. There follows a list of the main measures, although this is for information purposes and is not exhaustive:

- The Code of Ethics per se constitutes a device to mitigate conflicts of interest, on the basis of the guiding principles set out in the Code which must govern the activity of all the parties subject to this Policy.
- The Group takes it upon itself to define and implement policies and procedures establishing best practices for the prevention of conflicts of interest by specific areas of application, in addition to common corporate frameworks for action to be taken which shall constitute benchmark criteria, and these may be taken on board by CaixaBank Group companies independently exercising their responsibility for preventing conflicts of interest.
- As a result of the foregoing, there shall be an organisational structure in connection with the prevention and management of conflicts of interest to guarantee proper monitoring of the stipulations of the aforesaid policies and procedures, and ensure that a sturdy solvent control environment is in place. The current model, structured as three lines of defence, ensures that functions are properly segregated.
- Periodic reports to Senior Management and Governance Bodies to verify the existence of appropriate control procedures and the suitability of the measures taken.
- Establishment of specific training plans for the purposes of creating awareness and implementing honest and transparent professional action as a measure to prevent potential situations of conflicts of interest relating, inter alia, to improper use or use for personal reasons of confidential information, information media, intellectual property or goods of CaixaBank Group companies.
- Any information received from customers shall be considered confidential, and must therefore be treated in a rigorous and responsible fashion pursuant to the regulations in force.

For the purposes of maintaining this confidentiality, CaixaBank Group companies shall have the necessary barriers to prevent unwarranted usage and transmission of information.

- Departments shall have sufficient human, economic and material means to guarantee the autonomy, independence and objectivity of their activities, with supervision of functions involving sensitive activities or services which could entail a risk of conflicts of interest.
- Annual review and periodic update of this Policy, with the adoption of additional prevention measures on the strength of the experience obtained in procedures for action to be taken at CaixaBank Group companies.

6.3. Managerial Measures

There follows a description of the managerial measures applicable to the Parties Affected, shareholders and customers, and the criteria for resolving conflicts of interest:

i Parties Affected and shareholders

Employees who identify the potential conflict of interest must report this immediately to the head of the area or department concerned or, if it affects several areas, report it to the immediate hierarchical supervisor of all these areas. However, if none of the preceding rules are applicable, it shall be reported directly to the Regulatory Compliance Unit at the CaixaBank Group company or the party designated for this purpose.

Pursuant to their function as a first line of defence, the heads of the area or areas concerned shall conduct an analysis of the nature, circumstances, parties involved in the conflict of interest and the original causes, and shall assess the possible consequences in a bid to determine whether or not a conflict of interest exists. If a conflict of interest exists, these parties shall establish pertinent measures to resolve the conflict in an expedient and effective manner through a system to address and mitigate the conflict of interest. If the parties are unable to resolve the conflict, it shall be reported to the Regulatory Compliance Unit at the CaixaBank Group company or the party designated for this purpose as a second line of defence. As a last resort, and if this proves necessary due to exceptional circumstances, resolution of the conflict of interest shall be escalated to Regulatory Compliance at CaixaBank.

Directors of CaixaBank Group companies must report to their respective Boards of Directors any situation of a direct or indirect conflict of interest concerning either them or parties related to them with respect to the interests of CaixaBank Group companies. In this regard, pursuant to the Group's firm commitment to act in a transparent fashion, any situations of a conflict of interest concerning directors of the CaixaBank Group shall be stated in the corporate report.

However, it shall be possible to dispense with the prohibition concerning conflicts of interest set out in section 6.1.iii *Identification of Conflicts of Interest between CaixaBank Group companies and the members of their respective Boards of Directors* only in specific cases with express authorisation from the Board of Directors or the General Meeting, depending on the specific case concerned, as per the stipulations of Article 230 of Royal Legislative Decree 1/2010 of 2 July approving the revised Spanish Corporate Enterprise Law ("Ley de Sociedades de Capital").

Potential conflicts of interest concerning shareholders shall be reported through the communication channels established by CaixaBank Group companies, and the Board of Directors shall be responsible for addressing these conflicts.

ii Customers

Should customers identify any situations that could lead to potential conflicts of interest, they may report these through the communication channels established by CaixaBank Group companies. The CaixaBank Group company's Regulatory Compliance Unit shall address the situations reported and shall take charge of the investigation, and to this end it shall require participation by other areas or departments of the CaixaBank Group company.

Should it prove impossible for the first line of defence to resolve the conflict, the principle of escalating the conflict described in the previous case shall apply.

iii Criteria for resolving conflicts of interest

The following criteria shall be taken into account when resolving any conflicts of interest affecting customers:

- In the event of a conflict between CaixaBank Group companies and a customer, the interests of the latter must be safeguarded.

- In the event of a conflict between customers:
 - An attempt shall be made to ensure that no party receives preferential treatment.
 - The services or activities contracted by customers cannot be disclosed to other customers under any circumstances.
 - A customer cannot be encouraged to contract a service or an activity for the purposes of benefiting another.

With respect to conflicts of interest not involving customers, the head of the area or areas affected or, failing this, the Regulatory Compliance Unit at the CaixaBank Group company or the party designated for this purpose shall be responsible for the ad hoc specific resolution of these conflicts, depending on their nature and characteristics.

6.4. Disclosure of Situations of a Conflict of Interest

If the measures adopted by CaixaBank Group companies are insufficient to ensure, with reasonable certainty, elimination of conflicts of interest relating to investment or ancillary services, the CaixaBank Group company shall apply the procedures for notifying and warning customers established in current regulations concerning the Securities Market.

6.5. Logging of Conflicts of Interest

Each CaixaBank Group company shall keep a centralised updated log of conflicts of interest.

The logging process shall be carried out in two separate stages in relation to the phases which make up the life cycle of conflicts of interest.

- a) The phase of identification of the potential conflict of interest, defined in section 6.1 of this document. The following information is logged during this phase:
 - Case study identified, including the causes and circumstances which may give rise to the conflict of interest.
 - Area or department in which the conflict of interest may arise.
 - Parties Affected, shareholders and/or customers affected by the conflict of interest.
 - Potential consequences.
 - Preventive measures and managerial measures established to effectively mitigate the inherent risk.
- b) The phase of management and resolution of the conflict of interest, addressed in section 6.3, which gives rise to the following logs:
 - Area or department responsible for management and resolution.
 - Mitigation measures applied.
 - Date of identification of the conflict of interest.
 - Outcome of resolution.

The information logged concerning the phase of disclosure of conflicts of interest in relation to investment or ancillary services shall be governed by the stipulations of internal regulations.