



CORPORATE GOVERNANCE POLICY

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CORPORATE GOVERNANCE POLICY

1. INTRODUCTION

- The Board of Directors of CaixaBank, S.A. ("**CaixaBank**" or the "**Company**") as a listed company, has attributed to it, as a **non-delegable power**, the definition of the **Corporate Governance Policy** of the Company and the Group of which it is the dominant entity ("**CaixaBank Group**" or "**Group**").

Furthermore, and in accordance with the provisions of the solvency regulations, the Board of Directors of CaixaBank, in its capacity as a credit institution, have to define a system of corporate governance suited to the business model and the activities of the Company to guarantee sound and careful management of it.

- In accordance with the above, the Board of Directors of the Company agreed at its meeting held on November 19, 2015 to approve this *Corporate Governance Policy of CaixaBank, S.A.* (the "**Policy**"), which contains the main aspects and commitments of the Company and its Group regarding corporate governance.

The Board of Directors will also be responsible for supervising the application of the Corporate Governance Policy, periodically assessing the adequacy of its content and its efficiency, while adopting appropriate measures to resolve any deficiencies it may have.

- Within the framework of the aforementioned periodical assessment of its content, in connection with the review of the *CaixaBank Group Structural Definition Policy* and the Board of Directors' approval of the *Internal Governance Policy* at its meeting of 5 April 2018, at its meeting of 20 December 2018 the Board of Directors agreed to **review** this Policy after a report was drawn up in this regard by the Executive Committee, the Appointments Committee and the Audit and Control Committee.

2. PURPOSE

- The **purpose** of this Policy is to define the criteria and guidelines that should govern the organisation and operation of the governing bodies of the Company for implementation of the applicable regulations and the good corporate governance recommendations.
- In this respect, **the Policy is based** on CaixaBank corporate values (quality, trust and social commitment) as well as best practices on good governance, both national and international, issued both by the market supervisory bodies and other operators (reports from business associations, criteria of the main proxy advisors, etc.) and, in particular, on the recommendations established by the Spanish Securities Market Commission (CNMV) (the "Code of Good Governance of Listed Companies", CGG) and the *European Banking Authority*.

3. STRUCTURE OF THE CORPORATE GOVERNANCE REGULATIONS

- The corporate governance of CaixaBank will be defined in a set of regulations, policies and internal procedures that, in addition to what is provided by law, should regulate the structure, composition and operation of the governing bodies of the Company, the General Shareholder's Meeting, the Board of Directors and its Committees and will be based on the principles of transparency and good practices in corporate governance.
- In particular, among the regulations that have to be approved by CaixaBank are **the Company's corporate texts**, which will be based on the provisions of the regulations that apply and will be revised and updated periodically to bring them into line with best practices in corporate governance:
 - The **Articles of Association** as a basic framework for the operation and organisation of the Company and its governing bodies.
 - The **Regulations of the General Shareholders' Meeting**, which will aim to develop the legal and statutory provisions regarding the operation of the General Shareholders' Meeting and the exercising of shareholders' rights at it.
 - The **Regulations of the Board of Directors** in which also based on the legal and statutory framework the principles of action of the Board and its Committees and the basic rules of organisation and operation of these governing bodies and the rules of conduct for its members will be defined and developed.
- In order to comply with the various legal and regulatory provisions, as well as the Recommendations contained in the Code of Good Governance, the Company should have **other corporate governance and conduct regulations**, including the following:
 - The **CaixaBank Code of Ethics and Principles of Action**, which should contain the values, principles and rules of conduct that employees, managers and members of the Board of Directors of the CaixaBank Group members must respect both in their internal professional relationships with the Company and in external relations with shareholders, customers, suppliers and society in general.
 - The **Internal Code of Conduct in the Securities Market**, which will aim to adjust the actions of CaixaBank, its governing bodies, employees and other stakeholders to the rules of conduct to be respected in carrying out activities related to the securities market.

These basic texts in the field of standards of conduct will be developed and supplemented by provisions and procedures on the prevention of money laundering, corruption and other matters.

- Furthermore, the corporate governance of CaixaBank will be developed by a set of **Corporate Policies approved by the Board of Directors of the Company**, for various purposes, such as:
 - determination of the basis for the Company model of governance (including, in addition to this Policy, the Group Structural Definition Policy and the Internal Governance Policy);
 - regulation of aspects of the structure and operation of the Board of Directors of the Company (Director Selection Policy, Remuneration Policy, etc.);
 - setting guidelines and criteria that should govern the decisions of the Company in certain areas of its performance (in terms of treasury stock, investments, financing, conflicts of interest, risk monitoring and management, corporate social responsibility. etc.); and
 - establishing the bases for relations with shareholders (such as the Information, Communication and Contacts Policy and the Dividends Policy, etc.).

The Board of Directors of CaixaBank will also approve any other Corporate Policies deemed necessary and appropriate for the proper operation of the Company and its Group.

- Also, the **internal governance framework** of CaixaBank and its Group will consist of a set of policies, systems, mechanisms, codes of conduct and internal procedures (for risk control, internal auditing and the compliance function, among other aspects), through which, in accordance with the Internal Governance Policy:
 - **independent, effective, prudent management** of the Company and its Group will be encouraged, respecting the requirements of the regulators and supervisors, and
 - it will be ensured that **the decisions are adopted with an adequate level of information and in accordance with CaixaBank's interests** and of the Group companies, in addition to safeguarding the interests of investors, customers, employees and the various stakeholders in general.

4. PRINCIPLES AND PRACTICES OF CORPORATE GOVERNANCE

- Under the principles of transparency and good practices referred to above, the corporate governance of the Company will be developed from the following **principles of action** based on the corporate values of CaixaBank:
 - Competence and efficient self-organisation of the Board of Directors of CaixaBank.
 - Diversity and balance in the composition of the Board of Directors.
 - Professionalism and duties of Board members.
 - Balanced remuneration aimed at attracting and retaining the right profile among members of the Board of Directors.

- Commitment to ethical and sustainable performance of the Company.
- Protection and promotion of shareholders' rights.
- Compliance with current regulations as a guiding principle of all people within CaixaBank.
- Assumption and update of best practices in good governance.
- Transparency of information.

These principles will also be transmitted to the organisation and the work of the Executive Committee and the internal Committees of the Board of Directors (the Audit and Control, Appointments, Remuneration and Risk Committees).

- Similarly, on **transmitting the criteria and principles of good governance to CaixaBank's internal organisation**, an essential role will be played by both the **Management Committee**, as a communication channel (particularly via the **Chief Executive Officer**) between the Board of Directors and the Senior Management, and the different **Internal Committees** constituted, and which must act in accordance with the principles of efficiency, coordination and specialisation.

4.1. BOARD OF DIRECTORS' COMPETENCE AND SELF-ORGANISATION

The Board of Directors will assume direct responsibility for the company administration and supervision of the management of the Company, with the common purpose of promoting the public interest, exercising its right of self-organisation for efficient development of the competence referred to above.

Principles of the Code of Good Governance on which these aspects of the Policy are based:

- *"The Board of Directors will assume, collectively and individually, direct responsibility for the company administration and supervision of the management of the Company, with the common purpose of promoting the public interest." (Principle 9)*
- *"The Board of Directors will meet as often as necessary for the correct performance of its duties of administration and supervision and with the attendance of all or the great majority of its members." (Principle 14)*
- *"The chairman is ultimately responsible for the efficient operation of the Board of Directors and, in the event of also being a manager of the company, the competence of the independent coordinator board member will be expanded." (Principle 16)*
- *"The secretary of the Board of Directors will facilitate the correct operation of the Board of Directors." (Principle 17)*
- *"The board will periodically assess its performance and that of its members and committees, relying on the help of an independent external consultant at least every three years." (Principle 18)*
- *"The Executive Committee, if one exists, will have a composition by category similar to that of the board of directors, which it will keep regularly informed about the decisions that it adopts." (Principle 19)*

- *"The audit committee, in addition to meeting the legal requirements, will be composed of a majority of independent directors and its members, particularly the chairman, will be appointed taking into account their knowledge and experience in accounting, auditing or risk management, and its operating rules will strengthen their expertise, independence and area of action." (Principle 20)*
- *"The company will have a control and risk management function performed by an internal unit or department under the direct supervision of the Audit Committee or, where the case may be, another specialised Committee of the Board of Directors." (Principle 21) (In the case of CaixaBank, the Risk Committee)*
- *"The appointments and remuneration committee, which in large capitalisation companies will be two separate committees, in addition to meeting the legal requirements, will be made up of a majority of independent directors and its members will be appointed taking into account the knowledge, skills and experience necessary, its operating rules will strengthen their expertise, independence and area of action." (Principle 22)*
- *"The composition and organisation of the committees which, in the exercising of their powers of self-organisation, companies set up must be similar in configuration to those of legally binding committees." (Principle 23)*

4.1.1. Competence of the Board of Directors

- Notwithstanding its **full responsibilities of management and administration (except for those legally or statutorily reserved to the General Meeting) and representation** of the Company, the Law expressly attributes a series of non-delegable powers to the Board focused on the **strategic definition of CaixaBank** and its Group, the **specific organisation for its implementation** and the **supervision and control of compliance by the management with the management targets and guidelines** established by the Board of Directors, all in accordance with the purpose and social interest of the Company.

In this respect, the Board of Directors shall, collectively and individually, assume direct responsibility for the exercising of these duties by adopting the necessary measures for the proper management and control of the Company.

The rules of action, organization and functioning of the Board of Directors of CaixaBank and its Committees will ensure efficient compliance with the above-mentioned duties.

- In the performance of its duties, the Board of Directors of CaixaBank shall ensure that in its **relations with interest groups**, the Company complies with current legislation; fulfils in good faith its obligations and explicit and implicit contracts; respects the customs and good practices of the sectors and territories where it does business; and observes any additional principles of corporate social responsibility that the Company decides to accept voluntarily, all also in line with the principles of the Code of Good Governance and the criteria established by the European Banking Authority.

4.1.2. Positions on the Board of Directors

In compliance with legal requirements and in the exercising of its power of self-organisation, the Board of Directors of CaixaBank will have the following positions:

- The **Chairman of the Board of Directors**, elected from among its members following a report from the Appointments Committee, who will represent the Company, and has the highest ranking position in any act of the Company or organisations in which it participates.

The Chairman, as the person ultimately responsible for the effective operation of the Board, as indicated Principles of the Code of Good Governance, amongst others, has the authority to call and chair the Board of Directors, setting the agenda for the meetings, leading and stimulating discussions and deliberations, debates and the active participation of directors during the meetings, safeguarding its free decision-making and opinion, and to ensure that the directors receive sufficient information in advance to discuss the items on the agenda.

- The Board of Directors, following a report from the Appointments Committee, will designate of necessity a **Vice Chairman of the Board of Directors**, who will stand in for the Chairman in the event of vacancy, inability or absence.

The Board may also appoint, following report from the Appointments Committee, other Vice Chairmen, in which case the Chairman's duties will fall, in the absence thereof by absence or inability, the First Vice Chairman, who shall, in turn, be replaced by the Second Vice Chairman on the same assumptions, and so on, and in the absence of these, by the oldest member of the Board of Directors.

- The Board of Directors, following a report from the Appointments Committee, may appoint one or more **Managing Directors** within its ranks, determining the people who should hold such positions and how they should behave, being able to delegate all powers on them that are delegable according to the Law, the Articles of Association and the Regulations of the Board.
- Also, following a prior report by the Appointments Committee and with the abstention of the executive Directors, the Board of Directors will appoint one of the independent Directors as a **Lead Independent Director**, whose powers will include chairing the Board meetings in the absence of the Chairman and the Vice-Chairmen; asking the Chairman to call Board meetings and including agenda items; coordinating the concerns of the independent Directors; directing the Board of Directors' assessment of the Chairman; coordinating the Chairman's Succession Plan in collaboration with the Chairman of the Board, without prejudice to the functions of the Appointments Committee; and maintaining contact with investors and shareholders within the framework of the Policy for reporting, communication and contact with shareholders, institutional investors and proxy advisors.
- The Board, following a report from the Appointments Committee, will appoint a **Secretary of the Board of Directors**, a position to which 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 to right to speak but not to vote.

The Secretary of the Board of Directors will assist the Chairman in his duties and, in particular, the call to meetings of the Board in execution of the Chairman's decision; keeping the documentation of the Board of Directors, leaving a record in the minutes of what happens at meetings and attesting to their contents and the resolutions adopted; ensuring that the actions of the Board of Directors comply with applicable law and are in accordance with the Articles of Association and other internal regulations; and assisting the Chairman so that the directors receive the information relevant to the performance of their duties in good time and in the right format.

- Furthermore, the Board of Directors, following a report from the Appointments Committee, may appoint one or more **Vice Secretaries of the Board of Directors**, a position that does not require member status.
- Furthermore, the Regulations of the Board of Directors of CaixaBank will provide the possibility that, 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 of Directors' 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.

4.1.3. Meetings of the Board of Directors

- Regarding the **meetings of the Board of Directors** of CaixaBank, the Board will meet as often as deemed necessary for the proper operation of the Company and at least eight times a year and must hold at least one meeting every quarter in line with the principles of the Code of Good Governance. In addition, the Board of Directors must also meet when requested to do so by at least two 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 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 to meeting 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 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.
- The **call** to meetings will be made to each Director by letter, fax, telegram, e-mail or any other means that enables proof of receipt to be recorded, and will be authorised with the signature of the Chairman or that of the Secretary or Vice-Secretary by order of the Chairman. Calls to meetings shall be made at least 48 hours in advance, unless there are reasons of urgency.

Meetings of the Board of Directors and its Committees may be held remotely, if any Board member is unable to attend at the location indicated for the meeting in the call to meeting. Non-attending participants making use of remote communication channels, and who allow these means to be used simultaneously and mutually with regard to the venue of the meeting and with any other members also using remote communication channels, shall be considered participants for all purposes and may vote via the communication channel they use. In the event that any of the Directors are present in person at the corporate address, the meeting shall be taken to have been held at the said location. Otherwise, the meeting shall be considered to have been held at the location of the Director chairing the meeting.

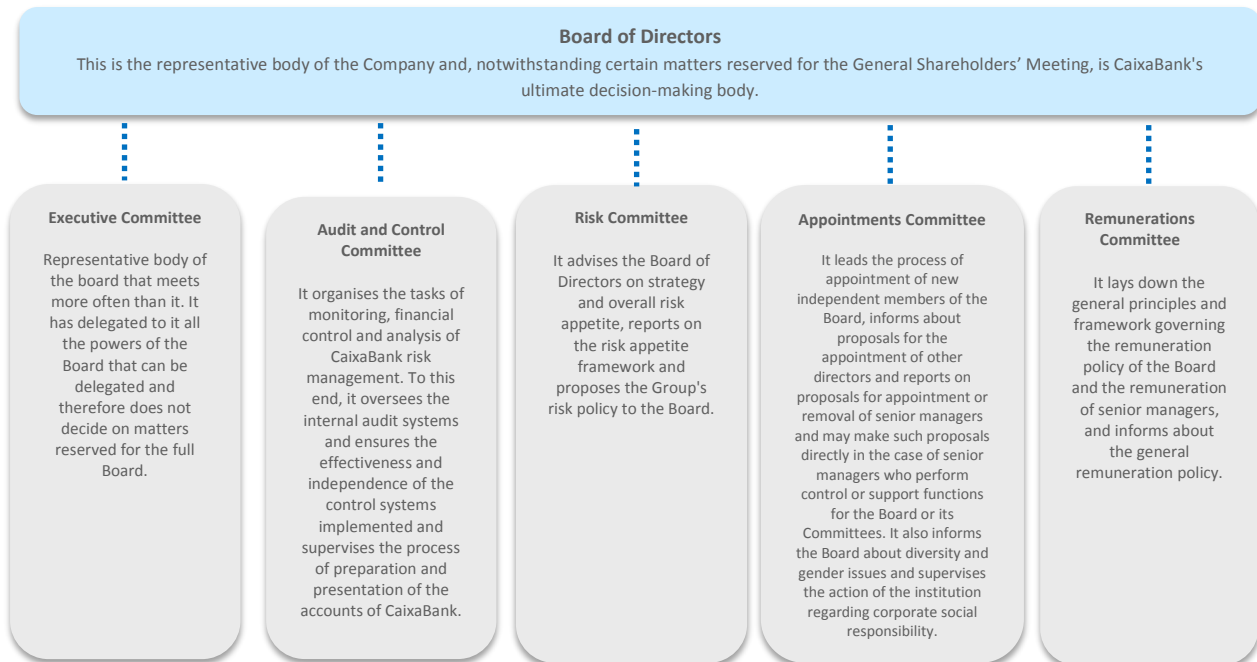
The Board may also adopt resolutions in writing without a meeting, in accordance with the provisions of current legislation and the Articles of Association. In this case, the vote may be cast in writing or by email or by any other means that provides proof of receipt as long as the identity of the director who issues it is ensured.

At each Board meeting, amongst other matters, the directors shall be informed by the Chairman and the Managing Director about the general state of the economy, both nationally and internationally. In addition, the Board will discuss, examine, revise or adopt agreements on, amongst other recurring themes, the strategy of the Company, budget and risk control, relevant financial transactions and investments, the call to meeting and other issues related to the General Shareholders' Meeting and the shareholders, the regulated financial information and reports prepared by the Company, the remuneration of the members of the Board of Directors and managers, or the capital ratio targets.

- In accordance with the principles of the Code of Good Governance, at least once a year, the full Board shall conduct an **evaluation of its operation** and propose, on the basis of the outcome, an action plan to correct the deficiencies identified on the following issues:
 - the quality and efficiency of the functioning of the Board;
 - the carrying out of their duties on the part of the Chairman of the Board and the chief executive of the Company; and
 - the functioning of the Committees.
 - training of the members of the Board.

4.1.4. Distribution of Duties: Committees of the Board of Directors

As part of its function of self-organisation, the Board of Directors of CaixaBank will have various committees specialised by subject, with supervisory and advisory powers, and an Executive Committee.



The **Executive Committee** will be governed by the provisions of the Law, in the Articles of Association and in the Regulations of the Board of Directors of the Company. For matters not specifically defined for the Executive Committee, the operating regulations established by the Board Regulations for the operation of the Board will apply.

The composition of the Executive Committee of CaixaBank, on which the Chairman and Managing Director will sit, in line with the Principles of the Code of Good Governance, will reflect the composition of the Board.

The Executive Committee of the Company will be delegated all competence and powers that can legally and statutorily be delegated, informing the Board about the matters discussed and the decisions made.

CaixaBank will also have four **Internal Board Committees** (the Audit and Control Committee, the Appointments Committee, the Remunerations Committee and the Risk Committee) with supervisory and advisory powers.

- The Audit and Control Committee should be made up exclusively of non-executive directors in the number that is determined by the Board of Directors, between a minimum of three and a maximum of seven members. In addition, the majority of its members should be independent and one of them will be appointed in consideration of his knowledge and experience in accounting, auditing or both. Also, the members of the Audit and Control Committee as a whole must have the relevant technical knowledge with regard to the Company's business. The Committee will appoint a Chairman from among the independent directors.

The CaixaBank Audit and Control Committee will meet ordinarily on a quarterly basis to review the mandatory financial information to be submitted to the stock exchange authorities and the information that the Board of Directors must approve and include within its annual public

documentation, and shall be convened by its Chairman at his own initiative or at the request of the Chairman of the Board of Directors or two members of the Committee itself.

Among the main duties of the Committee are, amongst others, those of monitoring the effectiveness of internal inspection of the Company, internal audit and risk management systems, discussing with the account auditors any significant weaknesses in the internal control system detected during the audit, monitoring the process of preparing and presenting regulated financial information and establishing appropriate relations with the auditors, in addition to ensuring their independence on carrying out their duties and previously informing the Board with regard to certain issues such as related party transactions.

This Committee will prepare an annual report on its operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, if the Committee considers it appropriate it will include in that report suggestions for improvement.

- The **Appointments Committee** should be made up of directors who do not carry out executive duties, with a minimum of three and a maximum of five members. The majority of its members must be independent directors and the Chairman must also be independent.

The CaixaBank Appointments Committee shall meet at least four times a year and each time it is convened by its Chairman on his own initiative or at the request of two members of the Committee, and must do so whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, provided that it is appropriate for the proper performance of its functions.

Its main functions will be, amongst others, evaluating and proposing to the Board of Directors the necessary skills, knowledge and experience of the members of the Board of Directors and key personnel of the Company; proposing to the Board the appointment of independent directors to be appointed by co-opting or for submission to the decision of the General Shareholders' Meeting, and informing about the proposed appointment of other directors; informing about proposals for appointment or removal of senior managers, being able to make such proposals directly in the case of senior managers who perform control or support functions for the Board or its Committees; periodically assessing the structure, size, composition and performance of the Board and its Committees, its Chairman, Managing Director and Secretary, making recommendations on possible changes to it and on training programmes for directors; monitoring the performance of the Company in relation to issues of corporate social responsibility, bringing before the Board appropriate proposals in this area; and informing the Board about gender diversity issues.

This Committee will prepare an annual report on its operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, if the Committee considers it appropriate it will include in that report suggestions for improvement.

- The CaixaBank **Remuneration Committee** should be made up of directors who do not carry out executive duties, with a minimum of three and a maximum of five members. The majority of these members, and the Chairman in any case, should be independent Directors.

The Remuneration Committee shall meet at least four times a year and each time it is convened by its Chairman on his own initiative or at the request of two members of the Committee, and must do so whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, provided that it is appropriate for the proper performance of its functions.

Among other duties, the Remuneration Committee will have attributed the duty of proposing to the Board the remuneration policy for directors and senior management, the system and amount of annual remuneration of directors and senior managers, the individual remuneration of executive directors, managing directors and those who carry out senior management duties in addition to the other conditions of their contracts; the duty of disclosing the general remuneration policy of the Company and especially the policies that relate to the categories of staff whose professional activities have a significant impact on the risk profile of the Company, and those that aim to avoid or manage conflicts of interest with customers of the Company; and of analysing, formulating and periodically reviewing the remuneration programmes, assessing their suitability and performance and ensuring compliance with them.

This Committee will prepare an annual report on its operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, if the Committee considers it appropriate it will include in that report suggestions for improvement.

- The **Risk Committee** will be made up exclusively of non-executive directors who possess the appropriate knowledge, skills and experience to fully understand and manage the risk strategy and risk propensity of the Company, in the number determined by the Board of Directors, with a minimum of three and a maximum of six members. In addition, the majority of its members should be independent directors, and the Chairman of the Committee, who shall not also be the Chairman of the Board of Directors or chair any other Board Committee, will be appointed from among them.

The CaixaBank Risk Committee will meet as often as necessary for the correct performance of its duties and will be called by its Chairman on his own initiative or at the request of the Chairman of the Board of Directors or two members of the Committee.

The main duties of the Committee will be, amongst others, to propose the risk policy of the Company and its Group to the Board; to regularly review exposure among its main customers, economic activity sectors, geographical areas and risk types; assess the compliance risk in its area of action and decision-making, detecting any risk of non-compliance and to carrying out its monitoring and review of possible deficiencies with the principles of professional ethics; to cooperate with the Remuneration Committee to establish sound remuneration policies and practices and to inform of any new products and services or of any significant changes to those that already exist.

This Committee will prepare an annual report on its operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, if the Committee considers it appropriate it will include in that report suggestions for improvement.

- The Committees shall have access to all the relevant information and necessary data to perform their function, including those arising from relevant corporate and control functions, where the case may be, receiving regular reports, communications and opinions from the function holders within their remit.

4.2. DIVERSITY AND BALANCE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of CaixaBank shall, within the framework of its power to propose appointments to the Annual General Meeting and to appoint directors by co-opting, make every effort to ensure that the Council has the right balance at all times in its composition, with a large majority of non-executive directors and also promoting diversity of gender, experience and knowledge in its composition.

Principles of the Code of Good Governance on which these aspects of the Policy are based:

- *"The board of directors will be of an appropriate size to promote its effective operation, the participation of all directors and flexibility in decision-making and policy on selection of directors to promote diversity of knowledge, experience and gender in its composition." (Principle 10)*
- *"The board of directors will have a balanced composition, with a large majority of non-executive directors and an appropriate proportion between proprietary and independent directors, with the latter generally representing at least half of the directors." (Principle 11)*
- *"Directors will dedicate sufficient time for the effective performance of their duties and to know about the business of the company and governance rules that control it, participating in any guidance and update programmes organised by the company." (Principle 13)*
- *"Directors will have sufficient and appropriate information available for them to carry out their duties and they will have the right to obtain the advice they require from the company." (Principle 15)*

4.2.1. Member categories of the CaixaBank Board of Directors

- 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 large majority over executive Directors and that the latter should be the minimum required in line with the Principles of the Code of Good Governance.
- The Board will also ensure that the majority group of non-executive directors includes holders or representatives of holders of significant stable stakes in the capital of the Company or shareholders who have been proposed as directors although their share ownership is not significant (**proprietary directors**) and renowned professionals who are able to carry out their duties without being conditioned by relationships with the Company or its group, its management or its significant shareholders (**independent directors**).
- The Board will also strive to ensure that among its external directors, the proportion of **proprietary and independent directors** on the Board reflects the existing proportion of the Company's share capital represented by proprietary directors and the rest of the capital and that at least one third of the all directors are independent directors.

4.2.2. Diversity on the Board of Directors

- The members of the CaixaBank Board of Directors as a whole must have sufficient **knowledge, skills and experience** in governance of credit institutions to possess an adequate understanding of the Company's activities, including its main risks, and to assure the effective capability of the Board of Directors to independently and autonomously make decisions in the interests of the Company, complying with the requirements of suitability demanded in the solvency regulations that apply.
- The Board of Directors will strive to ensure that the **procedures for selecting** its members **foster diversity of gender, experience and knowledge, among other aspects**, and do not involve any implied bias entailing any kind of discrimination and, in particular, that they facilitate the selection of female Directors, with a diversity policy or guidelines being established for this purpose.
- The Appointments Committee will strive to ensure each year that the guidelines for encouraging diversity in the composition of the Board established by the Company are complied with, informing of this in the Annual Corporate Governance Report.
- Regarding the size of the Board of Directors of CaixaBank, it will be of a suitable **size** to ensure effective, participatory operation and with a variety of points of views of the Board, as stated in the Principles of the Code of Good Governance, without prejudice to taking account of the origins and corporate transactions carried out by the Company.

4.2.3. Training of members of the Board of Directors

- In line with the principles of the Code of Good Governance (which state that advisers should have sufficient and appropriate **information** for the exercising of their duties and shall be entitled to obtain the necessary advice from the company), as well as its Recommendations (*"irrespective of the **knowledge** that the directors are required to have in order to carry out their duties, companies will also offer directors knowledge refresher programmes when circumstances make this advisable"*), CaixaBank will make training plans available to directors on different subjects depending on the needs identified at any time.
- In this respect, **attended training sessions** for the members of the Board of Directors will be held at CaixaBank. The courses, taught by leading external trainers, will address, amongst others, matters relating to corporate governance, remuneration of senior management, risk, regulatory standards and accounting developments.

4.3. PROFESSIONALISM AND DUTIES OF BOARD MEMBERS

The Board of Directors of CaixaBank will ensure that its members meet all legal and statutory requirements to hold the position of director, and at all times they must show diligent and loyal conduct in accordance with the corporate interests of CaixaBank.

Principles of the Code of Good Governance on which these aspects of the Policy are based:

- "Directors will dedicate sufficient time for the effective performance of their duties and to know about the business of the company and governance rules that control it, participating in any guidance and update programmes organised by the company." (Principle 13)
- "Directors will have sufficient and appropriate information available for them to carry out their duties and they will have the right to obtain the advice they require from the company." (Principle 15)
- "The board will periodically assess its performance and that of its members and committees, relying on the help of an independent external consultant at least every three years." (Principle 18)

4.3.1. Qualification of CaixaBank directors

- The members of the Board of Directors should meet the **suitability requirements** necessary for carrying out their duties. Specifically, CaixaBank directors should have recognised commercial and professional repute, have adequate knowledge, skills and experience to carry out their duties and be able to exercise good governance of the Company under the terms set out in the current regulations.

In accordance with the solvency regulations, in assessing the suitability and capacity of the members of the Board of Directors to hold office, the following criteria will be considered, amongst others:

- **Commercial and professional repute:** directors must have personal, commercial and professional conduct that does not cast any doubt on their ability to carry out sound and prudent management of the Company.
- **Suitable knowledge and experience:** Board members will have an adequate training level and profile, aiming, without prejudice to knowledge in the financial field, for a variety of training and experience that will contribute to a broader view by the Board of Directors on the issues that are submitted to it and the guidelines and performance criteria that are to be established for the Company, as well as practical experience from the fields of their former occupations.
- **Ability to exercise good governance of the Company:** to assess this requirement, the presence of potential conflicts of interest that create improper influence of third parties will be taken into account, arising from: (i) positions held in the past or at present in the Company or other private or public organisations; (ii) a personal, professional or economic relationship with other members of the Board of Directors of the Company, its parent company or its subsidiaries; or (iii) a personal, professional or economic relationship with the shareholders who have control of the Company, its parent company or its subsidiaries.

Furthermore, directors must observe the restrictions on membership of Boards of Directors prescribed by applicable regulations, which include, among others, the general

requirement that directors may only hold, at the same time, four (4) non-executive offices or one (1) executive office plus two (2) non-executive offices, with due regard paid at all times to the special calculation rules provided for in those regulations and without prejudice to the fact that the supervisor may grant authorisation for the director to hold an additional non-executive position.

- In order to ensure the suitability and qualification of directors of CaixaBank, and in accordance with the provisions of the Principles of the Code of Good Governance, the Appointments Committee regularly assesses the appropriateness of the various members of the Board of Directors, informing the Board of the result of the assessment.

4.3.2. Duties and obligations of directors

In addition to meeting the above requirements, in the performance of their duties, directors of CaixaBank will act with the diligence of an orderly businessman and the loyalty of a trusted representative. Their actions should be in good faith and be guided solely by the corporate interest, endeavouring to defend and protect the interests of all shareholders.

- **Duty of diligence**

Directors should occupy the post and perform their duties as dictated by law and the Articles of Association with the diligence of an orderly businessman, bearing in mind the nature of the position and the duties attributed to each of them. In particular, directors are obliged, amongst other things, to attend meetings of the Board of Directors and actively participate in discussions so that their judgement can effectively contribute to decision-making; to provide their strategic vision, as well as concepts, criteria and innovative measures for the optimum development and evolution of the business of the Company; to investigate any irregularities in the management of the company of which they may become aware and monitor any risk; and to oppose resolutions contrary to the law or the internal rules of the Company.

Furthermore, in accordance with the Regulations of the Board of Directors and the Principles of the Code of Good Governance, CaixaBank directors should have the appropriate dedication and adopt the necessary measures for the proper management and control of the Company.

In relation to the **duty of attendance** at meetings of the Board of Directors of CaixaBank, in the event of unavoidable absence, directors will endeavour to grant their representation in writing and as a special measure for each session to another member of the Board of Directors. In any case, efforts will be made to ensure that the attendance of each director at Board meetings never falls below 80%.

Unless the Board of Directors has been set up or exceptionally convened for reasons of urgency, the directors must have in advance and in sufficient time the information necessary for discussion and adoption of resolutions on the matters to be dealt with, and the Chairman of the Board, with the assistance of the Secretary, has to ensure compliance with this provision.

- **Duty of loyalty**

Directors of CaixaBank must fulfil their duties with the loyalty of a faithful representative, acting in good faith in the company's best interests. In particular, directors, in compliance with their duty of loyalty, should:

- Abstain from attending and participating in discussions and votes that affect matters in which the director or persons related to the director have a conflict of interest, direct or indirect, in which case the votes of the directors affected by the conflict and who must abstain are deducted for the purposes of calculation of the majority of votes necessary.
- Keep secret any information, data, reports or background information to which they have had access in the performance of their duties.

This **duty of confidentiality** requires directors to keep secret the discussions of the Board of Directors and the delegate bodies to which they belong and, in general, to abstain from disclosing information to which they have had access in the performance of their duties except in cases where the law permits or requires this.

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 background information 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.

- Refrain from using their powers for any purposes other than those for which they were granted.
- Perform their duties under the principle of personal responsibility, freely using their judgement or criteria and independence regarding third party instruments and relationships.
- Communicate diligently any professional changes affecting their situation as a director and especially appointments to or removals from companies outside the Group, termination of their office in the entity that promoted their appointment and any circumstances affecting their suitability.

- **Duty to avoid conflicts of interest**

Directors of CaixaBank should take the necessary measures to avoid situations in which their interests – either on their own account or someone else's – can be in conflict with the Company's interests and their duties towards it. In all cases, directors should abstain from:

- Directly or indirectly transacting with the Company except for routine transactions made under standard conditions for all customers and of little relevance to the Company;
- Using the Company name or invoking their position as director to unduly influence the execution of private operations.

- Making use of the Company's assets or availing themselves of their position at the Company to obtain an economic advantage or for any private purposes;
- Making use of business opportunities, where business opportunity is understood to be 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 his use of Company resources and information or that has arisen under circumstances such that it is reasonable to believe that a third party offer was in fact intended for the Company;
- Obtaining advantages or remuneration from third parties other than those provided by the Company and its group associated with the performance of their duties, unless these relate to mere acts of courtesy.
- Carrying out activities on their own or through others that in any way place them in permanent conflict with the interests of the Company.

Under the **duty of non-competition**, directors should abstain from carrying out, on their own account or through third parties, any activities involving effective competition with the Company, whether actual or potential, or otherwise place them in permanent conflict with the interests of the Company, unless CaixaBank grants permission, by express and separate agreement from the Annual General Meeting, which may only be granted in the event that it is not expected to damage the Company or it can be expected to be offset by the benefits obtained from the waiver.

Moreover, 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 years. If no period is set, a director who leaves cannot be appointed as a director of another effective competitor institution until six months have passed after he effectively ceases to be a director of CaixaBank.

The obligations derived from the duty of avoiding conflict of interest situations will also apply to cases where the beneficiary of any such prohibited actions or activities is a person related to the director, in accordance with the definition of this concept in law.

The Company may only waive the above prohibitions in individual cases according to the procedure and restrictions set forth in the regulations. Conflict of interest situations in which directors are involved will be reported in the annual report and in the Company's annual accounts.

4.4. BALANCED REMUNERATION AIMED AT ATTRACTING AND RETAINING THE RIGHT PROFILE AMONG MEMBERS OF THE BOARD OF DIRECTORS.

CaixaBank remuneration practices will be compatible with proper risk management, the business strategy and values of the Company. In this sense, the policy of remuneration of directors aims to encourage behaviours that ensure the generation of value in the long term as well as attract and retain directors with the desired profile, all in accordance with the provisions of the solvency regulations that apply to the Company in its capacity as a listed credit institution.

The Board also ensures that the remuneration of directors is in reasonable proportion to the size of the Company, the economic situation it is in at any time, the responsibility of the position and market standards for comparable companies. The remuneration system established should be aimed at promoting long-term profitability and sustainability of the Company and incorporate the necessary precautions to avoid excessive risk taking and reward favourable results.

Principle of the Code of Good Governance on which this principle is based:

- *"Remuneration of the Board of Directors shall be appropriate for attracting and retaining directors with the desired profile and rewarding the dedication, qualification and responsibility required by the position but without compromising the independence of judgement of the non-executive directors, in the aim of promoting achievement of the social interest, incorporating the precise mechanisms to avoid excessive risk taking and rewarding of poor performance." (Principle 25)*

- The **remuneration of the directors** of CaixaBank will be established based on the criteria contained in the *Policy on remuneration of directors and senior management*, in accordance with the provisions of the Articles of Association and the Board Regulations.
- The Board of Directors shall ensure that the remuneration of its members is **moderated** according to market demands, that it is distributed according to the **effective amount of time dedicated** by the directors and calculated in such a way as to offer **incentives** for each director without becoming an obstacle to their independence.
- The **remuneration structure** for directors, in accordance with the provisions of the Articles of Association, will comply with the basic rules for the remuneration of directors in their capacity as such as established by the applicable regulations. In this respect, the remuneration structure consists of a fixed annual amount up to a maximum limit determined by the General Shareholders' Meeting, which will remain in force until the General Shareholders' Meeting decides to change it. Within this maximum limit established by the General Shareholders' Meeting, directors may also be remunerated with shares in CaixaBank or another listed company of the Group, stock options or instruments linked to their price, which should also be agreed by the General Shareholders' Meeting.

In the context of the statutory provisions, CaixaBank will have a compensation system for members of the Board of Directors that **rewards its members in a linear and fixed manner for their participation on the Board** and additionally by belonging to any of its Committees, without additional varying amounts, or handover of shares in CaixaBank or another listed company belonging to the Group, stock options or instruments linked to their price. The Chairman of the Board of Directors has additional remuneration due to performing this duty.

- Notwithstanding the above, any Directors who have been allocated **executive duties** in the Company, whatever the nature of their legal relationship with the same, shall be entitled to receive remuneration for carrying out these duties, determined by the Board of Directors, on proposal by the Remuneration Committee, and which may consist of a fixed amount, a variable complementary amount and also incentives or benefits which may include welfare systems and

appropriate insurance provision and, where the case may be, Social Security payments. In case of severance not due to breach of duty, they may receive compensation.

- The Board shall annually prepare and publish an **annual report on the remuneration of directors** including that which they receive or should receive in their capacity as such and, where appropriate, for the performance of executive duties, under the legally required terms. 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 of the remuneration policy when it is time to submit it for approval by the General Shareholders' Meeting.

4.5. COMMITMENT TO ETHICAL AND SUSTAINABLE PERFORMANCE OF THE COMPANY

The activity of the Company shall be linked to the demands of corporate social responsibility which will aim, amongst other things, to promote the achievement of the strategic objectives of the Group through responsible and sustainable practices, maximize the creation of shared value for interest groups and create long-term relationships based on trust and transparency, as well as preventing, minimising and mitigating any potential negative impacts of their activities, all in accordance with the corporate values of quality, trust and social commitment.

Principle of the Code of Good Governance on which these aspects of the Policy are based:

- *"The company will promote a proper policy of corporate social responsibility, as a non-delegable power of the Board of Directors, providing sufficiently clear information on its development, implementation and results." (Principle 24)*

- CaixaBank aspires to emerge as the financial institution with a higher level of satisfaction among its customers, and to reinforce his reputation as a **paradigm of responsible and socially committed banks**, strengthening the culture of meritocracy and diversity within it. In this respect, one of the strategic lines of CaixaBank will consist on **focusing on the customer**.
- CaixaBank will aim to encourage a global culture that contributes to improving the welfare of people, **promoting economic and social development of the communities in which it operates** with special consideration for the environment and creating sustainable value, aligning the interests of CaixaBank with those of its shareholders and other **interest groups**, by protecting and promoting a value shared by society as a whole, it being essential to ensure that the conduct of the Company and the people who work in it is consistent with **corporate values of the Company**: quality, trust and social commitment.
- **Quality**, which is understood as a willingness to serve customers, consists of providing an excellent service, offering the products and services most suited to their needs.

In this respect, marketing of the Company products is based on a responsible sales policy, **complying with the applicable regulations**, such as, amongst others, the MiFID (*Markets in Financial Instruments Directive*). This attitude will be reflected, amongst other aspects,

in the voluntary membership of CaixaBank of "Autocontrol", the Association for Retail Self-Regulation, in favour of good advertising practices.

Furthermore, the Company will have a *Transparency of Financial Products Committee*, which will involve the main areas related to the development and marketing of products, in order to discuss all matters related to the transparency of the products and services offered to customers.

- **Trust** should be the sum of honesty, professionalism and proximity.
- **Social commitment**, an essential aspect of the Group, will emphasise the aim of wishing to contribute to developing a fairer society, with greater equality of opportunity.

Commitment to sustainable action

- The Company will base its management based on **responsible action and economic efficiency**, in a spirit of commitment to the socioeconomic development of people and regions. Only a long-term business vision, good corporate governance and responsible and sustainable activity can secure the future and success of organisations that have to respond honestly to all their interest groups: customers, shareholders, employees and society in general.
- The **commitment to sustainable performance**, which will have to add value to the Company and its interest groups, will cover the entire value chain of the organisation, from the origin of funds and resources to their implementation and investment. Thus, and in order to determine management strategies, the following will be taken into consideration:
 - Economic and financial factors of the activity.
 - Responsibility towards the environment.
 - Customer satisfaction.
 - Creation of value by shareholders.
 - Needs and aspirations of employees.
 - Relationships with suppliers and contributors.
 - Effects on the communities and environments in which it operates.

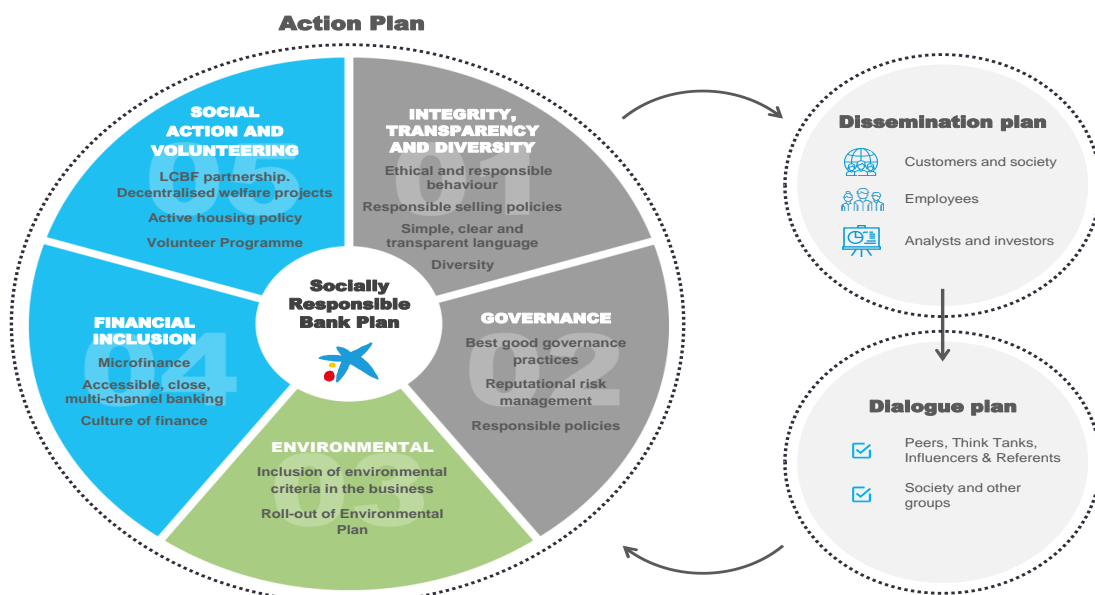
People management

- Likewise, **all people who form part of CaixaBank** should base their behaviour on **acting in good faith, integrity and common sense**, an obligation that will be included in the Company's *Code of Ethics and Principles of Action*. They must also comply with other rules of conduct developed by the Company and with international ethical standards adopted by CaixaBank, such as the *United Nations Global Compact* or the *Equator Principles in project finance*.

- In line with the above, CaixaBank will base its people management policy on **respect for diversity, equality of opportunity and non-discrimination** based on gender, age, disability or any other circumstances. Therefore it will consider it essential to ensure transparency in the selection and internal promotion of its professionals and, to that end, will define the following principles for action:
 - gender equality and work-life balance;
 - promotion of professional development;
 - meritocratic criteria in internal selection processes;
 - variable remuneration directly related to the achievement of individual and team targets;
 - occupational risk prevention;
 - job stability; and
 - optimisation of internal communication.

Corporate Social Responsibility

- Corporate social responsibility will be in the background of the daily management of the Company and its global strategy and, due to its transverse nature, will affect all areas.
- In its development, and as a corporate commitment, it will have the support and involvement of senior management and other members of the organisation. In addition, as a sign of its significance in the Company, there will be a body with specific duties in corporate social responsibility, the **Corporate Responsibility and Reputation Committee**, which is responsible for implementing and monitoring the corporate social responsibility policies and for implementing the CaixaBank Socially Responsible Banking Plan.



- The Company's commitment to the ethics and sustainability of its actions will be developed in the *Corporate Social Responsibility Policy* that should be approved by the Board of Directors of CaixaBank, in line with the Principles of the Code of Good Governance.

Code of Ethics and Principles for Action

- The basic principles of behaviour of the company and its Group will be included in the **Code of Ethics and Principles for Action**, which applies to all personnel of the CaixaBank Group, the management team and members of the governing bodies, who must respect the values, principles and rules contained therein and apply them in their professional activities and its internal and external relations. The *Code of Ethics and Principles for Action* will be based on the values of leadership, trust and social commitment and will promote the following principles for action:
 - Compliance with the current laws and regulations.
 - With respect to people, cultures, institutions and the environment.
 - Integrity.
 - Transparency.
 - Excellence and professionalism.
 - Confidentiality.
 - Social responsibility.

Other codes of conduct

- CaixaBank will also have a **Policy for action on corruption**, which will define the position of the Company in its relations with governments, political parties, authorities and officials, as well as guidelines to follow regarding the acceptance and giving of gifts, sponsorships and donations to non-governmental organisations, amongst other matters. This policy specifically prohibits any kind of illegal activities related to corruption, such as extortion, bribery, facilitation payments and influence peddling.
- Also, in strict compliance with the Data Protection Act, all employees of the Company are to **protect the confidentiality of the personal data** of customers, suppliers and contributors. In the case of individuals, this obligation will be reflected in a binding security protocol. Furthermore, the files that contain confidential data will be registered by CaixaBank with the General Data Protection Register.
- The Company will also have other **internal rules of conduct on specific issues** (such as, for example, an *Internal Code of Conduct Regarding the Securities Market*, a *Telematics Code of Conduct* and a *Policy and Internal rules of conduct for the process of contributing to the Euribor*) and procedures and policies related to ethical, social and environmental values in

relation to its interest groups (document for suppliers on ethical, environmental and social criteria, money laundering prevention policy, anti-discrimination policies and policies for financial inclusion, through MicroBank, the Group's social bank).

4.6. PROTECTION OF SHAREHOLDER RIGHTS AND PROMOTION OF THEIR PARTICIPATION

The Board of Directors of CaixaBank will assume as one of its main commitments facilitating the exercising by shareholders of their rights. To this end, the Board encourages active and informed participation of shareholders at the Annual General Meeting, as the main channel through which their will regarding the Company is expressed, and will protect shareholder participation in the Company capital.

Principles of the Code of Good Governance on which this principle is based:

- *"As a general rule, statutory measures of which the essential purpose is to hinder potential takeover bids should be avoided." (Principle 1)*
- *"Companies must clearly inform the general meeting about the degree of compliance with the recommendations of the Code of Good Governance." (Principle 3)*
- *"Listed companies should have a public policy of communication and contacts with shareholders, institutional investors and proxy advisors." (Principle 4)*
- *"Directors should make limited use of their delegated authority to issue shares or convertible securities excluding the right of first refusal and provide adequate information to shareholders about such use." (Principle 5)*
- *"The General Shareholders' Meeting should operate under principles of transparency and with appropriate information." (Principle 6)*
- *"The Company should facilitate the exercising of the rights of attendance and participation in the General Shareholders' Meeting on equal terms." (Principle 7)*
- *"The policy on premiums for attendance at the General Shareholders' Meeting should be transparent." (Principle 8)*

4.6.1. Right of attendance and participation in the General Shareholders' Meeting

- **The General Shareholders' Meeting** of CaixaBank is the **ultimate representative and participatory body of the Company shareholders**. Accordingly, the Board of Directors will promote shareholders' participation in General Shareholders' Meetings and the exercising of their rights; the Board of Directors will adopt all timely measures required to allow the General Shareholders' Meeting to effectively carry out the duties that correspond to it in accordance with the law and the Articles of Association.
- In particular, in order to ensure the exercising by shareholders of their right to attend and participate on equal terms in accordance with the Principles of the Code of Good Governance, the Board of Directors will implement the following measures, amongst others:
 - Facilitate the exercising of the right to attend and participate in the General Shareholders' Meeting.

- Make available to the shareholders prior to the Meeting and in good time, any information that is legally required and any that the Board of Directors considers appropriate.
- Respond, with the utmost diligence, to requests for information formulated by shareholders prior to the Meeting.
- Respond, with the same diligence, to questions formulated by shareholders during the General Meeting, and if it is not possible to answer requests for information at the same meeting, provide the requested information after the end of the Meeting under the terms provided by law.
- Ensure that the matters proposed to the Meeting are voted on in an orderly and separate manner, giving shareholders the opportunity to intervene to express their opinion on each of the matters submitted to a vote in a round of interventions that may be a single one for all points on the agenda and before the start of voting.
- At all times the Company **will guarantee equal treatment of all shareholders** who are in the same position, with particular emphasis on the need to ensure such equality when it comes to information, participation and exercising of voting rights in the context of the General Shareholders' Meeting.
- Furthermore, the Board of Directors of the Company will assess at all times the desirability of establishing a policy on **premiums for attendance**, either as a specific monetary benefit in proportion to the shares held by the shareholders attending the General Meeting, or by giving gifts without prejudice to the proportion of the capital. However, any sundries provided to shareholders cannot be considered premiums for attendance if they do not take into account the number of shares held and lack any economic form.

4.6.2. Right to information

- In accordance with the provisions of the law and the internal regulations of CaixaBank and in particular, in line with the ***Policy on Information, Communication and Contacts with shareholders, institutional investors and proxy advisors*** to be approved by the Board of Directors of CaixaBank, the General Meeting should be the main channel of communication with shareholders.
- The Board of Directors is obliged to **provide, in accordance with the provisions of the Principles of the Code of Good Governance and in the manner and within the limits provided by law, the information that the shareholders of the Company request**, unless provided otherwise in the applicable regulations.

So that all shareholders of CaixaBank can make an informed decision regarding the matters on the agenda of the Meeting, from the date of publication of the call to the Meeting until the day it is held, any shareholder may obtain from the Company, immediately and free of charge at the registered office, the reports and other documentation that must be made

available by law and the Company rules of corporate governance, and any information that the Board of Directors considers appropriate.

This documentation will also be made available to shareholders on the Company website (www.caixabank.com) from the time of the call to meeting, without prejudice to the fact that, moreover, in cases where legally applicable, shareholders may request handover or free delivery of the full text of certain documents made available.

Additionally, up to the fifth day prior to the scheduled date of the Meeting, the shareholders of the Company may ask the Board of Directors for any information or clarification they consider necessary regarding the items on the agenda, or ask written questions that they consider relevant regarding the publicly accessible information that has been provided by the Company to the National Securities Commission since the holding of the last General Meeting and regarding the audit reports. Valid requests for information, clarifications or enquiries made in writing and the written answers provided by the directors will be included on the Company website (www.caixabank.com).

- Also, under the right of information of shareholders and in accordance with the provisions of the Principles of the Code of Good Governance, during the Annual General Meeting, the Chairman of the Board **will give a verbal report on the most relevant aspects of corporate governance of CaixaBank** and, in particular, the changes that have occurred since the last Annual General Meeting and the specific reasons why the Company, if applicable, did not follow any of the recommendations of the Code of Good Governance and, if there are any, the alternative rules that apply in this area.

4.6.3. Representation and voting rights

- CaixaBank will ensure at all times that the Company's shareholders can exercise their **representation and voting rights at the Meeting** and, in this respect, by the means provided by the Company at the time of calling the General Meeting, shareholders may delegate or send their vote to the General Meeting by post or e-mail. Each share with voting rights, either present or represented by proxy at the General Meeting, will entitle the owner to one vote.
- Notwithstanding the above, the shareholder may not exercise the voting rights attached to their shares in the event of **conflict of interest** in which the law expressly establishes such a prohibition, and their shares will be deducted from the share capital for the purposes of calculating the majority of votes necessary in each case.
- Any shareholder may be **represented at the General Meeting** by another person, who need not be a shareholder, without prejudice to the attendance of legal entity shareholders through the appropriate parties.

The proxy must be granted specifically for each Meeting, in writing or by means of remote communication that duly guarantee the identity of the principal and the security of the electronic communications, in accordance with procedures established by law and in the rules of corporate governance of CaixaBank.

- Also, at the time of calling the General Meeting of Shareholders, the Company will activate an **Electronic Shareholder Forum** on the corporate website for the purposes established by law and in the rules of corporate governance of CaixaBank, which will be accessible to all shareholders or groups of shareholders who are duly entitled.
- **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.

4.6.4. Economic rights of shareholders

- The Board of Directors of CaixaBank will acknowledge the importance of the economic rights of Company shareholders who, as owners of the company, have a legitimate expectation to **obtain a profit** on their investment.
- The Company shall acknowledge to shareholders, in accordance with the Law, **economic rights** to participate in the distribution of corporate profits. Also, under the protection of economic rights of shareholders, the Board of Directors will assume the principles of the Code of Good Governance, in order to avoid the dilutive effect of capital increases, excluding preferential subscription rights, especially when the General Shareholders' Meeting delegates to the directors the power to approve the issue of new shares, agreeing not to submit to the General Shareholders' Meeting a proposal for delegation of powers to issue shares or convertible securities with exclusion of preferential subscription rights for more than 20% of the capital at the time of the delegation.

4.7. COMPLIANCE WITH CURRENT REGULATIONS AS A GUIDING PRINCIPLE OF ALL PEOPLE WITHIN CAIXABANK

Respect for the law is a key principle in the actions of CaixaBank, as will be reflected in the Company Code of Ethics and Principles for Action. In this respect, CaixaBank and all the people who are part of it should comply with the legislation and regulations in force at all times (laws, regulations, provisions of the regulatory bodies, etc.) as well as with any CaixaBank internal regulations or circular and, in particular, in respect of criminal regulations applying to the committing of crimes of corruption, bribery, influence peddling and corporate crime, amongst other activities.

CaixaBank and all directors, managers and employees will pay special attention to **compliance with current legislation at all times** and, in particular, when it affects particularly sensitive regulated matters such as, in addition to banking and the provision of financial services, money laundering, data protection legislation or the securities market regulations.

4.8. INTERNAL CONTROL FRAMEWORK (RISK MANAGEMENT, REGULATORY COMPLIANCE AND INTERNAL AUDITING)

- CaixaBank's internal control framework is underpinned by the following key elements:
 - Definition of a sound governance framework, determined by the Board of Directors and its corresponding Committees.
 - Implementation of a Three Lines of Defence model with separate functions and responsibilities ensuring suitable segregation of duties and the application of an effective control model.
 - Establishment of a risk management framework consisting of the following strategic risk processes: Risk Assessment, the Risk List and the Risk Appetite Framework (RAF). These tools facilitate control and monitoring of the Group's risks and internal and external reporting.
- CaixaBank's **Three Lines of Defence** model is based on the activities and processes giving rise to the risks, consequently determining who is responsible for them.
 - The **first line of defence** consists of the business units and support areas from which the Entity's risk exposure arises on carrying out its business. They are the takers and owners of these risks and are therefore responsible for developing and maintaining effective controls and for managing and mitigating them and for communicating the main risks affecting the Group. This risk-taking process will be adapted to the risk appetite and the authorised risk limits at all times.
 - The **second line of defence** acts independently of the business units and its function is to ensure that there are risk management and control policies and procedures in place, monitor their application, assess the control environment and report on all the Group's material risks. It includes two functions: the Risk Management function and the Regulatory Compliance function. The Risk Management function, which covers the entire organisation and the Group, assumes the functions connected with management of the risk map and risk management policies, control of the risk categories and coordination and maintenance of the Risk List, all of this carried out via the company bodies and procedures established in the *Internal Governance Policy*, the *Internal Control Policy* and the *Corporate Risk Appetite Framework Policy*, in which the internal reporting framework is detailed for the Board of Directors and the Risk Committee, among other bodies.
 - Similarly, the **regulatory compliance function** is responsible for ensuring that the Entity operates with integrity and complies with the applicable laws, regulations and codes of conduct. Its work and functioning will be included in the *Regulatory Compliance Function Policy* and in the *CaixaBank Group Regulatory Compliance Charter*. The function cooperates and exchanges information with the risk management function with regard

to compliance risk, and its responsibilities include closely collaborating with the risk management function to verify that the new products and procedures comply with the applicable regulatory framework as established in the *CaixaBank Product Governance Policy*.

- Finally, the **third line of defence** is the **Internal Audit Function**, which independently supervises the two previous lines in accordance with the *Internal Audit Charter*. Among other aspects, the internal audit function must verify and establish a reliable system guaranteeing compliance with the internal policies and procedures and external requirements for all the activities carried out, periodically assessing the risk management framework, comparing it to CaixaBank's risk appetite framework, and its recommendations must be dealt with in accordance with the *Procedure Manual*. The audit function will report the most significant recommendations to the Audit and Control Committee.

4.9. ASSUMPTION AND UPDATE OF BEST PRACTICES IN GOOD GOVERNANCE

CaixaBank is aware that corporate governance is a key element in increasing economic efficiency and promoting growth, as well as fostering the confidence of customers and investors in the Company, and the Board of Directors of the Company will therefore assume the commitment of implementing and aligning its activities with national and international best practices in corporate governance, particularly those established by the supervisory bodies, adapting them to the needs of the Company at all times, which will give appropriate information to shareholders and the markets in general.

- One of the priority targets of CaixaBank will be to guarantee **the transparency, independence and good governance of the Company** in order to safeguard the interests and command the trust of all interest groups. CaixaBank aspires to be a benchmark for good corporate governance, from service to minority investors and strengthening the culture of control in all processes, undertaking, in accordance with the provisions of the **Code of Good Governance**, to explain adequately both the corporate governance structure of CaixaBank and the degree of compliance with the Corporate Governance Recommendations contained in the Code.

To this end, the Company periodically reviews corporate documents and Policies in order to bring its content into line with the Recommendations of the Code of Good Governance.

- CaixaBank will also adapt its corporate governance to the guidelines established in this regard by the **European Banking Authority**.

4.10. TRANSPARENCY OF INFORMATION

CaixaBank has a firm commitment to transparency of information, providing shareholders, investors and the general public, with the relevant information on the progress of the Company, as provided by law.

- The Board of Directors of CaixaBank will ensure that the dissemination of information is made in a **clear** and **transparent** manner. To this end, it will provide suitable channels to familiarise

itself with any proposals formulated by shareholders with regard to the management of the Company.

- Furthermore, the Board, through some of its directors and with the collaboration of the members of senior management that the Board considers appropriate, may organise **informational meetings** on the running of the Company, for shareholders residing in the most important financial markets, either in Spain or other countries.
- The Board of Directors will also establish **appropriate mechanisms for regular exchange of information** with institutional investors who are shareholders of the Company, but in no case may the relationship between the Board of Directors and institutional shareholders may take the form of delivery thereto of any information that could give them a privileged situation or advantage over other shareholders.
- The Board of Directors, through communiqués of significant events to the Spanish National Securities Commission and the corporate website, will **immediately** provide the public with all significant information under the terms set forth in the current regulations.
- The Board of Directors shall adopt the necessary measures to ensure that half-yearly, quarterly and any other **financial information** required by law to be made 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.
- In particular, regarding corporate governance, detailed information is provided in the **Company's Annual Corporate Governance Report**, which shall include at least information on: (i) the ownership structure of the Company; (ii) any restrictions on the transfer of securities and on voting rights, if applicable; (iii) the management structure of the Company; (iv) related transactions of the Company and intragroup transactions; (v) risk control systems; (vi) the operation of the General Meeting; (vii) the degree of compliance with the good governance recommendations contained in the Code of Good Governance; and (viii) a description of the main features of the internal control and risk management systems in relation to the process of issuing financial information.
- CaixaBank's commitment to transparency of information in its relations with shareholders, institutional investors, proxy advisors as well as the general public, will be set out in the ***Policy on Information, Communication and Contacts with shareholders, institutional investors and proxy advisors*** to be approved by the Board of Directors of CaixaBank.

5. CORPORATE GOVERNANCE OF THE CAIXABANK GROUP

- The principles governing the rules of corporate governance of the Company must also be applicable wherever possible to the entities forming part of the CaixaBank Group, as established in the *CaixaBank Group Structural Definition Policy* that must be approved by the Company's Board of Directors and whose main aim will be to set forth a framework enabling **strategic coordination** and **establishment of the basic management guidelines** with regard to the different entities making it up, **with total regard for the respective functional**

environments and spheres of responsibility of CaixaBank and each of the entities forming part of the Group, and ensuring **conciliation of CaixaBank's corporate interests with those of the said entities** and, where the case may be, those of their shareholders.

- The CaixaBank Board of Directors, on performing its functions as the Group's parent company, will respect the **sectoral and regulatory standards** applicable to each entity in each particular case, establishing the **communication and information exchange flows** necessary for such purposes, particularly with regard to the approval and coordination at Group level of the internal auditing, risk and regulatory compliance units and the policies, systems, codes of conduct and procedures ensuring good governance of the Group and of each of the entities making it up.

6. DISSEMINATION AND SUPERVISION OF THE POLICY

- The **Board of Directors** will be the competent body for supervising the implementation of this policy, periodically evaluating its effectiveness and taking appropriate steps to address any deficiencies, implementing the changes it deems appropriate.
- Notwithstanding the above, the **Audit and Control Committee** and the **Appointments Committee** will have duties assigned in connection with the system and rules of corporate governance, being able, if necessary, to consider appropriate proposals for improving this Policy.
- The corporate governance system, developed in the various corporate documents, internal rules and procedures of conduct and corporate policies, will provide the relevant information in the **Annual Corporate Governance Report** in accordance with applicable law, without prejudice to other methods of dissemination to shareholders and markets that may be agreed by the Board.

This *Corporate Governance Policy* will be published on the corporate website of the Company.
