



CaixaBank S.A. Appointment Committee Activity Report 2018

December 2018

Contents

1. REGULATION	3
2. COMPOSITION	4
3. THE COMMITTEE'S FUNCTIONING	5
3.1 Preparation.....	5
3.2 Attendance	5
3.3 Conduct of meetings	6
3.4 Reporting to the Board of Directors	7
4. PERFORMANCE OF FUNCTIONS	7
4.1. Suitability of Directors and key staff	8
4.2 Submission to the Board of proposals for appointment of independent Directors. Reappointment. Removal.....	9
4.3 Reports to the Board on proposals for appointment of other Directors. Reappointment. Removal.....	9
4.4 Reports on proposals for appointment or termination of posts on the Board of Directors	10
4.5 Assessment of profiles of suitable persons to form part of the Committees	10
4.6 Reports on proposals for appointment or removal of Senior Managers	10
4.7 Gender diversity	11
4.8 Periodic suitability assessment of the Board of Directors, Committees, Chairman, Chief Executive Officer, Secretary and Management Committee. Suitability assessment of Board members and the Board as a whole. Assessment of the balance of knowledge, skills, diversity and experience of the Board of Directors	11
4.9 Periodic review of the Board of Directors' Policy for selection and appointment of members of the Senior Management Group	12
4.10 Corporate Governance (annual verification of the Directors' status) and Corporate Social Responsibility	12
5. MAIN PROGRESS IN COMPARISON TO THE EXTERNAL ASSESSMENT FOR 2017	12
6. ASSESSMENT OF THE COMMITTEE'S FUNCTIONING	13

This Activity Report was drawn up by the CaixaBank S.A. Appointment Committee (hereinafter referred to as the “**Committee**”) on 19 December 2018, in accordance with the Company By-laws and the Rules of the Board of Directors, and will be submitted for approval by the Board of Directors of CaixaBank, S.A. (hereinafter referred to as “**CaixaBank**” or the “**Company**”) at its meeting of 20 December 2018.

This Report will be available for consultation on CaixaBank’s corporate website (www.caixabank.com) together with all other documentation made available to the shareholders by the Company for the 2019 Ordinary General Meeting.

During the financial year 2018, the Committee has furthered and consolidated the performance of its functions, acting within the scope of its responsibility at all times, adopting all the necessary resolutions and issuing all the relevant reports in accordance with current legislation or as expressly required from it.

1. REGULATION

The **Appointment and Remuneration Committee** was created on 20 September 2007 by unanimous resolution of the Board. On 25 September 2014, in order to adapt to the regulations introduced by Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions, the Board of Directors resolved to split this Committee and that the Appointment and Remuneration Committee should subsequently be designated the **Appointment Committee** and a separate Remuneration Committee created.

Its powers and functioning are described in Article 40.5 of the Company By-laws and Article 15 of the Rules of the Board of Directors of CaixaBank¹, and this Committee is also referred to in other internal regulations of CaixaBank, such as the *Policy for selection, diversity and suitability assessment of Directors and senior management members and other key function holders of CaixaBank and its Group*.

The Committee’s composition and powers are in accordance with the criteria of the recent Guidelines on Internal Governance (EBA/GL/2017/11), approved by the European Banking Authority on 26 September 2017.

¹ Both these documents are available for consultation on the Company’s website, www.caixabank.com.

2. COMPOSITION

A diverse committee made up of non-executive Directors (the majority independent Directors, including its Chairman) with suitable knowledge and experience to perform its functions

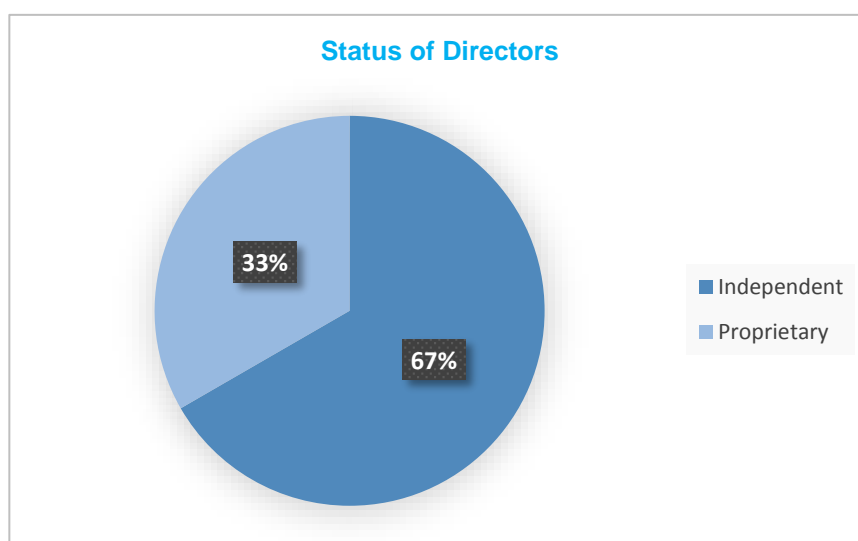
At the date on which this document was drawn up, the members of the Committee were as follows:

	Post	Status*	Committee member since**
John Reed	Chairman	Independent	1 February 2018
María Teresa Bassons	Committee Member	Proprietary	12 December 2013
Alain Minc	Committee Member	Independent	1 February 2018

*Chart 1
**Chart 2

The Committee consists exclusively of non-executive Directors. Two of its members (John Reed and Alain Minc) have the status of independent Directors. The Committee members were elected taking into consideration their knowledge and experience, and as a whole they have the relevant technical knowledge with regard to CaixaBank's business.

Chart 1



María Teresa Bassons has been a member of the Appointment Committee since December 2013.

On 1 February 2018, the Board of Directors of CaixaBank resolved to appoint John Reed and Alain Minc as new members of the Committee, replacing Antonio Sáinz de Vicuña and María Amparo Moraleda.

Chart 2



Alain Minc is also the Chairman of the CaixaBank Audit and Control Committee.

The post of Secretary of the Committee, an advisory post, is held by the Secretary of the Board of Directors, who is also the Secretary General of CaixaBank, thus facilitating a smooth, efficient and dynamic relationship with the Company's different Departments, which must offer their collaboration or provide the Committee with information. The post of Deputy Secretary, an advisory post, is held by the First Deputy Secretary of the Board of Directors.

The professional résumé of each of the Committee members is available for consultation on the Company's website, www.caixabank.com.

3. THE COMMITTEE'S FUNCTIONING

3.1 Preparation

In order to prepare the Committee's meetings, its members are provided with the documentation for the meeting (draft agenda, presentations, reports, minutes of the previous meetings and any other supporting documentation) sufficiently in advance of each meeting. Specially designed computer tools are used for this purpose to ensure the confidentiality of the information.

3.2 Attendance

In accordance with its regulations, the Committee meets as necessary for the correct performance of its functions. Its meetings are called at the initiative of its Chairman or on request by two members of the Committee itself and whenever the Board of Directors or its Chairman request the issue of a report or adoption of a proposal.

In 2018 the Committee held ten meetings, and it also adopted resolutions in writing, without a formal meeting. The Committee members' attendance of the meetings, either present or represented by proxy, was as follows in 2018:

Number of meetings	10
Antonio Sáinz de Vicuña y Barroso	1 / 1 ¹
María Amparo Moraleda Martínez	1 / 1 ²
María Teresa Bassons Boncompte	10 / 10
John Reed	9 / 9 ³
Alain Minc	9 / 9 ⁴

- (1) Antonio Sáinz de Vicuña was a Committee member until 1 February 2018
 (2) María Amparo Moraleda was a Committee member until 1 February 2018
 (3) John Reed has been a Committee member since 1 February 2018
 (4) Alain Minc has been a Committee member since 1 February 2018

In 2018 the Company's Managing Director of Human Resources and Organisation attended the meetings as a guest, on invitation by the Committee Chairman, only attending the agenda items to which he had been invited.

Additionally, the Committee received external counselling from Russell Reynolds for carrying out certain tasks. The consultant thus attended some of the Committee meetings, only attending the agenda items on matters relating to his collaboration.

Some Committee meetings were also occasionally attended by the Manager of the Corporate Responsibility Department and the ALM Managing Director of the Financial Department.

3.3 Conduct of meetings

The Committee's system determines quoracy of the meetings when the majority of its members are present in person or represented by proxy. Members may delegate their proxy representation to another member. Resolutions are adopted by majority vote of the members attending in person or by proxy, and minutes of the resolutions adopted at each meeting are taken.

The Committee may request the attendance of persons from the organisation whose work is related to its functions, and it may obtain all necessary counselling for it to form an opinion on the matters within its remit. This is managed by the Secretary of the Board.

Similarly, in accordance with the recommendations in the Guidelines on Internal Governance (EBA/GL/2017/11), the Committee works in suitable coordination with other committees whose activities are related to its own, particularly with the Audit and Control Committee (for corporate governance-related issues) and the Remuneration Committee.

There is constant involvement, discussion and debate between the Committee members on all the items dealt with at the Committee meetings, the Directors providing different views of each matter.

3.4 Reporting to the Board of Directors

Without prejudice to the Committee informing the Board of Directors via its Chairman of its activity and the work it has carried out, all the Directors are provided with the minutes of its meetings, either at the meetings held for such purposes by the management body or at the immediately subsequent meeting, if the Chairman should deem this necessary, and the Board of Directors is thus informed as a plenary body.

4. PERFORMANCE OF FUNCTIONS

In accordance with Article 15.2 of the Rules of the Board of Directors of CaixaBank, the Appointment Committee is allocated the following basic functions:

- To evaluate and propose to the Board of Directors the assessment of the necessary skills, knowledge and experience for the members of the Board and the Company's key staff.
- To submit to the Board of Directors the proposals for appointment of independent Directors so that they may be appointed by co-option or submitted for decision by the General Shareholders' Meeting, and the proposals for the General Shareholders' Meeting's reappointment or removal of these Directors.
- To inform of the proposals for appointment of the other Directors so that they may be appointed by co-option or submitted for decision by the General Shareholders' Meeting, and the proposals for the General Shareholders' Meeting's reappointment or removal of these Directors.
- To report on the appointment and, where the case may be, the termination of the Lead Independent Director, the Secretary and the Deputy Secretaries of the Board, for submission for approval by the Board of Directors.
- To evaluate the profile of the most suitable persons to form part of the Committees other than the Appointment Committee itself, on the basis of their knowledge, aptitudes and experience, and to submit to the Board of Directors the corresponding proposals for appointment of members of the Committees other than the Appointment Committee itself.
- To report on the proposals for appointment or removal of senior managers. If the Committee considers it should take this initiative itself, as the senior manager in question performs either control functions or support functions for the Board or its Committees, it may make such proposals directly. To propose basic terms of the senior managers' contracts other than remuneration aspects, if it deems appropriate, and to report on them when they have been established.
- To study and organise the Chairman's succession, under the coordination of the Lead Independent Director and in collaboration with the Chairman of the Board of Directors, where the case may be, and to study and organise the succession of the Company's Chief Executive Officer, in collaboration with the Chairman, submitting proposals to the Board of Directors where the case may be to ensure this succession is orderly and well-planned.
- To report to the Board on matters of gender diversity, ensuring that the procedures for selecting its members favour diversity of experience and knowledge and facilitate the selection of female Directors, and to set a target for the underrepresented gender on the Board of Directors and draw up guidelines on how this should be achieved, always endeavouring to ensure compliance with the diversity policy applied in relation to the Board of Directors, which will be informed of in the Annual Corporate Governance Report.

- To periodically assess (at least once a year) the structure, size, composition and work of the Board of Directors and its Committees, its Chairman, CEO and Secretary, recommending possible changes to it, proceeding under the supervision of the Lead Independent Director, where the case may be, in the case of the Chairman's assessment. To assess the composition of the Management Committee and its replacement charts for suitably anticipating the transitions.
- To assess the suitability of the different members of the Board of Directors and the Board as a whole, as frequently as established in the regulations, and to inform the Board accordingly.
- To periodically review the Board of Directors' policy for the selection and appointment of members of the senior management group and to make recommendations to it in this regard.
- To consider the suggestions made to it by the Chairman, the members of the Board, the managers and the Company shareholders.
- To oversee and control the correct functioning of the Company's corporate governance system, making any proposals it deems appropriate for its improvement, where the case may be.
- To monitor the independence of the independent Directors.
- To submit a draft Annual Corporate Governance Report to the Board.
- To oversee the Company's work with regard to corporate social responsibility issues and to submit any proposals it deems appropriate in this regard to the Board.
- To assess the balance of the knowledge, skill, diversity and experience of the Board of Directors and to draw up a description of the functions and the aptitudes required for each specific appointment, evaluating the amount of time that will need to be dedicated to this post.

The Appointment Committee may use any resources it deems appropriate to perform its functions, including external counselling, and suitable funding for this purpose may be made available to it.

There follows a summary of the work done by the **Appointment Committee** in 2018, grouping the activities together in accordance with its basic functions.

4.1. Suitability of Directors and key staff

In 2018, the Appointment Committee complied with its function of proposing to the Board of Directors the assessment of the necessary skills, knowledge, diversity and experience of the members of the Board and the Company's key staff. In particular,

- It approved the suitability assessment proposal for the independent Director Eduardo J. Sanchiz Irazu, on proposal of his ratification and appointment to the General Meeting.
- It approved the amendment of the Draft Suitability Report on Tomás Muniesa Arantegui (approved by the Committee in December 2017) in view of a letter received from the Bank of Spain asking for additional documentation to be sent.
- It approved a report on the time dedicated by the Director Alain Minc to his duties at CaixaBank and approved the submittal of a request to hold an additional post on Mr. Minc's behalf.

- It reported favourably on the incorporation of Francisco Javier Valle as Executive Director of Insurance and a member of the Management Committee, proposing the approval of his Suitability Report to the Board of Directors, all with effect from 1 January 2019.
- It reported favourably on the incorporation of María Luisa Retamosa as Executive Director of the Internal Audit Department and a member of the Management Committee, proposing the approval of Ms. Retamosa's Suitability Report to the Board of Directors, all with effect from 1 January 2019.
- It reported favourably on Victoria Matía's replacement by Ignacio Badiola, proposing the appointment of Mr. Badiola as Executive Director of CIB and International Banking and a member of the Management Committee, all with effect from 1 January 2019.
- Additionally, for purposes of contemplating possible future vacancies on the Board of Directors, the Appointment Committee assessed several candidates for an independent directorship, with external counselling from Russell Reynolds.
- The Appointment Committee also acknowledged that it had been informed of the admission of a lawsuit filed against CaixaBank, members of its Board and Directors, asking to be kept informed of the evolution of this procedure, for monitoring purposes.
- Similarly, the Committee approved the continuous suitability assessments of all the Directors and the Entity's senior managers, and it will inform of this at the next meeting of the Board of Directors.

4.2 Submission to the Board of proposals for appointment of independent Directors. Reappointment. Removal.

With regard to this function, in 2018 the Appointment Committee resolved to propose to the Board of Directors, so that it could in turn submit the proposal to the General Shareholders' Meeting, that Eduardo J. Sanchiz Irazu's appointment by co-option should be ratified and that he should be appointed as a Director of CaixaBank, with the status of independent Director, also approving the Directors' Report on the proposal to the General Meeting to ratify this appointment.

4.3 Reports to the Board on proposals for appointment of other Directors. Reappointment. Removal.

In accordance with its function of reporting on the proposals for appointment of other Directors, in February 2018 the Appointment Committee adopted the Committee's Report to the Board on the proposal for ratification and appointment of Tomás Muniesa as an executive Director, in writing and without a formal meeting, approving the Directors' Report on the proposal to the General Meeting to ratify this appointment.

Subsequently, the Committee reported favourably on Tomás Muniesa terminating his executive functions and remaining in the post of non-executive Vice-Chairman of CaixaBank.

4.4 Reports on proposals for appointment or termination of posts on the Board of Directors

At its November meeting, the Appointment Committee, aware of the Vice-Chairman's intention to resign from his executive functions and take retirement, reported favourably on this termination.

4.5 Assessment of profiles of suitable persons to form part of the Committees

After examining the work done by Russell Reynolds with regard to the Board's self-assessment process for 2017, the Committee drew up a proposal for reorganisation of the Board Committees in coordination with the Chairman of the Board, the Chief Executive Officer, the Lead Independent Director, the Audit and Control Committee and the Secretary. The aim of the proposal is to guarantee continuity on all the Committees, encourage the involvement of all the external Directors on at least one Committee, improve the distribution of the workload and avoid a composition with excessive members, maintaining budgetary discipline.

Within the scope of the Appointment Committee's responsibility for assessing the profile of the most suitable persons to form part of the Committees other than the Appointment Committee itself, in accordance with their aptitudes and experience, it agreed to submit proposals to the Board of Directors for appointment of members of the Audit and Control Committee, the Remuneration Committee and the Risk Committee.

Also, at its meeting of 1 February 2018, the Appointment Committee appointed its Chairman, following the Board meeting at which the proposals to modify the composition of the committees were approved.

In April, the Appointment Committee also submitted to the Board of Directors the proposal to appoint Tomás Muniesa as Vice-Chairman of the Board of Directors and a member of its Executive Committee and to reappoint Eduardo Sanchiz as a member of the Audit and Control Committee.

4.6 Reports on proposals for appointment or removal of Senior Managers

With regard to the proposals for appointment or removal of Senior Managers, in 2018 the Appointment Committee:

- Reported favourably on the termination of the executive functions of the Vice-Chairman, Tomás Muniesa Arantegui.
- Reported favourably on the incorporation of Francisco Javier Valle as Executive Director of Insurance and a member of the Management Committee, with effect from 1 January 2019.
- Reported favourably on the incorporation of María Luisa Retamosa as Executive Director of the Internal Audit Department and a member of the Management Committee, replacing Joaquín Vilar, also reporting favourably on Mr. Vilar's termination, all with effect from 1 January 2019.
- Reported favourably on Victoria Matía's replacement by Ignacio Badiola, proposing the appointment of Mr. Badiola as Executive Director of CIB and International Banking and a member of the Management Committee, all with effect from 1 January 2019.

4.7 Gender diversity

In compliance with its function of reporting to the Board of Directors on gender diversity matters, at its meeting of 31 January 2018 the Appointment Committee approved the document on the annual verification of the Director selection policy, in which it indicated that it had verified compliance with this Policy in the resolutions adopted concerning selection and appointment of Directors. At the same meeting, the Appointment Committee approved the document analysing achievement of the target for the proportion of the under-represented gender on the Board, and guidelines for meeting this target.

In December 2018, the Appointment Committee indicated in its Draft Assessment Report on the Board of Directors that the percentage achieved in 2017 – which represented a slight increase in comparison with the two previous financial years – had been maintained in 2018, and the Committee also proposed and the Board reported favourably on the suitability of a candidate of the under-represented gender to replace one of the independent Directors currently due to complete their twelve-year term, and who would bring the percentage from the current 27.78% to 33.33% if effectively appointed.

4.8 Periodic suitability assessment of the Board of Directors, Committees, Chairman, Chief Executive Officer, Secretary and Management Committee. Suitability assessment of Board members and the Board as a whole. Assessment of the balance of knowledge, skills, diversity and experience of the Board of Directors

In accordance with its function of assessing the balance of knowledge, skills, diversity and experience of the Board and regularly assessing its structure, size and composition (at least once a year), the Committee drew up a report, which it approved at its meeting of 31 January 2018, concluding that it considered the composition of the Board of Directors adequate at January 2018 as regards the balance of ages, knowledge, skills and experience and that the objective of increasing the number of independent Directors had been achieved and progress made towards including more Board members of the under-represented gender. As to the number of Board members, although a total of 18 is considered reasonable it has been considered necessary to progressively reduce this number to 15, to comply with the recommendation in the Code of Good Governance. Thus, at the same meeting, the Committee positively rated the document drawn up by its Chairman on planning the Board's composition for the year 2020, observing the rules of deconsolidation and the minimum proportion of 30% of the under-represented gender.

In December this year, in order to comply with the series of periodic assessment obligations established in the regulations and particularly taking into account the aspects figuring in the EBA Guidelines, the Appointment Committee drew up a single report in which it concluded that the current Board of Directors can be considered satisfactory as a whole with regard to both its functioning and its composition, also positively rating the quality and efficiency of the functioning of both the Board and the Committees and considering that they have an adequate structure, size and composition. Notwithstanding this fact, the Committee continues to intend to reduce the size of the Board to 15 members by 2020, welcoming the opportunity to appreciate a more in-depth knowledge of banking and the new technologies sector when any new incorporations are made.

As to the self-assessment procedure for the Board and its Committees, the Appointment Committee has resolved that the process for this year should be carried out internally, appreciating the fact that an external consultant will provide counselling for the next self-assessment, in order to observe the evolution over two years. The Committee thus approved the self-assessment questionnaires forming the basis for the Directors' self-assessment exercise. The methodology used was fundamentally based on analysing the questionnaire responses.

4.9 Periodic review of the Board of Directors' Policy for selection and appointment of members of the Senior Management Group

In order to comply with its general function of periodically reviewing the Board of Directors' Policy for selection and appointment of members of the senior management group and to adapt to the EBA Guidelines, at its meeting of 25 July 2018 the Appointment Committee reported favourably on submitting the documents to the Board on the Policy for selection, diversity and suitability assessment of Directors and senior management members and other key function holders of CaixaBank and its Group and the Protocol on procedures for suitability assessment and appointment of Directors and senior management members and other key function holders at CaixaBank.

4.10 Corporate Governance (annual verification of the Directors' status) and Corporate Social Responsibility

In compliance with its function of overseeing and monitoring the Company's corporate governance system, in the financial year 2018 the Appointment Committee studied the Draft Annual Corporate Governance Report for 2017, approving it on 21 February 2018 by means of a resolution adopted in writing, without a formal meeting. In this resolution, the Appointment Committee also analysed the status of the Board members, confirming that the status of each one was as figuring in the Draft Annual Corporate Governance Report that had been submitted to the Board.

Also, in accordance with its function of overseeing the Company's work with regard to corporate social responsibility, on 21 February 2018, in writing and without a formal meeting, the Appointment Committee reported favourably on the submission to the Board for approval of the Integrated Corporate Report for 2017 concerning the management model and the Company's economic, social, environmental and corporate governance strategy, and with the Socio-economic Impact Report providing a summary of the key indicators that endorse and quantify the bank's positive impact in Spain.

Also on 21 February 2018, in writing and without a formal meeting, the Committee reported favourably on the submission to the Board for approval of the update of the Corporate Responsibility Policy, consisting of a revision of the Policy's text to ensure its validity and adaptation to potential new best market practice.

At its meeting of 25 July 2018, the Appointment Committee reported favourably on a proposal to amend the Human Rights Policy.

Finally, within the framework of the Board's approval of the Socially Responsible Banking Plan, at its meeting of 19 September 2018 the Appointment Committee agreed to report favourably to the Board of Directors on the approval of the Sustainable Development Goals Framework.

Additionally, with the aim of adapting the Corporate Governance Policy to the latest amendments made to the Company By-laws and the Regulation and adapting it to the bank's Internal Governance Policy, at the same meeting (19 September) the Appointment Committee agreed to report favourably on the amendment of the text of the Corporate Governance Policy.

5. MAIN PROGRESS IN COMPARISON TO THE EXTERNAL ASSESSMENT FOR 2017

Taking as a basis the Report on the Effectiveness and Performance of the Board of Directors and its Committees for 2017 drawn up by the external consultants Russell Reynolds Associates, and in particular the section on the Appointment Committee, the following progress can be highlighted with regard to the recommendations made in the said report.

Recommendation. The Chairman of the Appointment Committee could establish and notify the Board of an annual plan containing the committee's objectives, describing the work and projects to be carried out during the year.

In 2018 the Committee established a Work Plan on two occasions, at the meetings held in April and September. Without prejudice to other matters, some aspects presented as relevant at the April meeting were the need to deal with the selection policies for Directors and senior managers and the internal suitability assessment procedures to adapt to the EBA Guidelines, corporate reinforcement and managing the proposals for appointment of independent Directors. In September, the Committee particularly focused on the Board's self-assessment (on an individual and group basis); assessment of the Board's structure, size and composition; assessment of the functioning of the Board and its Committees; and monitoring of the recommendations of the Code of Good Corporate Governance of Listed Companies and annual planning of the Directors' training.

Recommendation. To consolidate the practice of selecting Directors in accordance with a pre-established profile, accepted by the Board, a selection process enabling the Directors to contribute ideas, correct calibration of the candidates and submission of several candidatures for consideration at the Board meeting.

In 2018 the Committee particularly worked on the selection of candidates for the post of independent Director of CaixaBank to fill any vacancies that might arise. Banking, auditing, digital and international profiles were drawn up and it was taken into account that gender issues should be observed together with compatibility with the entity's culture and values, and Russell Reynolds was tasked with continuing the candidate selection process.

6. ASSESSMENT OF THE COMMITTEE'S FUNCTIONING

On assessing the functioning of the Appointment Committee, its members were asked for their opinion on the composition, organisation and performance of the functions entrusted to the Committee in the Company By-laws and the Rules of the CaixaBank Board of Directors, and the rest of the Directors were also asked their opinion.

The Appointment Committee reported favourably on the quality and efficiency of the Committee's functioning in the financial year 2018, and the general opinion among the members of the Board is that the Committee has complied diligently with its tasks and obligations.

Barcelona, 19 December 2018
The Appointment Committee of Caixabank S.A.