



**Activity report of the Appointments Committee of  
CaixaBank, S.A. corresponding to 2019**

December 2019

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This activity report was drawn up by the Appointments Committee of CaixaBank, S.A. (hereinafter the “**Committee**”) on 18 December 2019, in compliance with Company By-laws and the Regulations of the Board of Directors and will be submitted for approval by the Board of Directors of CaixaBank, S.A. (hereinafter, “**CaixaBank**” or the “**Company**”) in the session that is scheduled for 19 December 2019.

This report will be available on the corporate website of CaixaBank ([www.caixabank.com](http://www.caixabank.com)) together with all other documentation made available to the shareholders by the Company for the 2020 Ordinary General Shareholders' Meeting.

During the 2019 financial year, the Committee has furthered and consolidated the performance of its duties, 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 **Appointments and Remuneration Committee** was created on 20 September 2007 by unanimous resolution of the Board. On 25 September 2014, in order to conform to the regulations introduced by Law 10/2014, of 26 June on ordinance, supervision and solvency of credit institutions, the Board of Directors resolved to divide this Committee, by which the Appointments Committee and Remunerations became the **Appointments Committee** and a Remuneration Committee created.

Its powers and functioning are described in Article 40.5 of the Company By-laws and Article 15 of the Regulations of the Board of Directors of CaixaBank<sup>1</sup>, as well as in other internal standards of CaixaBank that refer to this Committee, such as the *Policy for selection, diversity and suitability assessment of directors and members of senior management and other holders of key positions in CaixaBank and its Group*.

Until now, CaixaBank has not deemed it necessary for the Committee to have its own regulations governing its organisation and functioning, as all the Committee's characteristics are governed in sufficient detail by the regulations included in the Regulations of the Board of Directors.

It should be noted that the composition and responsibilities of the Committee meet the criteria established in recent Guidelines on internal governance, EBA/GL/2017/11, approved by the European Banking Authority on 26 September 2017.

Similarly, functioning of the Appointments Committee of CaixaBank meets the overall requirements of the principles, criteria and good functioning practices set forth in Technical Guide 1/2019 of the CNMV, on appointments and remuneration committees.

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<sup>1</sup> Both documents are available on the company website [www.caixabank.com](http://www.caixabank.com).

## 2. COMPOSITION

**A diverse committee, made up of non-executive directors (most of whom are independent, including the Chairman) and with the suitable knowledge and experience to perform their duties**

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

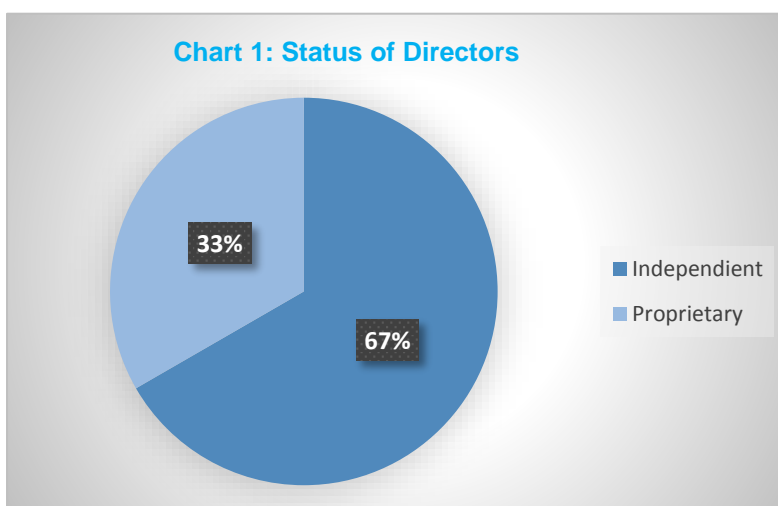
	Position	Status*	Time on the Committee**
John Reed	Chairman	Independent	1 February 2018
María Teresa Bassons Boncompte	Member	Proprietary	12 December 2013
Xavier Vives Torrents	Member	Independent	5 April 2019

\*Chart 1

\*\*Chart 2

The committee consists exclusively of non-executive directors. Two of its members (Mr. John Reed and Mr. Xavier Vives) hold their positions as 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 STATUS OF DIRECTORS



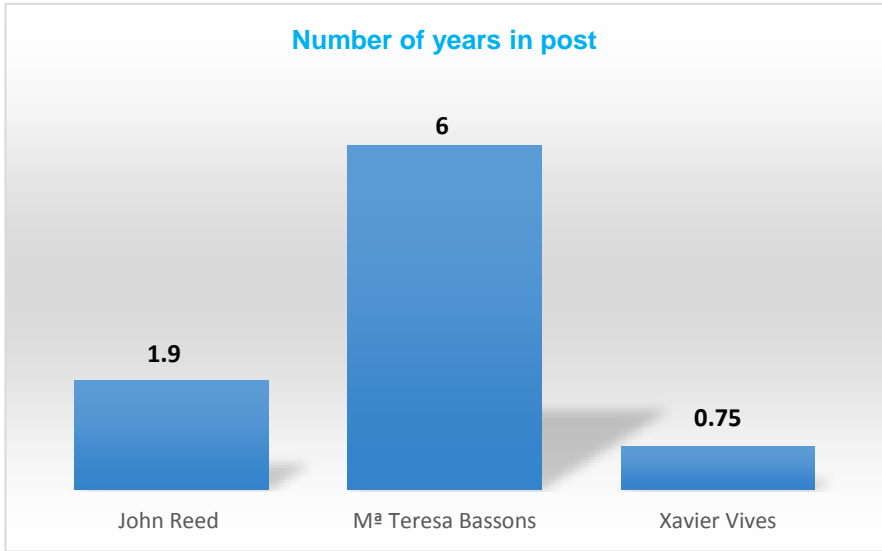
Maria Teresa Bassons has been a member of the Appointments Committee since December 2013.

On 1 February 2018, the Board of Directors of CaixaBank resolved to appoint Mr. John Reed as a member of the Committee.

In 2019, Ms. Bassons and Mr. Reed were re-elected as members of the Appointments Committee by the Board of Directors in the meeting held on 5 April, after having been re-elected as directors by the General Shareholders' Meeting held the same day. Mr. Reed became Chairman on 1 February 2018.

Furthermore, Mr. Xavier Vives was appointed as a member of the Appointments Committee in the meeting held by the Board of Directors of CaixaBank on 5 April 2019, replacing Mr. Alain Minc.

## Chart 2 NUMBER OF YEARS IN POST



Mr. Xavier Vives is also the Lead Independent Director of CaixaBank and member of the Executive Committee. In line with recommendations of Guideline 1/2019 of the CNMV, the Lead Independent Director is a member of the Committee.

The position of secretary of the Committee, an advisory position, 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 position of Deputy Secretary, an advisory position, is held by the First Deputy Secretary of the Board of Directors.

The Company website, [www.caixabank.com](http://www.caixabank.com), provides the professional career of each of the Committee members.

## 3. FUNCTIONING OF THE COMMITTEE

### 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 duties. Its meetings are called at the initiative of its Chairman or at the request of two members of

the Committee and whenever the Board of Directors or its Chairman request the issue of a report or adoption of a proposal.

In 2019 the Committee held 8 meetings. Meeting attendance by Committee members, either present or represented by proxy, was as follows in 2019:

Number of meetings	8
Mr. John Reed	8 / 8
Ms. María Teresa Bassons Boncompte	8 / 8
Mr. Alain Minc	3 / 3 <sup>1</sup>
Mr. Xavier Vives Torrents	5 / 5 <sup>2</sup>

(1) Mr. Alain Minc was a member of the Committee until 5 April 2019

(2) Mr. Xavier Vives has been a member of the Committee since 5 April 2019

In 2019, meetings were attended by the General Manager of Human Resources and Organisation of the Company, as well as the Director of the Department of People, who were invited by the Committee Chairman and whose presence was limited to agenda items they had been called for.

Similarly, some sessions were attended by the Executive Director of Communication, Institutional Relationships, Brand and Corporate Social Responsibility, the Corporate Director of Labour Relations, Culture and Development, the Director of the Department of Corporate Accountability, the Director of Non-financial Risks and the Director of Culture, Equality and Diversity, all of whom attended as guests.

### 3.3 Conduct of the 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 are taken of the resolutions adopted at each meeting.

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

Similarly, in line with the recommendations included in the Guidelines on internal governance (EBA/GL/2017/11), the Committee coordinates appropriately with other committees whose activities are associated with those of the Committee, in particular with the Audit Committee as regards internal governance issues and the Risks Committee as regards issues concerning Corporate Social Responsibility.

Participation, dialogue and debate among members of the Committee are constant as regards all matters dealt with in the Committee, whereby all the directors contribute their viewpoints.

### 3.4 Reporting to the Board of Directors

The Committee Chairman reports on the activity and work carried out by the Committee to the Board of Directors, in the Management Body meetings scheduled for this purpose. In addition, in accordance with the modification of Board Regulations approved in February 2019, all members are sent a copy of the minutes from each meeting.

## 4. PERFORMANCE OF FUNCTIONS

In accordance with Article 15.2 of the Regulations of the Board of Directors of CaixaBank, the Appointments Committee is attributed the following basic duties:

- To evaluate and propose to the Board of Directors the assessment of skills, knowledge and experience required of Board members and key personnel at the Company.
- To submit to the Board of Directors proposals for the nomination of the independent directors to be appointed by co-option or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-appointment or removal of such directors by the General Shareholders Meeting.
- To inform of the proposals for appointment of the remaining directors for their appointment by co-option or for their appointment to be decided at the General Meeting, as well as proposals for their re-election or removal at the General Meeting.
- To reporting on the appointment and, as the case may be, dismissal of the Lead Independent Director, the Secretary and the Deputy Secretaries for approval by the Board of Directors.
- To evaluate the profile of the most suitable persona to form part of the Committees other than the Appointments Committee, based on their knowledge, aptitudes and experience, and to submit to the Board its proposed appointments to Committees other than the Appointments Committee.
- To report on the proposals for appointment or removal of senior executives, being able to effect such proposals directly in the case of senior managers which due to their roles of either control or support of the Board or its Committees, it is considered by the Committee that it should take the initiative. To propose, if deemed appropriate, the basic terms of the contracts of senior executives other than their pay and remuneration, and report those terms once established.
- To study and organise, under the coordination of the Lead Independent Director and in coordination with the Chairman of the Board of Directors, the succession of the Company's Chief Executive Officer and, as the case may be, to send proposals to the Board of Directors so that this succession is orderly and well-planned.
- To report to the Board on gender diversity issues, ensuring that the procedures for selecting its members favour a diversity of experience and knowledge, and facilitate the selection of female directors, whilst establishing a representation target for the less represented sex on the Board of Directors as well as preparing guidelines on how this should be achieved. In any case, it must always ensure compliance with the diversity policy applied in relation to the Board of Directors, which will be specified in the Annual Corporate Governance Report.
- To periodically assess, at least once a year, the structure, size, composition and actions of the Board of Directors and of its committees, its Chairman, CEO and Secretary, making recommendations regarding possible changes to these. Here, the committee shall act under the direction of the Lead Independent Director when appraising the Chairman's performance. To assess the composition of the Management Committee and its replacement charts for suitably anticipating the transitions.
- To assess, as often as required by applicable regulations, the suitability of the various members of the Board of Directors and of the Board as a whole, and reporting to the Board of Directors on its findings.

- To periodically review the Board of Directors' policy for the selection and appointment of senior executives and make recommendations.
- To consider the suggestions it receives from the Company's Chairman, Board members, executives and shareholders.
- To oversee and control the correct functioning of the Company's corporate governance system, making any proposals it deems necessary for its improvement.
- To monitor the independence of the independent Directors.
- To submit the Annual Corporate Governance Report to the Board.
- To supervise the Company's activities when it comes to corporate social responsibility and submitting to the Board any proposals it deems appropriate here.
- To verify that the Board of Directors possesses a sufficient balance of knowledge, skills, diversity and experience and preparing a description of the duties and aptitudes that may be required for any specific appointment, while also evaluating the expected dedication of time for fulfilling the position.

The Appointments Committee can use the resources it considers appropriate to perform its duties, including authority to seek external advice, and it will be provided with the funding needed for these purposes.

Below is a summary of the activity of the **Appointments Committee** during 2019, grouping its activities together in accordance with its basic duties.

#### 4.1 Suitability of directors and key personnel

In compliance with its duty to propose to the Board of Directors the assessment of the skills, knowledge, diversity and experience required of members of the Board of Directors and key Company personnel, the Appointments Committee during 2019:

- It monitored the progress of the suitability assessment procedure of Ms.Cristina Garmendia Mendizábal by the European Central Bank.
- It considered the status of exemption of Mr. Ignacio Garralda as director proposed by Mutua Marileña, concluding that, from a qualitative point of view, it remains unaltered.
- It agreed to propose to the Board the approval of the suitability report of Mr. Marcelino Armenter as proprietary director by Fundación Bancaria "la Caixa" and Criteria Caixa. Subsequently, it monitored the progress of the suitability assessment procedure by the European Central Bank.
- Similarly, and in line with the proposals to the General Shareholders' Meeting or the re-election of directors Mr. Gonzalo Gortázar Rotaeche, Ms. Maria Teresa Bassons, Ms. María Amparo Moraleda and Mr. John S. Reed, it assessed that they satisfied and continue to satisfy the conditions of suitability required to perform their duties as members of the Board of Directors of CaixaBank; thus, they fulfil the legal requirements set forth in applicable national legislation and the criteria stipulated by European Banking Authority Guideline on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2017/12) of 26 September 2017.



- Additionally, in accordance with the ECB Guideline for the assessment of suitability, which states the convenience of assessing the suitability of directors when they experience a relevant change of duties, the Appointments Committee has approved suitability assessment reports of Ms. Koro Usarraga and Mr. Eduardo Javier Sanchiz as Chairwoman of the Audit and Control Committee and Chairman of the Risks Committee, respectively.
- Throughout the year, the Committee has discussed the future composition of the Board taking into account its size, composition and expiry of terms.
- The Appointments Committee has fulfilled its duties with regard to the suitability of directors.
- Lastly, the Committee has approved continuous assessments of suitability of all the directors, as well as of the senior management of the Company and other key function holders, which will be reported in the next meeting of the Board of Directors.

#### **4.2 Size and composition of the Board.**

In 2019, the Appointments Committee considered it appropriate to reduce the size of the Board of Directors of CaixaBank from 18 to 16 members. The Appointments Committee consulted compliance with the conditions for prudential deconsolidation with the European Central Bank, after which it agreed to propose to the Board a reduction in the number of members of the Board of Directors of CaixaBank to 16, for subsequent submission to the General Shareholders' Meeting.

#### **4.3 Submission of proposals for the appointment of independent directors to the Board. Re-election. Removal.**

In 2019, The Appointments Committee resolved to propose to the Board of Directors, so that it could submit the proposal to the General Shareholders Meeting, the appointment of Cristina Garmendia Mendizábal as independent director.

The Appointments Committee also recommended the re-election of María Amparo Moraleda and John S. Reed as independent directors of CaixaBank.

#### **4.4 Reports to the Board on proposals for the appointment of other directors. Re-election. Removal.**

In compliance with its duty to report appointment proposals of the remaining directors, the Appointment Committee approved a proposal to renew the appointment of Gonzalo Gortázar Rotaeché as executive director at CaixaBank.

At the request of "la Caixa" Banking Foundation and Criteria Caixa S.A.U., the Committee approved and submitted to the Board of Directors the favourable report on the proposal to the General Shareholders' Meeting of CaixaBank with regard to the re-election of Ms. María Teresa Bassons as proprietary director for the four-year period, as well as the appointment of proprietary director Marcelino Armenter, also for the four-year period, covering thus the vacancy generated by director Javier Ibarz as a result of the expiry of his term.

#### **4.5 Reports proposing the appointment or removal of positions on the Board**

The Appointments Committee unanimously agreed to propose the re-election of Gonzalo Gortázar as CEO to the Board of Directors of CaixaBank.

#### 4.6 Assessment of suitable person profiles to be members of the Committees

After favourable consideration by the Board of submission for approval by the General Shareholders' Meeting of 2019 of a proposal to reduce the number of Board members to 16, the Appointments Committee proceeded to prepare a proposal for the reorganisation of the Board committees in coordination with the Chairman of the Board, the CEO, the Lead Independent Director, the Audit and Control Committee and the Secretary. The aim of the proposal was to guarantee the continuity of all the committees, promote the participation of all the external directors in at least one committee, improve work allocation and avoid a large number of members, while maintaining strict compliance with the budget.

To this end, the Committee proposed to the Board of Directors of CaixaBank the re-election of Gonzalo Gortázar and María Amparo Moraleda as members of the Executive Committee, as well as the appointment of María Verónica Fisas and the re-election María Amparo Moraleda as members of the Remuneration Committee.

The Appointments Committee proposed to the Board the constitution of a new committee, the Committee of Innovation, Technology and Digital Transformation; it also proposed that, in addition to the Chairman and the CEO, María Amparo Moraleda, Cristina Garmendia and Marcelino Armenter become members of this new Committee.

#### 4.7 Succession plans

During 2019, the Committee worked on the follow-up of the various succession plans: the succession plan for key positions on the Board and the succession plans for the management team.

The Appointments Committee drew up the review of the Succession Plan for key members of the Board of Directors of CaixaBank based on the Succession Plan drawn up in March 2016. It defined the profiles of the key positions (Chairman, CEO, Lead Independent Director and committee chairpersons) and described the procedures to cover vacancies, both in ordinary and extraordinary circumstances.

Lastly, the work of the Human Resources Department with regard to the Succession Plan for the executive team has been discussed and the Committee agreed to continue monitoring progress of the work to be made aware of any incidents that may occur.

#### 4.8 Gender diversity

The assessment of gender diversity has been constant throughout the work sessions of the Appointments Committee. Thus, it was taken into account during approval of the proposal to renew directors, the result of which is the current composition of the Board, where the least represented gender accounts for 37.5%. The Board's assessment report proposal in 2019 shows that this percentage is in line with the target set by the Appointments Committee, according to which in 2020 the number of female Directors must be at least 30% of all the members on the Board.

The Committee has also been informed of CaixaBank's Gender Diversity Programme, which currently includes 32 initiatives, developed across the entire organisation.

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

As regards self-assessment, the Committee has monitored compliance with the main recommendations in the Board of Directors' self-assessment report of 2018, examining the main measures implemented in the current year in detail. These matters were explained in the *off site* meeting of the Board. In addition, the Committee unanimously agreed to propose to the Board that the 2019 self-assessment process be carried out internally.

As a result of that internal self-assessment process and the analysis of the size, structure and composition of the Board, the Appointments Committee has prepared a unique report for submission to the Board of Directors. The report lists the improvements implemented during 2019 and the actions to take during the following financial year. It concludes that the current Board of Directors is considered suitable as a whole, both as regards functioning and composition. It also includes a favourable assessment of the quality and efficiency of how the Board and committees function and considers their structure, size and composition to be suitable. The report also contains the annual verification of compliance with the Director Selection Policy. Notwithstanding the above, the Committee maintains its intention to reduce the size of the Board to 15 members and will take the opportunity to assess, where applicable and before possible appointments, further knowledge in banking, in the sector of digital transformation and the profiles with international experience in the European setting.

#### **4.10 Corporate governance (annual verification of the status of directors) and Corporate Social Responsibility**

In compliance with its function of overseeing and monitoring the Company's corporate governance system, in 2019 the Appointments Committee examined the Draft Annual Corporate Governance Report project corresponding to 2018, approving it and informing favourably to the Board. Similarly, the Appointments Committee analysed the status of the Board Members and confirmed that the status of each Board member was that which appeared in the Annual Corporate Governance Report project that was submitted to the Board, in accordance with the definitions in Article 529 duodecies of the Companies Act, which are included in Article 19 of the Regulations of the Board of Directors.

The Appointments Committee also reported favourably on non-financial information and the Economic and Social Impact Report that was published in the corporate website. The Appointments Committee reported favourably on the Climate Change Statement, which states CaixaBank's commitment to contribute to the transition to a low carbon economy through the reduction of the direct impact of its operations, as well as financing and investment in sustainable projects, based on best market practices.

During 2019, the Appointments Committee has worked on a director training plan proposal, to be conducted by KPMG in 2020.

The Appointments Committee has also carried out a careful study of the Technical Guide 1/2019 on Appointments and Remuneration Committees published in February by the CNMV, verifying that the functioning of these Committees in CaixaBank meet the provisions in the guide, and therefore there is no need to propose changes to the Regulations of the Board.

With regard to CaixaBank's Corporate Governance Policy, the Appointments Committee has reported that it is in favour of modifying it to better ensure and comply with certain requirements, which involves, among other matters, limiting the terms for positions held by the directors or setting a minimum attendance target for Board of Directors' meetings, to be in line with the best practices of corporate governance.

Finally, the Appointments Committee has reported favourably to the Board of Directors on the update of the Corporate Social Responsibility Policy, the Corporate Policy on Human Rights and of the Corporate Policy on Relations with the Defence Industry, as well as on the document that contains the principles governing the Corporate Policy on Relations with the Defence Industry and its publication.

#### 4.11 Constitution of the Innovation, Technology and Digital Transformation Committee

In its meeting of 20 May, the Appointments Committee unanimously approved to submit a proposal to the Board for the constitution of the Committee of Innovation, Technology and Digital Transformation. Insofar as concerns the nature and duties of this committee, it should be noted that committee membership is voluntary and it is called on to have a major impact and is dedicated to perform counselling and support tasks with regard to innovation, digital transformation and new technologies.

#### 4.12 Several

The Committee was informed of the meeting between the Committee's Chairman **and** the Secretary of the Board and representatives of the European Central Bank, JST and Bank of Spain to discuss matters regarding suitability processes in CaixaBank.

### 5. MAIN PROGRESS IN COMPARISON TO THE BOARD ASSESSMENT FOR 2018

Based on the Assessment Report of the Board of Directors of CaixaBank corresponding to 2018, and in particular, to the matters that affect the Appointments Committee, the following progress is highlighted:

*Recommendation: To increase Committee participation in the preparation of succession plans and in establishing and fulfilling diversity objectives.*

As regards the need for further development of succession plans in the Board of Directors, particularly those of the Chairman and the CEO, the Committee has reviewed the succession plan for key members of the Board of Directors, Chairman, CEO, Lead Independent Director and chairpersons of the committees, as well as the procedures to cover vacancies, in both ordinary and extraordinary circumstances.

*Recommendation: Development of an annual training plan.*

Given the need to enhance training, the Appointments Committee has worked throughout 2019 on the preparation of a training plan proposal for directors to be conducted by KPMG and is planned for 2020.

*Recommendation: Preparation of an annual plan of work*

A regards the need to inform the Board suitably on the matters discussed, the Appointments Committee has prepared a plan of the issues to discuss, emphasising the need to reach conclusions regarding the Board's 2018 self-assessment process.

Furthermore, in its self-assessment, the Board deemed it necessary to report appropriately on the issues discussed in the different committees. With the aim of unifying criteria on board member access to the information of all the committees, the Regulations of the Board were modified to include a standard regulation for the Appointment Committee and the Remuneration Committee requiring that a copy of the minutes of each session be sent or delivered to all the directors.

Similarly in its self-assessment, the Board stated interest in the creation of a specialised committee dedicated to new technologies, innovation, cybersecurity and digitisation. In 2019 the Committee agreed to propose to the Board the creation of the Committee of Innovation, Technology and Digital Transformation.

## **6. ASSESSMENT OF THE FUNCTIONING OF THE COMMISSION**

In assessing the functioning of the Appointments Committee, its members were asked for their opinion on the composition, organisation and performance of the duties entrusted to the Committee in the Company By-laws and the Regulations of the CaixaBank Board of Directors; the rest of the members were also asked for their opinion.

The Appointments Committee reported favourably on the quality and efficiency of the functioning of the Committee during the financial year.

Barcelona, 18 December 2019  
The Appointments Committee of CaixaBank, S.A.