

**Annex 1**

**Board of Directors' Remuneration Policy**

**Article 529 *novodecies* of the Spanish Corporation Law**

Valencia, 21 February 2019

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## I. INTRODUCTION

Article 529 *novodecies* of the current Spanish Companies Act<sup>1</sup> (hereinafter referred to as **LSC**) stipulates the obligation for listed companies to prepare the remuneration policy of its Board of Directors and submit it for the approval of the General Shareholders' Meeting.

The remuneration policy of the CaixaBank, S.A. Board of Directors (hereinafter referred to as **CaixaBank**) for the years 2017 to 2020, both included (hereinafter referred to as the **Remuneration Policy**) is detailed below.

This Remuneration Policy<sup>2</sup> includes certain amendments with regard to the Policy approved by CaixaBank's Ordinary General Meeting on 6 April 2018, detailed in the mandatory report drawn up by the CaixaBank Remuneration Committee on 18 February 2019 and in the reasoned proposal drawn up by the CaixaBank Board of Directors on 21 February 2019; if it is approved by CaixaBank's 2019 Ordinary General Meeting, the text of this Remuneration Policy will replace the entire Policy approved at the aforementioned 2018 Ordinary General Meeting, without prejudice to the effects produced and consolidated during its validity period.

## II. PRINCIPLES OF THE REMUNERATION POLICY

The main principles of CaixaBank's remuneration are as follows:

- I. The total compensation policy is geared to encouraging conduct that will ensure long-term value generation and sustainability of results over time. The variable remuneration thus takes into consideration not only target achievement, but also the way in which these targets are met.
- II. The professionals' individual targets are defined on the basis of the commitment the professionals assume and establish with their managers.
- III. The remuneration policy's strategy for attracting and retaining talent is based on the professionals becoming involved in a distinctive social and business endeavour and to develop professionally with competitive overall compensation conditions.
- IV. As part of these overall compensation conditions, the remuneration policy aims for the amount of the fixed remuneration plus social benefits to be highly competitive, with these two remuneration components being the main basis for its capacity to attract and retain talent.

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

<sup>2</sup> The Remuneration Policy approved by the General Shareholders' Meeting on 6 April 2018 modified some points of the Remuneration Policy that the General Shareholders' Meeting had approved on 6 April 2017.

- V. The main component of the benefits provided is the corporate pension scheme offered to its professionals, which stands out in comparison to other Spanish financial institutions and is a key feature of their remuneration.
- VI. Fixed remuneration and social benefits constitute most of the overall remuneration, having the variable remuneration a conservative nature, as it could generate risk.
- VII. The promotion system is based on the evaluation of skills, performance, commitment, and professional merits of the professionals in a sustained manner over time.
- VIII. The Senior Management's remuneration, established within the general framework defined in this remuneration policy, is approved by the CaixaBank competent governing bodies.

In addition to the above, certain general principles of the remuneration policy established in Article 33 of Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions (hereinafter referred to as the **LOSS**) and in its implementing regulations, applicable to persons whose activities significantly affect the risk profile of the entity and its group (hereinafter referred to as the **Identified Group**), apply to the members of the Board of Directors.

### III. **NON-EXECUTIVE DIRECTORS' REMUNERATION**

#### 1. **REMUNERATION COMPONENTS**

In accordance with the Company By-laws, the current remuneration of the members of the CaixaBank Board of Directors in their condition as such (hereinafter referred to as **Non-executive Directors**) only consists of fixed components. Non-executive Directors have a purely organisational relationship with CaixaBank and, accordingly, do not have any contracts with the Company for the exercise of their duties nor do they have any type of payment recognised on the termination of their directorships.

The system provided for in the Company By-laws thus establishes that the remuneration of CaixaBank directorships should consist of a fixed annual amount to be determined by the General Meeting, which remains in force until the General Meeting agrees to modify it.

The amount established by the General Shareholders' Meeting is intended to remunerate the Board of Directors and its Committees and it is distributed as the Board deems appropriate, on proposal by the Remuneration Committee, both as regards distribution among the members, particularly the Chairman, in accordance with the duties and dedication of each one and whether they belong to the different Committees and with the frequency and form of payment via statutory or other types of remuneration.

Consequently, the distribution may give rise to different remunerations for each of the Directors.

Any future proposal for share-based remuneration must be approved by the CaixaBank General Meeting, in accordance with the precepts of the LSC and the Company By-laws.

Finally, the Non-executive Directors are insured parties in the third-party liability insurance policy for CaixaBank Group directors and managers, covering any liabilities in which they may incur as a result of performing their duties.

## **2. ADDITIONAL REMUNERATION FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman of the CaixaBank Board of Directors receives an additional fixed remuneration, established for holding this position. This additional remuneration is justified by the special dedication required for performing the duties inherent to his post as Chairman, as established in the LSC and, particularly, in the Company By-laws, at a group with the size and complexity of CaixaBank.

Firstly, the LSC vests the Chairman with the ultimate responsibility for the efficient functioning of the Board of Directors and for calling and presiding the Board meetings, establishing the agenda and directing the discussions and debates; the Chairman must also ensure that the Directors receive the sufficient information beforehand to be able to discuss the agenda and encourage debate by the Directors and their active involvement at the meetings, ensuring their freedom to express their opinions. The Chairman of the CaixaBank Board of Directors also chairs the Company's General Shareholders' Meetings.

Secondly, as established in the Company By-laws and notwithstanding the powers of the Chief Executive Officer and any powers and delegations that may have been established, the Chairman is also responsible for the institutional representation of CaixaBank and its subsidiary companies (without prejudice to the functions attributed to the Board of Directors in this regard), for representing the Company before the sector's corporate bodies and representatives, as established in their By-laws, for affixing the Company's official signature and thus for signing on the Company's behalf all legally or statutorily required agreements, contracts, labour agreements or other legal instruments with local authorities and other entities, and for formally representing the Company with regard to authorities, entities and external bodies, either Spanish or foreign.

Despite the fact that the aforementioned duties cannot be considered executive functions due to their organisational or representative nature, from a quantitative viewpoint they require great dedication and are much more intensive than those of the other members of the Board of Directors (except those that are also responsible for executive functions).

### **3. EXPECTED REMUNERATION IN 2017 AND SUBSEQUENT YEARS**

#### **a) Remuneration envisaged for 2017, 2018 and 2019**

The maximum annual amount of Directors' remuneration for their directorships only, without taking into consideration their executive functions, was €3,925,000 in 2017 and 2018 and is maintained on the same terms for 2019. This amount was approved by the Ordinary General Shareholders' Meeting in 2017. The maximum amount mentioned above will remain invariable in future years, until the General Shareholders Meeting agrees on a new figure.

Likewise, the criteria for distributing the maximum remuneration among the Directors shall remain unchanged until the Board of Directors approves a different distribution, which it may do, in accordance with the powers attributed by the LSC and the Company By-laws.

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

- I. €90,000 annually for each member of the Board of Directors.
- II. An additional €30,000 per year for each member of the Appointment Committee or Remuneration Committee.
- III. An additional €50,000 per year for each member of the Executive Committee, the Audit and Control Committee or the Risk Committee, due to the responsibility and dedication required.
- IV. An additional €1,000,000 per year for the Chairman of the Board of Directors.
- V. The remuneration of the Chairpersons of the Board of Directors' Committees will always be 20% higher than that of the other members.
- VI. The Lead Independent Director will receive a remuneration of €38,000 per year. The Lead Independent Director's remuneration was approved by the Board of Directors on 23 November 2017, within the overall limit approved by the General Meeting.

The remuneration of the Directors, in their capacity as such, maintains CaixaBank as the credit institution, amongst the most important in Spain, as the one with the lowest remuneration paid to its non-executive Directors.

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

For Directors in their capacity as such (i.e. without taking into account the remuneration the executive functions of the Executive Directors), their remuneration in subsequent years will be adapted to the statutory system defined at any given time and to the maximum amount of remuneration established by the General Meeting. Consequently,

this remuneration policy will be deemed modified as regards the maximum amount of remuneration for the Directors in their capacity as such if the General Meeting should agree on a maximum amount other than that established in section III.3.a).

Any future proposal for remuneration based on the statutory systems must be approved in accordance with the provisions of the LSC and the Company By-laws, and in the case of share-based systems it will require approval by CaixaBank's General Meeting.

#### **IV. EXECUTIVE DIRECTORS' REMUNERATION**

##### **1. GENERAL DESCRIPTION AND RELATIVE IMPORTANCE OF THE FIXED AND VARIABLE COMPONENTS**

The LSC and CaixaBank's Company By-laws acknowledge that the Executive Directors should receive remuneration for their executive functions in addition to that received for their directorships.

In 2019, Mr. Gonzalo Gortázar Rotaeché is the only member of the Board of Directors who performs executive duties at CaixaBank, in his capacity as Chief Executive Officer (hereinafter referred to as the **CEO**).

The remuneration components of the members of the Board of Directors with executive functions (hereinafter referred to as the **Executive Directors**) are structured to take into account both the economic environment and results, and include mainly:

- I. Fixed remuneration according to the level of responsibility and professional experience, constituting a significant part of the total compensation.
- II. Variable remuneration, mainly in the form of a bonus, linked to the achievement of previously established targets and prudent risk management.
- III. Social insurance and other social benefits.

In addition to the above, a long-term incentive based on CaixaBank instruments or related to their value (hereinafter referred to as the **LTI**) may be established for all or some of the Executive Directors as a variable component of their remuneration, as established in section IV.4.

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

The variable component of the remuneration of the Directors must not exceed 100% percent of the fixed component of the total remuneration for each executive Director, except in the case of CaixaBank's General Meeting approving a higher level, not exceeding 200% of the fixed component, in accordance with the form, requirements and procedures envisaged in the LOSS itself.

The classification as fixed or variable of a remuneration component will be made following the applicable standards in relation to remuneration at credit institutions.

## **2. FIXED COMPONENTS OF THE REMUNERATION**

### **a) Fixed remuneration**

The fixed remuneration of the Executive Directors and its update is mainly based on the level of responsibility and professional background, combined with a market focus in function of the salary surveys and specific *ad hoc* studies. The salary surveys and specific *ad hoc* studies in which CaixaBank participates are performed by top level specialized companies, with the sample being comparable to that of the market financial sector where CaixaBank operates and that of comparable IBEX 35 companies.

By way of illustration, CaixaBank has been using as a sample of the financial sector the publicly available information on the executive Directors of the financial institutions belonging to the IBEX 35 (Santander, BBVA, Bankia, Banco Sabadell and Bankinter) and from 2018 also a sample of banks at European level such as ABN Amro, Commerzbank, Crédit Agricole, Deutsche Bank, Erste Group, KBC Groep, Lloyds Banking Group, Natixis, Raiffeisen, Royal Bank of Scotland and SwedBank; as a multisectorial sample it has been using the publicly available information regarding the executive Directors of a representative number of companies that, by size data (market capitalisation, assets, turnover and number of employees), are comparable to CaixaBank.

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

The Executive Directors' fixed remuneration includes the remuneration they may receive for holding managerial posts at CaixaBank Group companies or at other companies in CaixaBank's interests, this remuneration being deducted from the liquid amount to be paid by CaixaBank as fixed remuneration.

### **c) Other fixed remuneration components**

The Executive Directors have agreed in their respective contracts to pre-established contributions to benefit and savings plans as fixed components of their remuneration, which are explained in more detail in section IV.7.

CaixaBank may also make the Executive Directors beneficiaries of medical insurance for themselves and their close family and of other types of non-cash remuneration common in the sector (use of a car or home or similar advantages), in accordance with their



professional status and with the standards set by CaixaBank at any given time for the segment of professionals to which they belong.

### **3. VARIABLE REMUNERATION IN THE FORM OF BONUSES**

#### **a) General aspects**

The Executive Directors may be granted variable remuneration in the form of a risk-adjusted bonus, based on measurement of their performance. The performance is measured by ex-ante and ex-post adjustment of the remuneration, as a form of applying risk control.

#### **b) Performance measurement**

Quantitative (financial) and qualitative (non-financial) criteria, which must be specified and clearly documented, are used for performance measurement and assessment of individual results.

The variable remuneration applicable to Executive Directors is determined on the basis of an objective bonus established for each of them by the Board of Directors on proposal by the Remuneration Committee, and a maximum achievement percentage of 120 per cent. The level of achievement is set according to the following parameters measured:

- 50% for individual targets
- 50% for corporate targets

The 50 per cent corresponding to corporate targets is set for each financial year by the CaixaBank Board of Directors, on proposal by the Remuneration Committee, and its weighting is distributed among the measurable items according to the Entity's main goals. These components may consist of all or some of the following, for example, among other possible items:

- ROTE
- Core efficiency ratio
- Changes in troubled assets
- Risk appetite framework
- Regulatory compliance
- Quality

In any case, the proposal for the composition and weighting of the corporate targets is established as set forth in the LOSS and its implementing regulations and may vary depending on the Executive Director in question.

The part consisting of individual targets (50 per cent) must be globally distributed over the targets linked to CaixaBank's strategy. The final assessment to be made by the Remuneration Committee, after consultation with the Chairman, may vary by +/- 25% depending on the objective assessment of the individual targets, in order to include the

qualitative assessment of the Executive Director's performance and take into account any exceptional targets that may arise during the year and were not established at the start.

The final determination of the achievement of the variable remuneration earned will be approved by the Board of Directors on proposal by the Remuneration Committee.

**c) Special restrictions**

The variable remuneration will be subject to reduction if at the time of the performance assessment there is a requirement or recommendation in force by the competent authority for CaixaBank to restrict its dividend distribution policy, or if required by the competent authority in virtue of the faculties attributed to the same by the regulations, all in accordance with the provisions of RD 84/2015<sup>3</sup> and Circular 2/2016<sup>4</sup>.

**d) Deferral percentage**

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

This percentage of deferral may be subject to change to the extent to which the competent authorities set absolute or relative thresholds for the determination of the "particularly high variable amount of remuneration", in accordance with the EBA Guidelines.<sup>5</sup>

**e) Deferral period**

On the date of payment of the bonus, the non-deferred part of the variable remuneration accrued must be paid (hereinafter, **Initial Payment Date**).

50% of the amount to be made as the initial payment is to be paid in cash, and the remaining 50% in instruments.

Except in the cases for reduction described in section IV.5, the deferred part of the risk-adjusted variable remuneration must be paid in five instalments, the dates and amounts for which are established below<sup>6</sup>:

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<sup>3</sup> Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, regarding regulation, supervision and solvency of credit institutions.

<sup>4</sup> Bank of Spain Circular 2/2016, of 2 February, regarding supervision and solvency and addressed to credit institutions, completing the Spanish legal system's adaptation to Directive 22013/36/EU and Regulation (EU) No. 575/2013.

<sup>5</sup> Guidelines on adequate remuneration policies in accordance with Articles 74, section 3, and 75, section 2, of Directive 2013/36/EU and reporting in accordance with Article 450 of Regulation (EU) No. 575/2013 (EBA/GL/2015/22).

<sup>6</sup> With regard to the variable remuneration earned in the financial year 2016, the three-year deferral period established in the Board of Directors' Remuneration Policy approved by the CaixaBank General Meeting on 23 April 2015 will continue to be temporarily applicable; consequently, this five-year deferral period will only be applicable to variable remuneration earned in 2017 and subsequent years.

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

**f) Payment in cash and instruments**

50% of the amount to be paid on each of the dates indicated in the section above will be paid in cash and the remaining 50% will be paid in non-cash instruments, once the applicable taxes (withheld or on account) have been paid.

Whenever payment in instruments is appropriate, this will preferably be made in CaixaBank shares. However, CaixaBank may award other instruments accepted for the payment of variable remuneration, under the conditions and with the requirements set out in section 1.1) of Article 34 of the LOSS, in Delegated Regulation (EU) No. 527/2014<sup>7</sup> (hereinafter referred to as **Regulation 527/2014**) and in the EBA Guidelines.

**g) Withholding Policy**

All non-cash instruments delivered are subject to a withholding period of one year from their delivery, during which they will not be available to the employee who has earned them.

During the withholding period, the employee may exercise all the rights conferred by the instruments as the holder of the same.

**h) Payment of returns on cash and deferred non-cash instruments**

During the deferral period, the ownership of both the instruments and the cash whose delivery has been deferred will correspond to CaixaBank.

On application of the principles of contractual law applicable in Spain, and particularly of the bilateral nature of the contracts and the balanced accrual of the reciprocal benefits, the deferred cash will earn interest for the employee, calculated by applying the interest rate corresponding to the first tranche of the employee's holding account. The interest will only be paid at the end of each payment date, and will be applied to the cash amount of the variable remuneration to effectively be received, net of any reduction that may apply in accordance with the provisions of section IV.5.

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<sup>7</sup> Commission Delegated Regulation (EU) No. 527/2014 of 12 March 2014, supplementing European Parliament and Council Directive 2013/36/EU with regard to the regulatory technical standards specifying the types of instruments that adequately reflect the entity's credit quality from a business continuity perspective and are adequate for purposes of variable remuneration.

With regard to the return on the instruments, in compliance with the EBA Guidelines, the Entity will not pay any interest or dividends for deferred instruments either during or after the deferral period that are earned from 1 January 2017.

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

Neither the termination or suspension of the professional relationship nor cases of termination due to disability, early retirement, retirement or partial retirement will be grounds for interrupting the variable remuneration payment cycle, without prejudice to the provisions concerning reduction and recovery of variable remuneration established in section IV.5.

In the case of death, the Human Resources Department (hereinafter referred to as the **HR**), together with the Risk Department, will determine and, where applicable, propose the process of settlement of outstanding payment cycles under criteria compatible with the general principles of the LOSS, its implementing regulations and the Remuneration Policy.

**j) Special situations**

In unexpected special situations (i.e. corporate transactions affecting the ownership of the instruments deferred or delivered), specific solutions must be applied in accordance with the LOSS, its implementing regulations and the principles of the Remuneration Policy, so as not to artificially dilute or alter the value of the considerations in question.

**k) Commitment period**

In order to receive the variable remuneration bonus, the Executive Director must maintain his/her service relationship with CaixaBank at 31 December of the year in which he/she has earned this variable remuneration.

**l) Incompatibility with personal coverage or avoidance strategies**

In accordance with the provisions of section 1.o) of Article 34 of the LOSS and the EBA Guidelines, the Executive Directors undertake not to use personal coverage or insurance strategies related to the remuneration that undermine the effects of alignment with the sound management of the risks giving rise to their remuneration systems.

Likewise, CaixaBank will not pay the variable remuneration through instruments or methods designed to infringe, or resulting in the infringement of, the remuneration requirements applicable to the Executive Directors as members of CaixaBank's Identified Group.

#### **4. INSTRUMENT-BASED LONG-TERM INCENTIVES**

All or some of the Executive Directors may receive additional remuneration through a long-term incentive plan based on non-cash instruments, as a multi-year type of variable remuneration.

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

The specific terms of the LTI (including those concerning the payment cycle and reduction and recovery clauses) will be as established by the CaixaBank Board of Directors, on proposal by the Remuneration Committee, in the corresponding agreements and implementing documents regulating them, which must adapt to and be compatible with the principles of the Remuneration Policy and be subject to approval by the CaixaBank General Meeting whenever mandatory.

#### **5. REDUCTION AND RECOVERY OF VARIABLE REMUNERATION**

##### **a) Cases for reduction**

In accordance with the LOSS, the Executive Directors' right to receive the variable remuneration payments, including payments pending, in either cash or instruments, will be totally or partially reduced in cases of the poor financial performance of CaixaBank as a whole or that of a particular division or area of the same or of the exposures generated. For these purposes, CaixaBank must compare the assessment of the performance with the subsequent performance of the variables that contributed to achieving the objectives.

Cases for reduction in the variable remuneration are as follows:

- I. Significant defects in the risk management undertaken by CaixaBank, or by a business unit or risk control unit, including reservations in the external auditor's audit report or circumstances undermining the financial parameters serving as a basis for calculation of the variable remuneration.
- II. An increase in capital requirements for CaixaBank or one of its business units, not anticipated when generating the exposures.
- III. Regulatory sanctions or legal convictions for acts that could be attributable to the unit or employee liable for the same and to the Executive Director.
- IV. Non-compliance with the entity's internal regulations or codes of conduct, particularly including the following:
  - a. Regulatory non-compliances that are attributable to employees and are classified as serious or very serious infractions.

- b. Non-compliance of internal regulations classified as serious or very serious.
  - c. Non-compliance with the suitability and rigour requirements they must comply with.
  - d. Regulatory non-compliance attributable to them which, whether or not it entails losses, could put the solvency of a business line at risk and, in general, involvement in or responsibility for any conduct generating major losses.
- V. Irregular conduct, whether individual or as a group, particularly taking into account the negative effects deriving from the marketing of unsuitable products and the Executive Directors' responsibility for making such decisions.
  - VI. Fair disciplinary dismissal or, in the case of commercial contracts, for justifiable causes<sup>8</sup> at the request of the company (in this case the reduction will be total).
  - VII. Whenever the payment or consolidation are not sustainable in accordance with CaixaBank's financial situation overall, or are not justified on the basis of CaixaBank's overall results, those of the business unit and those of the Executive Director in question.
  - VIII. Any other additional cases expressly provided for in the corresponding contracts.
  - IX. Any other cases established in the applicable legislation or by the regulatory authorities on exercising their powers of regulatory development, executive powers or for interpretation of regulations.

**b) Cases for recovery**

In cases in which the causes giving rise to the situations described in section a) above, occurred at a time prior to the payment already made of any amount of variable remuneration, such that if such a situation had been taken into account this payment would not have been made, either in full or in part, the Executive Director must reimburse the relevant CaixaBank Group company for the part of the variable remuneration wrongfully received, together with any income paid by virtue of section IV.3.h). These amounts are to be returned in either cash or instruments, as applicable.

In particular, situations where the Executive Director has significantly contributed to the deficient or negative financial results being achieved will be considered especially serious, as will cases of wilful misconduct or serious negligence leading to significant losses.

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<sup>8</sup> A justified cause is taken to be any serious and culpable breach of the duties of loyalty, diligence and good faith governing the employee's performance of his/her duties at the CaixaBank Group, and any other serious and culpable breach of the obligations assumed by virtue of his/her contract or any other organic relationships or services that may be established between the employee and the CaixaBank Group..

**c) Common standards**

The Remuneration Committee is responsible for proposing to the Board of Directors that the right to receive the deferred amounts should be reduced or forfeited, or totally or partially recovered, in accordance with the characteristics and circumstances of each specific case.

In application of the EBA Guidelines, the cases for reduction of the variable remuneration will be applicable during the entire deferral period for the remuneration in question. The cases for recovery of the variable remuneration will be applicable for a period of one year, counting from the date of payment of the variable remuneration, except for cases of fraud or serious negligence, in which case the general provisions of the civil or labour legislation regarding expiry will apply.

The implementing regulations of the LTI must establish specific rules regarding the reduction or recovery of benefits by the Executive Directors, adapting the cases for reduction and recovery established in the Remuneration Policy to the nature and purposes of the LTI, to the necessary extent.

**d) Main principles of labour law or contractual law**

In accordance with the LOSS, proposals for reduction or recovery of variable remuneration must take into account the main principles of contractual or labour law.

**6. GUARANTEED VARIABLE REMUNERATION**

The Executive Directors will not receive guaranteed variable remuneration of any kind. Nevertheless, the entity may exceptionally consider paying it in the case of new appointments or recruitments, providing the entity has a sound capital base and it applies to the first year of validity of the contract only.

**7. SOCIAL INSURANCE SCHEMES AND LONG-TERM SAVINGS PLANS**

**a) General description**

Executive Directors with an employment contract may be entitled to a social insurance scheme complementing the ordinary system for all CaixaBank employees. If they have signed a commercial contract, they may be entitled to specific social insurance plans with effects equivalent to the complementary social insurance scheme.

The commitments assumed with regard to the Executive Directors may consist of specific contributions for retirement, disability and death contingencies, and entitlement to coverage for specific benefits for disability and death contingencies may also be granted. These commitments will be implemented through an insurance contract.

**b) Non-discretionary nature**

Except as provided in section e) below, the benefit or contribution scheme for the social insurance system applicable to Executive Directors may not be configured as a discretionary benefit: it must be objectively applied in accordance with employee's executive directorship or similar circumstances determining the restatement of the terms of remuneration, in the form of a lump sum or by reference to fixed remuneration, as established in their respective contracts.

Thus, the amount of the contributions or the degree of coverage (i) must be pre-established at the start of the financial year and suitably reflected in the corresponding contracts, (ii) may not derive from variable parameters (such as achieving targets, milestones, etc.), (iii) must not result from extraordinary contributions (in the form of bonuses, prizes or extraordinary contributions made in the years immediately prior to retirement or termination), and (iv) must not be related to substantial changes in retirement conditions, including changes deriving from merger processes or business combinations.

**c) Avoiding duplication**

The amount of the contributions to be made by CaixaBank to social insurance systems must be reduced by the amount of any contributions made to any equivalent instruments or policies that may be established for posts held at group companies or other companies in CaixaBank's interests. The same applies to benefits, which must be adjusted to avoid any duplicated cover.

**d) Rights consolidation system**

The social insurance system for Executive Directors acknowledges the consolidation of financial rights in the case of cessation or termination of the employment relationship before the occurrence of the contingencies covered, unless the cessation or termination results from disciplinary dismissal declared fair in the case of employment contracts or grounded in the case of commercial contracts, according to the definition of this term in section IV.5, or from other specific causes that the contracts may expressly contain.

**e) Variable-based mandatory contributions**

Notwithstanding the provisions of section b) above, in compliance with Circular 2/2016, 15% of the agreed contributions to complementary social insurance plans will be considered the target amount (and the remaining 85% will be considered a fixed component of the remuneration).

This amount will be determined on the basis of the same principles and procedures as those established for variable remuneration in the form of a bonus in section IV.3, on the sole basis of the individual assessment parameters, and it will be contributed to a Discretionary Pension Benefit Policy.



The contribution will be considered deferred variable remuneration for all purposes established in Circular 2/2016, and the Discretionary Pension Benefit Policy will thus contain the necessary clauses for it to be explicitly subject to the cases for reduction established in section IV.5 for variable remuneration in bonus form. It will also form part of the total amount of variable remuneration for purposes of limits or any others that may be established.

In accordance with section 1.ñ) of Article 34 of the LOSS, if the Executive Director leaves the entity due to retirement or for any other reason, the discretionary pension benefits will be subject to a withholding period of five years. The five-year withholding period referred to in the previous paragraph will be counted from the date on which the employee no longer provides services to the entity for whatever reason. During the withholding period, the entity will apply the same requirements as in the clauses for reduction and recovery clauses of remuneration already paid, as established in section IV.5.

#### **8. PAYMENT FOR ABANDONMENT OF PRIOR CONTRACTS**

If remuneration packages should be agreed on in connection with contracting premiums or other forms of compensation or payments for abandonment of previous contracts, these packages must be adapted to the entity's long-term interests by establishing withholding, deferral, reduction, return and recovery provisions equal to those established in the Remuneration Policy, in line with the LOSS.

#### **9. WITHHOLDING PREMIUMS**

Any withholding premiums that may exceptionally be agreed on between the entity and an Executive Director will be subject to the terms and requirements established in the EBA Guidelines and similar principles to those applicable to variable remuneration in the Remuneration Policy.

#### **10. OTHER BENEFITS**

The Executive Directors are eligible for the generally established benefits policy for CaixaBank Group employees, which is geared to providing competitive company benefits based on use of group synergies (i.e. preferential financial conditions or healthcare).

The Executive Directors will be insured parties on the third-party liability policy for administrators and managers of the CaixaBank Group companies, to cover any liabilities in which they may incur while performing their duties, all in accordance with the subjective scope defined in the corresponding policies subscribed.

## **11. EARLY TERMINATION PAYMENTS**

### **a) Amount and limits of indemnity payments for contract termination**

The amount of the indemnity payments to be made for termination of the Executive Directors' contracts will be established at each given moment and must not exceed the legally established limits for the maximum ratio of variable remuneration, taking into account the criteria established by the EBA Guidelines.

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

### **b) Post-contractual non-compete clauses**

The Executive Directors' contracts may contain post-contractual non-compete clauses, the indemnity payments for which may consist of amounts that in general may not exceed the sum of the fixed components of the remuneration the Executive Director would have received if he/she had remained at the entity; the amount of compensation will be divided into future periodic instalments, payable during the period of duration of the non-compete clause.

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

The payment of the amounts payable in case of early termination that are considered variable remuneration in accordance with the applicable regulations and the EBA Guidelines will be subject to deferral and payment as stated in the Remuneration Policy for variable remuneration in bonus form in section IV.3.

### **d) Cases for reduction and recovery**

The payment of the amounts payable in case of early termination that are considered variable remuneration in accordance with the applicable regulations and the EBA Guidelines will be subject to the same cases for reduction and recovery as established for variable remuneration in section IV.5, with the effects and procedure described therein, including application to the deferred payments pending receipt.

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

Early termination payments must not give rise to any infringement by the CaixaBank Group of the limits on variable remuneration established by the applicable legislation in relation to fixed remuneration; the early termination payments will be reduced as necessary in order to comply with these obligatory limits.

### **f) Main principles of contractual or labour law**

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

## **12. REMUNERATION ENVISAGED IN 2017 AND SUBSEQUENT YEARS**

### **a) Remuneration for 2017**

For the financial year 2017, the remuneration to be paid to the Executive Directors (Mr. Gonzalo Gortázar Rotaeché as CEO and Mr. Antonio Massanell Lavilla as Executive Vice-Chairman) was as established in the Remuneration Policy approved at the Ordinary General Meeting of 6 April 2017, which is duly specified in the Annual Remuneration Report for that financial year.

### **b) Remuneration for 2018**

For the financial year 2018, the remuneration to be paid to the Executive Directors (Mr. Gonzalo Gortázar Rotaeché as CEO and Mr. Tomás Muniesa Arantegui<sup>9</sup> as Executive Vice-Chairman) was as established in the Remuneration Policy approved at the Ordinary General Meeting of 6 April 2018, which is duly specified in the Annual Remuneration Report for that financial year.

### **c) Fixed cash remuneration for 2019**

For the financial year 2019, the fixed annual cash remuneration to be paid to the CEO is €2,261,200.

The estimated remuneration amount for the posts held at Group companies or in CaixaBank's interests, based on the posts held at 31 December 2018, is €704,900 for Gonzalo Gortázar Rotaeché. This remuneration is deducted from the amount to be paid by CaixaBank as the fixed remuneration provided for in this section, so that the estimate of the amounts to be paid by CaixaBank in 2019 would be €1,556,300.

The remuneration payable for holding a post on the Board of Directors of CaixaBank or its Committees only, anticipated as being €140,000 for Gonzalo Gortázar Rotaeché, is also deducted from his fixed remuneration as CEO.

### **d) Variable remuneration in bonus form for 2019**

Mr. Gonzalo Gortázar's annual target bonus for 2019 is €708,800. The part corresponding to the corporate targets (50%) consists of the following parameters:

- I. CaixaBank's ROTE: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- II. Core efficiency ratio: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.

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<sup>9</sup> On 22 November 2018, Mr. Tomás Muniesa Arantegui ceased to be an Executive Director and remained on the Board of Directors as a Proprietary Director, and his remuneration from that date therefore corresponds to that of the Non-Executive Directors.

- III. Changes in Troubled Assets: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- IV. Risk appetite framework: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- V. CaixaBank quality: with a weighting of 5% and a minimum achievement level of 80% and a maximum of 120%.
- VI. Conduct and compliance: target linked to the Regulatory Compliance Culture with a weighting of 5% and a minimum achievement level of 80% and a maximum of 120%.

The part consisting of individual targets (50%) will have a minimum achievement level of 60% and a maximum of 120% and will be globally distributed over the targets linked to CaixaBank's strategy. In all cases, failing to reach the minimum achievement level will imply that a bonus of zero has been earned for each of the individual indicators or targets.

**e) Deferred payment of cash returns**

The forecast of payments for the deferred cash items provided for in section IV.3.h) for Mr. Gonzalo Gortázar Rotaeché is €400 in the financial year 2019.

**f) Income deriving from CaixaBank's long-term Variable Remuneration Plan 2015 - 2018**

The CEO will receive the shares due to him as a result of the payment of CaixaBank's 2015-2018 Long-Term Variable Remuneration Plan.

The shares he will be entitled to receive will be disclosed in the relevant Annual Directors' Remuneration Report.

**g) Annual Targeted Incentive Scheme linked to the 2019-2021 Strategic Plan**

Continuing CaixaBank's 2015-2018 Long-Term Variable Remuneration Plan, which has ended, Gonzalo Gortázar Rotaeché, together with the members of the Management Committee and the rest of the Company's management team and key employees, will benefit from the Annual Targeted Incentive Scheme linked to the CaixaBank Group's 2019-2021 Strategic Plan (hereinafter referred to as the **Plan**), if it is approved at the General Shareholders' Meeting, which is scheduled to take place on 5 April 2019.

The Plan envisages the CEO receiving a certain number of CaixaBank shares after a certain period of time, provided that the strategic objectives and requirements set out in the Plan are met.

The Plan is implemented through the allocation, free of charge, of a number of units in the years 2019, 2020 and 2021, which will serve as the basis for establishing the number of CaixaBank shares to be awarded, where appropriate, to each beneficiary.

The Plan consists of three cycles, each lasting three years, with three allocations of units, each of which will take place in the years 2019, 2020 and 2021.

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

Each cycle will have two periods of objective measurement. Depending on the degree of compliance with the objectives in the first measurement period, which will correspond to the first year of each cycle, and on the basis of the units assigned at the beginning of the cycle, in the second year of each cycle the beneficiaries will be granted a provisional incentive equivalent to a certain number of Company shares. The granting of the provisional incentive does not imply the delivery of CaixaBank shares at that time.

The final number of shares to be awarded will be determined after the end of each of the Plan cycles, and will be subject to and dependent upon meeting the targets for the second measurement period, which will correspond to the three year duration of each of the Plan cycles. Under no circumstances may the number of shares to be awarded, corresponding to the final incentive, exceed the number of shares of the provisional incentive on the date of the concession.

For the CEO, the shares relating to the final incentive of each cycle will be awarded by thirds on the third, fourth and fifth anniversaries of each of the concession dates in the Plan cycles. The Plan will end on the last settlement date for the shares relating to the third Plan cycle, i.e. 2027.

For the first cycle of the Plan, the maximum total number of shares that the CEO may receive in 2023, 2024 and 2025, if all the targets for the first cycle of the Plan are met over and above those budgeted, is 73,104 shares.

The maximum number of shares for the remaining Plan cycles that could be received, if applicable, by the CEO will be submitted for approval by the General Shareholders' Meeting in 2020 and 2021.

The terms and conditions of the Plan, including its description and purpose, beneficiaries, duration and settlement of the Plan, determination of the number of units for each beneficiary, determination of the number of shares to be granted on each concession date, determination of the number of shares to be delivered on settlement of the Plan, number of shares to be delivered, reference value of the shares, metrics, requirements for obtaining shares, delivery of shares and rules for their availability, cases of advance settlement or amendment of the Plan, reduction and recovery clauses and adaptation to regulatory requirements, are those contained in resolution 8 of the aforementioned General Shareholders' Meeting called and due to be held on 5 April 2019, as detailed in CaixaBank's Annual Directors' Remuneration Report.

**h) Long-term savings plan**

In 2019, a total defined contribution of €500,000 will be made to cover the contingencies of retirement, death, permanent incapacity and total, absolute or major disability for Mr. Gonzalo Gortázar Rotaeché. In the same policy, in addition to the defined contribution described above, a coverage for death and permanent incapacity and total, absolute or major disability will be established for the amount of two annuities of the fixed remuneration at the time the contingency is produced. The estimated premium for this cover for 2019 is €52,560.

The annual target amount relating to the Discretionary Pension Benefits Policy, in accordance with section IV.7.e), is €75,000 in the case of Gonzalo Gortázar Rotaeché.

**i) Other benefits**

The contract with the CEO provides for medical assistance insurance for him, his spouse and children under the age of 25, valued at €5,610 in 2019.

**13. UPDATE OF THE ITEMS AND AMOUNTS OF THE REMUNERATION COMPONENTS FOR THE EXECUTIVE DIRECTORS**

The items and amounts of the different remuneration components for both the current and any possible new Executive Directors may be established or modified in any of the financial years covered by this Remuneration Policy, providing this is agreed by the Board of Directors in exercise of the powers established in section 2 of Article 529 *octodecies* and section 3 of Article 249 of the LSC, always in accordance with the terms and principles set forth in sections IV.1 to IV.11 (both inclusive) of this Remuneration Policy. In particular, by way of example and without limitation:

- I. With regard to the fixed remuneration for the Executive Directors, it will be determined or updated in accordance with the approach described in section IV.2.a).
- II. Future modifications may be made to the amount or proportion of the variable remuneration in bonus form in relation to the fixed components, and on establishing the measurement parameters for the variable remuneration components. Where applicable, any setting or variation of the amount, proportion, structure or measurement parameters of the variable components of the Directors' remuneration would be made in accordance with the Remuneration Policy (in particular, with section IV.3.b) in relation to the measurement parameters), and the LOSS.
- III. Any variation in the amount, proportion or structure of the long-term savings plans for the Executive Directors would be made in accordance with the Remuneration Policy and the LOSS.

Any new conditions or any changes to the items and amounts of the remuneration components for the Executive Directors must be informed of in the Annual Directors' Remuneration Report for the financial year in which they are made.

## **V. CONTRACT TERMS FOR THE EXECUTIVE DIRECTORS**

### **1. GENERAL CONTRACT TERMS**

#### **a) Nature of the contracts**

In general, the commercial or employment nature of the contracts with the Executive Directors will be determined by the level of management functions they perform in addition to merely holding the post of Director, in accordance with the applicable legislation and High Court jurisprudence with regard to the so-called "link theory".

#### **b) Duration**

The contracts will generally be open-ended.

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

The contracts must contain a clear description of the duties and responsibilities to be assumed and the functional location and the hierarchical dependence within CaixaBank's organisational and governance structure; in general, they must also establish the obligation of exclusive dedication to the group, notwithstanding any other activities authorised in the interests of the CaixaBank Group or any other occasional lecturing or conference participation activities, administration of private assets or duties at their own or family enterprises, providing they do not interfere with fulfilment of the duties of diligence and loyalty inherent to their posts or entail any conflict with the entity.

Other commitment period obligations may also be agreed on in the contracts, in the best interests of CaixaBank.

The legally established incompatibility list for posts at credit institutions will apply to the Executive Directors.

#### **d) Fulfilment of duties and confidentiality commitment**

Notwithstanding the legally established system for administrators of commercial enterprises, the contracts will establish strict obligations for fulfilment of the duties inherent to the administrators' posts and confidentiality commitments regarding any confidential information to which the Directors may have access on performing the functions of their posts at CaixaBank or its group.

**e) Liability coverage and indemnity payments**

The Executive Directors are insured under the civil liability policy for CaixaBank Group administrators and managers, covering any liability they may have towards third parties as a result of performing their duties.

Likewise, the contracts may establish CaixaBank's commitment to holding the Executive Directors harmless with regard to any costs or damages that may be caused to them by third-party claims resulting from their carrying out their duties if the Executive Directors themselves have not incurred in any fault or neglect.

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

The contracts may establish post-contractual non-compete clauses within the scope of financial activities in general, which must remain valid for at least one year after termination of the contract, with the consideration set forth in section IV.11.b).

Similarly, breach of the post-contractual non-compete clause must grant CaixaBank the right to receive an indemnity payment from the Executive Director for an amount proportional to that of the consideration paid.

**g) Termination clauses**

The contracts will establish the cases in which the Executive Directors may terminate the contract with a right to compensation, which may contemplate situations of breach of contract by CaixaBank, unfair dismissal or change of control of the entity.

Likewise, the contracts must acknowledge CaixaBank's right to terminate the contract in cases of breach of contract by the Executive Director, who will not be entitled to any type of compensation.

In any case of termination of the contracts, CaixaBank reserves the right to require the Executive Directors' resignation from any other posts or duties they may hold or perform within the CaixaBank Group or at any other companies in the entity's interests.

The contracts will also establish reasonable periods of advance notice in accordance with the causes of termination, and suitable compensation for the case of breach of contract, proportional to the fixed remuneration to be earned during the unfulfilled periods.

Also, the compensation and indemnity payments to be received by the Executive Directors due to the advance termination of their contracts will be governed by the provisions of section IV.11.



**h) Other contract terms**

The contracts with the Executive Directors may contain other habitual contractual clauses compatible with the LOSS, the LSC, any other applicable legislation and the Remuneration Policy.

**i) Establishment or amendment of contract terms**

The contract terms for any new Executive Directors or provided for in the agreements signed with the current Executive Directors may be established or amended by mutual agreement between the latter and the Entity in the financial years covered by the Remuneration Policy. The terms established or amended must be in accordance with the general terms set forth in this section V.1 of the Remuneration Policy and must be approved by the Board of Directors in exercise of the powers established in section 2 of Article 529 *octodecies* and in section 3 of Article 249 of the LSC.

Any terms in the contracts with any new Executive Directors or amendments to the terms set forth in the contract with the current Executive Directors must be informed of in the Annual Directors' Remuneration Report for the financial year in which they are made.

**2. CONTRACT CONDITIONS FOR MR GONZALO GORTÁZAR ROTAECHE AS CEO**

**a) General aspects**

The provision of services contract for the post of Chief Executive Officer signed with Mr. Gonzalo Gortázar Rotaeche is of a commercial nature and of indefinite duration; its validity, with effect from 1 January 2017, was established on the date of CaixaBank's 2017 General Shareholders' Meeting.

The contract contains a clear description of the duties and responsibilities and of the obligation to work exclusively for CaixaBank, under the terms of section V.1.c).

It also includes clauses on the fulfilment of duties, confidentiality and scope of responsibilities in line with that detailed in sections V.1.c) and V.1.e). The contract does not include any commitment agreements.

The contract includes provisions for its integration with the Remuneration Policy and any amendments to the same and for its adaptation to any future regulatory requirements.

**b) Post-contractual non-compete clause and consideration**

The contract contains a post-contractual non-compete clause lasting for a year from its date of termination, covering any direct or indirect financial sector activity.

In any case of termination, the consideration for the non-compete clause is established as one yearly amount of the fixed components of Mr. Tomás Muniesa Arantegui's remuneration, payable in twelve monthly instalments.

Breach of the non-compete clause will oblige Mr. Gonzalo Gortázar Rotaeché to pay CaixaBank the amount established as compensation.

**c) Causes for termination**

The contract establishes the following causes for termination:

- I. Unilateral termination by Mr. Gonzalo Gortázar due to CaixaBank's serious breach of the obligations included in the contract.
- II. Unilateral termination by CaixaBank with no just cause.
- III. Cessation or non-renewal of his position on the Board of Directors of CaixaBank and of his duties as Chief Executive Officer with no just cause.
- IV. Unilateral termination by Mr. Gonzalo Gortázar in the case of takeover of CaixaBank by any entity other than Fundación Bancaria "la Caixa" under the terms of Article 42 of the Commercial Code, or granting or transfer of all or a significant part of its business or its assets and liabilities to a third party or integration with another business group acquiring control of the Company.
- V. Mr. Gonzalo Gortázar's resignation from his post of Chief Executive Officer and termination of the contract for a justified cause (serious and culpable breach of his obligations).
- VI. Mr. Gonzalo Gortázar's voluntary resignation, providing a minimum advance notice of three months.

In the cases described in Point 1 and Point 4 above, Mr. Gonzalo Gortázar must exercise his right to terminate the contract within a maximum period of 6 months from the date on which he became aware of the cause for termination. If this period elapses without Mr. Gortázar having exercised his right to termination, he will not be entitled to receive any indemnity payments whatsoever for the circumstances giving rise to the aforementioned cause.

**d) Indemnity payments for early termination**

In all cases of termination that do not result from a justified cause or Mr. Gortázar's voluntary resignation, he will receive an indemnity payment (in addition to the compensation for the post-contractual non-compete clause established in section V.2.b).

The envisaged compensation to be received by Mr. Gonzalo Gortázar is an amount equivalent to one year of the gross fixed annual components of the envisaged remuneration, which are the amount of the annual fixed remuneration provided for in

section IV.12.c) and 85% of the annual contribution to the supplementary pension system provided for in section IV.12.h), for the amounts applicable on the date of termination of the contract.

Mr. Gortázar's right to receive the indemnity payments is subject to him simultaneously resigning from all the posts he holds in companies in the interests of CaixaBank.

## **VI. MAXIMUM AMOUNT OF DIRECTORS' REMUNERATION**

The maximum remuneration amount that the Company may annually pay to all of its Directors will be the result of adding together:

- a) The amounts for the items indicated in sections IV.12.c), d), e), f), g), h) and i) above, which remunerate the performance of executive functions by the CEO.
- b) An amount of €3,925,000, approved by the 2017 Ordinary General Shareholders' Meeting for non-executive Directors.

In the case of the CEO's severance, the amount to which he is entitled must be added to the amounts described above, in accordance with the conditions of his contract, under the terms indicated in sections V.2.b) and d) above.

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

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

### **1. GENERAL MATTERS**

The main governance regulations applicable to CaixaBank with regard to the process of determination, application and supervision of the Remuneration Policy are described below.

### **2. FUNCTIONS OF THE BOARD OF DIRECTORS OF CAIXABANK**

The LOSS establishes that the Board of Directors of a credit institution must adopt and periodically review the main principles of its remuneration policy and take responsibility for overseeing their application.

The LSC establishes that the Board of Directors of a listed company is responsible for the following, among other non-delegable powers:

- I. determination of the company's general policies and strategies;

- II. determination of the risk management policy;
- III. determination of the company's corporate governance policy and that of the group of which it is the parent company;
- IV. appointment and dismissal of the company's Executive Directors, where the case may be, and determination of the terms of their contracts; and
- V. decisions regarding the Directors' remuneration, within the statutory framework and the remuneration policy approved by the General Meeting.

CaixaBank's By-laws and the Rules of its Board of Directors are consistent with these regulations.

Similarly, the EBA Guidelines establish the following as duties of the entity's Board of Directors, among others:

- I. adopting and maintaining the entity's remuneration policy and supervising its application in order to guarantee it is fully operational, as anticipated;
- II. approving any subsequent significant exemptions with regard to individual members of staff and changes in the remuneration policy, and carefully contemplating and controlling their effects; and
- III. guaranteeing that the entity's remuneration policies and practices are adequately applied and are in accordance with the entity's general corporate governance framework, corporate culture, risk appetite and capital structure.

### **3. FUNCTIONS OF THE CAIXABANK REMUNERATION COMMITTEE**

The functions attributed by the LSC to a listed company's Remuneration Committee include proposing the Directors' Remuneration Policy to the Board of Directors.

CaixaBank's By-laws and the Rules of its Board of Directors are consistent with these regulations.

Lastly, in accordance with the EBA Guidelines, the Remuneration Committee of CaixaBank must perform the following functions:

- I. drawing up the remuneration decisions to be made by the Board of Directors, particularly with regard to the remuneration of the executive Directors, together with the rest of the Identified Group;
- II. providing support and advice to the Board of Directors with regard to the definition of the entity's remuneration policy;
- III. supporting the Board of Directors with regard to control of the remuneration policies, practices and processes and compliance with the remuneration policy;

- IV. checking that the current remuneration policy is up to date and proposing any necessary changes;
- V. reviewing the appointment of any external remuneration consultants that the Board of Directors may wish to contract in order to receive advice or support;
- VI. guaranteeing the adequacy of the information on remuneration policies and practices provided to the shareholders, and in particular the proposal of any upper limits exceeding the ratio between the fixed and variable remuneration;
- VII. evaluating the mechanisms and systems adopted in order to guarantee that the remuneration system takes into due consideration the risk types and the liquidity and capital levels and that the general remuneration policy encourages and is coherent with adequate, efficient risk management and is in line with the entity's business strategy, objectives, corporate culture and values and long-term interests;
- VIII. where the case may be, evaluating the achievement of the results targets and the need for any ex-post risk adjustments, including the application of remuneration reduction clauses and recovery of remuneration already paid; and
- IX. where the case may be, reviewing different possible scenarios in order to analyse how the remuneration policies and practices react in the case of internal and external events, and back-testing the criteria used to determine ex-ante risk assumption and adjustment based on real risk results.

The Remuneration Committee's proposals are submitted to the CaixaBank Board of Directors for its consideration and, where the case may be, approval. If the decisions correspond to the CaixaBank General Shareholders' Meeting, in accordance with its powers, the CaixaBank Board of Directors approves their inclusion on the agenda and the proposals for the corresponding agreements, accompanied by the mandatory reports.

#### **4. FUNCTIONS OF CAIXABANK'S CONTROL DEPARTMENTS AND MANAGEMENT COMMITTEE**

The EBA Guidelines establish the need for the control functions (internal audit, risk control and management, regulatory compliance), other appropriate corporate bodies (HR, legal affairs, strategic planning, budgeting, etc.) and the business units to provide the necessary information in relation to the definition, implementation and supervision of the entity's remuneration policies; also, the EBA Guidelines entrust specific responsibilities to the functions of HR, risk management, compliance and internal auditing, which are assumed by the corresponding departments of CaixaBank.

Similarly, the CaixaBank Management Committee includes representatives from the areas of risk, finance, internal auditing, human resources and the administrative office (legal affairs), among others, and it is responsible for guaranteeing that the necessary information is obtained and drawn up so that the Remuneration Committee can

efficiently perform its duties. The CaixaBank Human Resources Department is responsible for initiating this action by the CaixaBank Management Committee.

In order to avoid conflicts of interest, the Remuneration Committee is directly responsible for obtaining, drawing up and reviewing the information on the remuneration of the members of the CaixaBank Board of Directors for both their supervisory and executive functions, and the members of the CaixaBank Management Committee are directly counselled by the Remuneration Committee.