



**REPORT OF THE BOARD OF DIRECTORS OF CAIXABANK, S.A.
ON THE AMENDMENTS TO THE REGULATIONS OF THE BOARD
OF DIRECTORS OF CAIXABANK, S.A.**

Board of Directors - 30 March 2021

1. PURPOSE OF THE REPORT

In compliance with the provisions of article 518.d) of the restated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July ("**Corporate Enterprises Act**" or "**LSC**"), which requires from the moment the call notice is published and until the Annual General Meeting is held that companies must continuously post on their websites the reports of the competent bodies relating to items of a merely informative nature, in addition to article 528 of the LSC, which requires the Board of Directors to inform the Annual General Meeting of any amendments to Regulations of the Board of Directors, this report has been prepared by the Board of Directors of CaixaBank, S.A. ("**CaixaBank**" or the "**Company**") to explain the reasons for the amendments to the Regulations of the Board of Directors approved at the meetings of 17 December 2020 and 30 March 2021, which will be notified to the Company's Annual General Meeting to be held on 13 May 2021, at first call, and on the following day, 14 May, at second call, under item 19 of the agenda.

2. REASONS FOR THE AMENDMENTS

a) Amendments agreed on at the Board of Directors' meeting of 17 December 2020

After submission to public consultation between 15 January and 14 February 2020 of the draft reform of the 2015 Good Governance Code for listed companies, on 26 June 2020 the CNMV published a **partial reform of the CNMV Good Governance Code of June 2020** the ("**Good Governance Code**" or "**GGC**"), which updates and adapts several GGC Recommendations to various legal changes that have been approved since its publication and clarifies the scope of others. It also reflects key developments in areas such as diversity of the Board of Directors, non-financial information and risks, the focus on sustainability aspects in environmental, social and corporate governance matters and the clarification of aspects related to directors' remuneration, among others.

On 12 October 2020, **CNMV Circular 1/2020, of 6 October, amending the templates of the Annual Corporate Governance Report ("ACGR") and the Annual Report on Director Remuneration**, whose **Transitional Provision** establishes, in relation to the GGC Recommendations amended in June, the adaptation of the relevant corporate texts and/or policies in order to fully comply with the ACGR requirements for 2020.

Further, on 19 December 2018, **Law 11/2018, of 28 December** was published in the Official State Gazette, amending the Commercial Code, the restated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Auditing of Accounts, in regard to non-financial information and diversity ("**Law 11/2018**") which, among other aspects, includes points relating to diversity in the composition of the Board of Directors.

In accordance with the above, CaixaBank's Board of Directors resolved to amend the Regulations of the Company's Board of Directors, essentially to **adapt them to the GGC Recommendations amended in June 2020, which the Company had been adhering to at that time**, in order to express its continued full compliance in the ACGR for 2020 (and in line with the *CNMV Technical Guide 1/2016 for good practices in the application of the "comply or explain" principle*, which

points out that companies and their directors should take the recommendations of the GGC into consideration in all significant actions in their scope of governance, so that for each specific case they must assess whether the best criteria to use should comply or partially comply with the GGC recommendations applicable), in addition to **including specific amendments deriving mainly from the restated text of the Corporate Enterprises Act** in its wording in Law 11/2018.

The amendments included in the Regulations of the Company's Board of Directors are detailed below by Board resolution approved at its meeting on 17 December 2020:

- **Article 4 ("Duties of the Board of Directors")** replacing in section 2 the words "*social responsibility*" with "*sustainability*" and adapting in section 3.(xii) the heading of the "*sustainability/corporate responsibility policy*", in accordance with the term used in Recommendations 53 to 55 of the GGC; and including as a new section 3.(xviii) "*monitoring the process of preparing and submitting financial information and the management report, including any required non-financial information*", in accordance with article 529 ter.1.j) of the LSC, in its wording in Law 11/2018.
- Section 5 of **Article 5 ("Qualitative composition")** was supplemented with a reference to "*age*" as a factor of **diversity for the Board of Directors** and an express reference was also included in section 5 of the Policy for the selection, diversity and suitability assessments of directors and members of senior management and other holders of key posts at CaixaBank and its Group, in accordance with the new wording of Principle 10 and Recommendation 14 of the GGC.
- The **composition of the Executive Committee** (article 13) was amended in accordance with the new wording of Recommendation 37 of the GGC of June 2020, establishing that "*the committee must include at least two non-executive Directors, one of them being an independent Director*", also expressly including the words "**a copy of minutes of each meeting must be sent or delivered to each member of the Board**" pursuant to Recommendation 38 of the GGC.
- **The composition and competences of the Audit and Control Committee were adapted** (article 14) and, in particular:
 - It was established that the members of the committee, including its Chairman, will be appointed as a "unit" taking into consideration their knowledge and experience in accounting and auditing matters and "*risk management, both financial and non-financial*" in accordance with Recommendation 39 of the GGC.
 - The competences of the committee were adjusted in matters of internal control, supervision and risk assessment and the process of preparation and presentation of financial and non-financial information and financial statements, supervision of the internal audit unit, independence of the external auditor, the mechanism for reporting irregularities and supervision of corporate governance and internal codes of conduct, and supervision of the application of the communication policy for economic-financial,

non-financial and corporate information, to reflect the new wording of Recommendations 8, 41, 42, 53 and 54, letters a) and b), of the GGC.

- The composition requirements of the **Risks Committee were supplemented** establishing that the committee members must have "as a whole" the appropriate "financial and non-financial" knowledge, ability and experience to fully understand and control the risk strategy, in line with Recommendation 39 of the GGC, also supplementing the **minimum content of the risk control and management policy** in accordance with Recommendation 45 of the GGC (article 14.2 of the Regulations), and a technical point was included in article 14.2.c) eliminating the word "delegated" since the Risks Committee is an advisory committee.
- In regard to the **competences of the Appointments Committee** (article 15.2):
 - The following text was removed from section (viii): *"ensuring that the procedures for selection of its members favour the diversity of experience, knowledge, and facilitate the selection of femaleDirectors"*, since this function is already included in article 5.5 of the Regulations of the Board of Directors, in accordance with the provisions of article 529 bis.2 of the LSC that expressly attributes it to the Board of Directors; and sections (xiii) (assessment and periodic review of the corporate governance system) and (xvi) (compliance with the Company's policies and rules in environmental and social matters) with the duties provided for in the new Recommendation 54, letters c) and d) of the GGC.
 - The duty of the Appointments Committee to *"supervise the application of the policy regarding communication with shareholders and investors, proxy advisors and other stakeholders, monitoring the way in which the Company communicates and relates with small and medium-sized shareholders, and supervising and evaluating the processes of relationship with the different stakeholders"* was included, in accordance with Recommendation 54, sections b) and e) of the GGC of June 2020.
 - Further, the duty to *"ensure that no potential conflicts of interest impair the independence of any external advice provided to the Committee in relation to the exercise of its functions"* was included, in accordance with the provisions of Recommendation 50.d) of the GGC applicable to remuneration committees and also in line with the provisions of the CNMV Technical Guide 1/2019, of 20 February 2019, on appointment and remuneration committees.
- The duties of the **Remuneration Committee** were supplemented (article 15.3) in regard to the formulation of remuneration decisions *"including those impacting on the risk and the management of such risk by the Company, to be passed by the Board of Directors"*, in accordance with the provisions of article 39.1 of Royal Decree 84/2015, of 13 February, as well as *"ensuring that no conflict of interest affect the independence of any external advice provided to the Committee in relation to the exercise of its functions"*, in accordance with Recommendation 50.d) of the GGC.

- Section 7 of article 16 ("Meetings of the Board of Directors") was supplemented in accordance with sections b) and e) of Recommendation 36 of the GGC, and other aspects put forward by the Company as indicated in the 2019 ACGR (composition of the committees and the performance and contribution of each director), so that the Board may carry out its assessment "*based on the proposal of the Appointments Committee*".
- Section 4 of article 21 ("Removal of directors") was amended in accordance with the new wording of Recommendation 24 of the GGC, which establishes the content of the letter to be sent by the director in the event of resignation or termination by the Board before the end of his or her term of office.
- Section 2 of article 31 ("Use of non-public information") was adapted, replacing the words "*relevant information*" with "*Other relevant information*" in accordance with the new terminology of article 227 of the restated text of the Securities Market Act.
- Section 5 of article 32 ("Directors' informational duties") was adapted to the current wording of Recommendation 22 of the GGC (Director's informational duties in regard to the circumstances, related or not to his or her performance in the Company, which could damage its credit and reputation and, in particular, of any criminal cases in which they are being investigated).
- The expression "*significant information*" was removed, in accordance with the procedure for communicating information on issuers established by the CNMV from 8 February 2020 under article 31.1 of the Regulations.

b) Amendments agreed on at the Board of Directors' meeting of 30 March 2021

The purpose of the board of directors' **Innovation, Technology and Digital Transformation Committee** is to advise CaixaBank's Board of Directors on all matters related to technological innovation, cybersecurity and digital transformation, helping to monitor and analyse trends and innovations in this area that may affect CaixaBank's strategy and business model on a medium and long-term horizon.

This committee was set up following the Board of Directors' resolution of 23 May 2019 and its composition and basic rules of operation and competences are included in the resolution to create the committee and published on the Company's corporate website.

Notwithstanding, given the growing importance of this committee and its advisory functions within Board, as a result of the **increasing significance of technology and cybersecurity issues**, it was considered **that the creation of this committee should be expressly included in the Regulations of the Board of Directors, in addition to its basic regulations in terms of composition, duties and operation.**

Likewise, **the amendment of articles 35, 37 and 40 of the Company by-laws will be submitted for approval by CaixaBank's Ordinary Annual General Meeting in 2021**, which will affect certain provisions of the Regulations of the Board of Directors. Therefore, and **for the purposes of ensuring the consistency of the two corporate texts**, the Board of Directors agreed at its meeting on 30 March

2021 to amend its Regulations in those aspects that will be affected by the approval of the aforementioned amendments to the Company by-laws.

The amendments included in the Regulations of the Company's Board of Directors by Board resolution approved at its meeting on 30 March 2021 are detailed below:

- **Amendment of article 14 of the Regulations of the Board of Directors**

Given the growing importance of the proper management of non-financial risks and, in particular, of technological risks, and with regard to the role of the Risks Committee in proposing the Group's risk policy to the Board, it needed to be specified in article 14.2, section b)(ii).(a) of the Regulations of the Board of Directors that technological risks shall include "*those related to cybersecurity*", in coordination with the proposed amendment to article 40.4.d.(ii) of CaixaBank's by-laws.

- **Amendment of article 15 of the Regulations of the Board of Directors and consequently of articles 7, 8, 9, 10, 11, 12, 16, 18, 19 and 32 of the Regulations**

Corporate social responsibility has taken on a broader content, expressed through the term "sustainability", which is playing an increasingly important role in the management of companies under ESG criteria (environmental, social and governance factors of companies) and also as an element that guides investors' decisions. Thus, in the partial reform of the Good Governance Code for listed companies approved by the CNMV on 26 June 2020, Recommendations 53, 54 and 55 were amended to include these ESG management aspects, proposing that companies establish a specialised committee for this area, made up solely of external directors, most of which would be independent, and expanding the duties of this committee in matters of sustainability.

In line with the foregoing, as explained above, the Board of Directors resolved to amend the Regulations of the Board of Directors at its meeting of 17 December 2020, among other aspects, in order to supplement the duties of the current Appointments Committee in matters of sustainability with those provided for in Recommendation 54 of the Good Governance Code.

Likewise, and in coordination with the proposed amendment of article 40 of the by-laws to change the name of the Appointments Committee to the "**Appointments and Sustainability Committee**" in order to group together the two key areas of competence of this committee, amendments were made to article 15 of the Regulations of the Board of Directors, and consequently articles 7 ("*Chairman of the Board*"); 8 ("*Vice-Chairman*"), 9 ("*The Coordinating Director*"), 10 ("*Secretary to the Board*"), 11 ("*The Vice-Secretary to the Board*"), 12 ("*Delegation of powers. Committees of the Board of Directors*"), 16 ("*Meetings of the Board of Directors*"), 18 ("*Appointment of directors*"), 19 ("*Classification of directors*") and 32 ("*Directors' information duties*") of the Regulations of the Board of Directors, for the purpose of replacing the name of the Appointments Committee with "*Appointments and Sustainability Committee*".

Therefore, **the competences in the area of sustainability provided for in article 15.2** were strengthened, supplementing those provided for in section (xvi) with the duty of “*submitting the sustainability/corporate responsibility policy for approval*”, and including the new sections (xvii), according to which the committee must notify, prior to their submission to the Board of Directors, the reports made public by the Company in matters of sustainability, and (xviii), which establishes that the committee shall receive and analyse the periodic reports submitted to it by the different areas on matters of sustainability, keeping informed of the main developments and advances in this field.

Additionally, in order to standardise the **rules for appointing members of all Board committees**, a proposal will be made to the Ordinary Annual General Meeting to amend article 40.5 of the Company by-laws, to ensure that members of the Appointments and Sustainability Committee are also appointed at the proposal of the committee itself, in the same way as members of the other board committees, as there are no reasons why the system should be different for one committee compared to the others.

To ensure consistency with the proposed amendment of the by-laws described above, articles 12.2 and 15.2.(v) of the Regulations of the Board of Directors were amended, also eliminating the current wording (“*The members of the Appointments Committee shall be appointed by the Board of Directors at the proposal of the Audit and Control Committee.*”) in article 15.1 of the Regulations, since the powers of the Appointments and Sustainability Committee to propose the appointment of all members of all board committees to the Board is set out in article 12.2 of the Regulations in general terms for all committees, thus avoiding unnecessary repetitions.

The entry into force of these amendments is conditional on the approval of the proposed amendment of article 40 of the Company by-laws, which will be submitted for approval to the next Ordinary Annual General Meeting.

- **Inclusion of a new article 15 bis in the Regulations of the Board of Directors**

A **new article 15 bis** was included for the purpose of recording **the creation of the Innovation, Technology and Digital Transformation Committee**, following the Board of Directors' resolution of 23 May 2019, as well as the rules governing its basic **competences, duties and operations**.

- **Amendment of article 17 of the Regulations of the Board of Directors**

The Company's new shareholder structure, once the merger with Bankia, S.A. has been filed, has led to a partial review of the conditions for prudential deconsolidation by the European Central Bank, which on 5 October 2020, at the request of Criteria Caixa, S.A.U. and CaixaBank, expressed its agreement that the deconsolidation condition that gave rise to the amendment included in article 37.4 of CaixaBank's by-laws may be eliminated once the merger has taken place, provided that the other conditions for deconsolidation have been complied with and Criteria Caixa, S.A.U.'s stake in CaixaBank does not exceed 31% of the Company's share capital.

In accordance with the foregoing, and in coordination with the proposed amendment to article 37.4 of the Company by-laws that will be submitted to the approval of the next Annual General Meeting, article 17.4 of the Regulations of the Board of Directors ("Procedures for meetings") was amended, removing the following text: *"In anyevent, when a shareholder is represented on the Board by more than one proprietary Director, proprietary Directors representing such shareholder shall abstain from participating in the deliberation and voting of the agreements for the appointment of independent Directors by co-option and with regard to the appointment proposals of independent Directors made to the General Shareholders Meeting."*

The entry into force of this amendment is conditional on the approval of the proposed amendment of article 37.4 of the Company by-laws, which will be submitted for approval to the next Ordinary Annual General Meeting.

3. APPENDICES

To provide a comparison of the new wording of the amended articles and their wording prior to the amendments, the following Appendices are attached to this Report:

- **Appendix I** includes a text comparing the Regulations of the Board of Directors approved at the Board meeting on 17 December 2020 and its wording prior to this amendment.
- **Appendix II** includes a text comparing the Regulations of the Board of Directors approved at the Board meeting on 30 March 2021 and its wording prior to this amendment.
- **Appendix III** includes the restated text of the Regulations of the Board of Directors that will enter into force at the time of the entry into force of the by-law amendments proposed to the Ordinary Annual General Meeting under item 9 of the agenda.