

# **Audit and Control Committee Regulations of Banco de Sabadell, S.A.**

## **C O N T E N T S**

### **Chapter I. Preliminary**

- Article 1. Purpose
- Article 2. Interpretation
- Article 3. Approval, amendment and publication

### **Chapter II. Powers and Functions of the Committee**

- Article 4. Powers
- Article 5. Functions

### **Chapter III. Composition, appointment and termination**

- Article 6. Composition and appointment
- Article 7. Term of office and termination

### **Chapter IV. Operation of the Committee**

- Article 8. Dedication and meetings of the Committee
- Article 9. Notice of meetings
- Article 10. Constitution
- Article 11. Resolutions
- Article 12. Attendance
- Article 13. Training, access to information and resources

### **Chapter V. Evaluation**

- Article 14. Evaluation

### **Chapter VI. Information to other Bank bodies and shareholders**

- Article 15. Relations with the General Meeting of Shareholders, the Board of Directors and other Committees

## **CHAPTER I. PRELIMINARY**

### **ARTICLE 1. PURPOSE**

The purpose of these Regulations is to determine, within the framework of the Articles of Association and the Regulations of the Board of Directors, the principles of action, powers and functions, as well as the basic rules of organisation and operation of the Audit and Control Committee (the Committee) of Banco de Sabadell, S.A. (hereinafter, Banco Sabadell, the Bank or the Entity).

### **ARTICLE 2. INTERPRETATION**

1. These Regulations implement and complement the applicable legal rules, the Articles of Association and the Regulations of the Board of Directors of Banco Sabadell in relation to the Committee and shall be interpreted in accordance with them, with those of higher rank among them prevailing in the event of contradiction or conflict with these Regulations.
2. Any queries or discrepancies shall be resolved by a majority of the Committee itself and, if no majority is reached, by the Chairperson.
3. The provisions of the Regulations of the Board of Directors shall be of supplementary application to the Committee in all matters not provided for in these Regulations and which are not contradictory to its content.

### **ARTICLE 3. APPROVAL, AMENDMENT AND PUBLICATION**

1. The Regulations may only be adopted or amended by the Board of Directors by a resolution adopted by a two-thirds majority of the Directors that are present. The proposal for approval or amendment may be made at the request of the Chairperson of the Board of Directors, the Chairperson of the Committee or any of the members of the Committee. In the latter case, the proposer must necessarily formalise their proposal in writing and give reasons for it and address it to the Chairperson of the Committee, who shall present it to the next meeting of the Committee for its decision to be submitted to the Board following a favourable report.
2. In any case, it must be amended when a change in the applicable law, in the Articles of Association or in the Board of Directors' Regulations makes it necessary.
3. Directors have a duty to be familiar with and comply with these Regulations. The Regulations will be published on the Bank's website for public information.

## CHAPTER II. POWERS AND FUNCTIONS OF THE COMMITTEE

### ARTICLE 4. POWERS

The Committee shall have the powers laid down in the applicable regulations, including the following:

- a) To report to the general meeting on matters raised by shareholders on matters within its purview and, in particular, on the outcome of the audit, explaining how the audit contributed to the integrity of the financial information and the role the committee played in this process.
- b) To supervise the effectiveness of the company's internal control, the Internal Audit and the risk management systems, including those related to taxes, as well as to discuss the significant weaknesses of the internal control system detected in the performance of the audits with the account auditors or audit companies, without affecting their independence. To this end, and where appropriate, to submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.
- c) To supervise the process of preparation and presentation of regulated financial and non-financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- d) To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment or re-election of the external auditors, establishing the conditions for hiring them, the scope of their professional mandate and, if appropriate, their revocation or non-renewal; to review compliance with the audit contract, and regularly obtain information from them on the audit plan and its execution, in addition to preserving their independence in the exercise of their functions, ensuring that the opinion on the annual accounts and the main contents of the audit report are drafted clearly and accurately.
- e) To report, beforehand, to the Board of Directors on the financial information and the management report, which shall include the mandatory non-financial information that the Entity must periodically publish, as well as the quarterly and half-yearly financial statements and the prospectuses that must be submitted to the regulatory or supervisory bodies, monitoring compliance with legal requirements and the correct application of generally accepted accounting principles, as well as reporting on proposals to amend these principles.
- f) To establish the appropriate relations with the external auditors in order to receive information on matters that may jeopardise their independence, the declaration at least once a year of their independence from the entity or entities related to it, directly or indirectly, and detailed and individualised information on additional services of any kind rendered and the corresponding fees received

from these entities by the external auditor, or by persons or entities related to the latter in accordance with the provisions of the regulations governing the auditing of accounts, for examination by the Committee, and any other information or communications related to the process of auditing accounts and auditing standards, as well as, where appropriate, authorisation of services other than auditing and not categorised as prohibited, in accordance with the regulations on auditing of accounts.

- g) To annually issue, prior to the issuance of the audit report, a report expressing an opinion on whether the independence of the auditors or audit firms is compromised, with a reasoned evaluation of the provision of each and every one of the additional services referred to in the previous item, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulations governing the activity of auditing accounts.
- h) To supervise the internal audit services, their independence and budget, reviewing their action plans and resources in order to ensure that they are appropriate for the Entity's needs; to propose, where appropriate, the appointment and replacement of the head of internal audit; and to verify that senior management takes into account the conclusions and recommendations of their reports.
- i) To report on all matters which, within the framework of its powers, are submitted to it for consideration by the Board of Directors and, in particular, on the creation or acquisition of holdings in special purpose vehicles or entities domiciled in countries or territories considered tax havens and related party transactions.
- j) To perform its own functions for those subsidiaries of the Entity which, by application of their specific regulations at any given time, must have such bodies.
- k) The Board may request the Committee to prepare reports on matters within its sphere of action.
- l) All the other issues which are attributed to it by law or by the articles and regulations that implement them, and any resulting from the generally applied standards of good governance, and any resulting from regulations and codes of good governance applicable to the Entity.

## **ARTICLE 5. FUNCTIONS**

In order to exercise these powers, the Committee shall carry out the following functions:

## **5.1 FUNCTIONS RELATING TO FINANCIAL AND NON-FINANCIAL REPORTING AND INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**

The main functions of the Committee shall be the following:

- a) To supervise and assess the process of preparation, integrity and presentation of regulated financial and non-financial information, reviewing compliance with regulatory requirements and the appropriate delimitation of the scope of consolidation and the correct application of generally accepted accounting principles, as well as submitting recommendations and proposals to the Board of Directors aimed at securing their integrity and reporting on the proposals for modification of these principles suggested by the Management.
- b) To supervise the effectiveness of the internal control over financial reporting system (ICFR), the design, implementation, management and operation of which is the responsibility of the Entity's Finance Department.
- c) To review the annual accounts and management report, which shall include, where appropriate, the mandatory non-financial information that the Entity must periodically publish, both individual and consolidated, for submission to the Board of Directors, ensuring compliance with legal requirements and the correct application of generally accepted accounting principles.
- d) To review the periodic financial information (quarterly and half-yearly) for submission to the Board of Directors, monitoring the consistency of accounting criteria between the preparation of the quarterly, half-yearly and annual accounts and their integrity.
- e) To review the issuance prospectuses to be provided by the Board of Directors to the markets and their supervisory bodies.
- f) To review any other information to be issued by the Entity, financial or non-financial, public and regulated, related to financial information.
- g) To check that the financial information published on the Entity's website is kept up to date at all times and coincides with that formulated by the Board of Directors and published, where appropriate, when obliged to do so on the CNMV website.
- h) To receive information on the structural and corporate modification operations that the Entity plans to carry out for analysis and prior report to the Board of Directors on their economic conditions and accounting impact and, in particular, on the proposed exchange ratio. The foregoing shall not apply to transactions of little complexity and relevance to the Group's activities, including, where appropriate, intra-group reorganisation operations.

- i) To express its opinion on the content and scope of any qualification that the auditor may include in its audit report, which shall be explained by the Chairperson of the Committee at the General Meeting of Shareholders, and a summary of such opinion shall be made available to the shareholders at the time of publication of the notice of the General Meeting of Shareholders, together with the rest of the proposals and reports of the Board of Directors.
- j) To oversee accounting policies prior to submission to the Board of Directors for approval.
- k) To supervise and assess, in coordination, as necessary, with the Risk Committee, the effectiveness of the internal control and risk management policies and systems as a whole, covering financial and non-financial risks relating to the Entity, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks, and to ensure that the main direct or indirect risks are reasonably identified, measured and controlled, as well as to discuss with the auditor any significant weaknesses in the internal control system detected during the course of the audit. To this end, meetings may be held with senior managers of the Bank's business units to explain business trends and associated risks and, where appropriate, to submit recommendations or proposals to the Board of Directors and the corresponding timeframe for their follow-up.
- l) To be acquainted with written reports or communications from external supervisory bodies that relate to the scope of their functions.
- m) To review the report of the Corporate Ethics Committee (CEC) on the activities carried out to ensure compliance with the Banco Sabadell Group's Internal Code of Conduct in the securities market (RIC), the Group's Code of Conduct, activities on market abuse, prevention of criminal liability of legal persons and relations with the supervisor and other relevant facts.
- n) To supervise the functioning of the whistle-blowing channel, periodically receiving information on the functioning of the channel through the reports drawn up by the Corporate Ethics Committee, including at least the complaints received, especially those of financial and accounting significance, their origin, type, the results of the investigations and proposals for action. Where necessary, to propose appropriate actions to improve performance and reduce the risk of future irregularities.
- o) To monitor fiscal policies and management through the responsible executive, at least on an annual basis, as well as to receive information on the fiscal consequences of operations or matters whose approval is submitted to the Board of Directors.

## 5.2 FUNCTIONS RELATING TO THE AUDIT OF ACCOUNTS

The main functions of the Committee shall be the following:

These are the functions of the Committee with regard to the process of selecting and proposing the appointment of the external auditor:

- a) To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the auditor, taking responsibility for the selection process, as well as the terms and conditions of hiring the auditor under the terms established by law.
- b) To supervise that the Entity notifies the CNMV of any change of external auditor and accompanies said notification with a statement on the existence of any disagreements with the outgoing external auditor and their content, if any, and, in the event of resignation of the external auditor, to examine the circumstances giving rise to such resignation.

As far as the independence of the auditor is concerned, the Committee has the following functions:

- c) To ensure that the Entity and the external auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the external auditor's business and, in general, other regulations on the independence of the external auditor, gathering, for this purpose, the information necessary to assess their independence from sources inside or outside the Entity.
- d) To establish appropriate relations with the external auditors in order to receive information on those issues that could jeopardise their independence. In any event, it shall receive, from the external auditors, at least on an annual basis, a declaration of their independence vis-à-vis the entity or entities related to it, directly or indirectly, and detailed and individualised information on the additional services of any kind rendered and the corresponding fees received from these entities by the external auditor, or by the persons or entities related to it in accordance with the provisions of the regulations governing the auditing of accounts, for examination by the Committee.
- e) Reviewing and submitting to the Board of Directors for approval the internal policies of the Entity regarding personal situations and the prohibition of the provision of certain services by the external auditor and the approval of services other than the auditing of accounts.
- f) To authorise the non-prohibited services of the auditor and their network in accordance with the statutory audit regulations after having properly assessed the threats to independence and the safeguarding measures applied in accordance with those regulations.



- g) To ensure that the auditor's remuneration does not compromise the quality of the auditor's work or the auditor's independence, as set out in the policy for safeguarding auditor independence.
- h) To annually issue, prior to the issuance of the audit report, a report expressing an opinion on whether the independence of the auditors or audit firms is compromised, with a reasoned evaluation of the provision of each and every one of the additional services referred to in section d) above, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulations governing the activity of auditing accounts.

As regards the conduct of the audit and its completion, the Committee has the following responsibilities:

- i) To establish the disclosures provided for in auditing legislation and auditing standards, without impairing the independence of the auditor or the effectiveness with which the audit is carried out, in order to enable the Committee to understand the functions, scope, working methods and responsibilities of the auditor, the audit plan and its execution.
- j) To be aware of the management's responses to the external auditor's recommendations, to mediate in the event of disagreements between them in relation to the principles and criteria applicable to the preparation of the financial statements, to verify that they have been resolved and, if not, to understand the reasons for them and to follow up on these recommendations.
- k) To review compliance with the auditing contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are worded clearly and accurately.
- l) To review with the external auditor the significant findings arising from their work, as well as the contents of the audit report and the additional report to the Committee, at the end of the audit.
- m) To serve as a channel of communication between the Board of Directors and the external auditors. Likewise, to ensure that the auditor holds at least one meeting a year with the full Board of Directors to report to it on the work performed and on the evolution of the Entity's accounting and risk situation.
- n) To periodically evaluate the scope of the audit and the frequency with which the Group's consolidated financial statements are externally audited.
- o) To make a final evaluation of the auditor's performance and how it has contributed to the quality of the audit and the integrity of the financial information, including, among other parameters, the auditor's independence; their knowledge of the business; the frequency and quality of their

communications; the key management personnel's opinion of the auditor; the public results of the quality controls, as well as the auditor's transparency reports, and to inform the Board of Directors of any relevant aspects of this evaluation.

### **5.3 PURPOSES RELATING TO INTERNAL AUDIT SERVICES**

The main functions of the Committee shall be the following:

- a) To monitor the orientation, methodology and plans of the Internal Audit Department, ensuring that its activity is chiefly focused on the Entity's relevant risks, and informing the Board of Directors about its contents for its approval.
- b) To review reports from the Internal Audit Directorate to check good banking and accounting practices at different levels of the organisation, and to ensure that appropriate action is taken in the General Management and other executive managements to address any misconduct or improper practices of individuals within the organisation.
- c) To assess the degree of compliance with the Internal Audit Department's plans and to make the corresponding reports to the Board of Directors, and to assess the implementation of Internal Audit recommendations, to supervise the appointment and replacement of the head of Internal Audit, and to verify that the senior management takes into account the conclusions and recommendations of its reports.
- d) To oversee the independence of the Internal Audit Department and to ensure that it has sufficient resources and suitably qualified professionals to perform its function.
- e) To evaluate the functioning of the internal audit and the performance of the responsible executive, and inform the Remuneration Committee and the Board for the determination of his or her variable remuneration.

### **5.4 OTHER FUNCTIONS**

The Committee shall also have the following functions:

- a) To inform the Board of Directors, in advance, of the creation or acquisition of shares in special purpose vehicles or entities domiciled in countries or territories considered tax havens, gathering and analysing the necessary information for this purpose.
- b) To report on related-party transactions to be approved by the General Meeting of Shareholders or the Board of Directors under the terms established by law and,

for those whose approval has been delegated because they meet the legally established criteria for such approval and, therefore, without requiring a prior report from the Audit and Control Committee, to participate in the internal reporting and periodic control procedure established for such purpose by the Board of Directors, verifying the fairness and transparency of such transactions and, where appropriate, compliance with the legal criteria applicable to their delegation.

- c) To oversee compliance with the laws, internal rules and regulations governing the Entity's activities.

### **CHAPTER III. COMPOSITION, APPOINTMENT, TERM OF OFFICE AND TERMINATION**

#### **ARTICLE 6. COMPOSITION AND APPOINTMENT**

1. The Committee shall be composed of a maximum of five Directors appointed by the Board of Directors, all of whom shall be non-executive, the majority of whom at least must be independent Directors, and at least one of whom shall be appointed on the basis of his or her knowledge and experience in accounting and/or auditing. The Board will appoint its Chairperson from among the independent directors that form part of it, with the vote in favour of two thirds of its members.

The Secretary shall be the Secretary of the Board of Directors or, as the case may be, the Deputy Secretary of the Board of Directors.

2. The members of the Committee shall, as a whole, have knowledge and experience appropriate to the functions they are called upon to perform and shall seek to ensure that, as a whole, they have the necessary expertise not only in accounting and auditing, but also in financial matters, internal control, information technology, risk management, both financial and non-financial, and the business of banking. Efforts will be made to promote diversity, both in terms of gender, professional experience, skills, sectoral knowledge, international experience and geographical origin in the appointment of members of the Committee.

#### **ARTICLE 7. TERM OF OFFICE AND TERMINATION**

1. The members of the Committee shall be appointed for a maximum period of four years and may be re-elected one or more times for periods of the same maximum duration.
2. The Chairperson will exercise his/her post for a maximum term of four years only being able to be re-elected after one year has elapsed since ceasing to hold

his/her office, notwithstanding his/her continuity or re-election as a member of the Committee.

3. The members of the Committee shall cease to hold office in the following cases:
  - a) When they cease to be Directors of the Bank.
  - b) Upon consensus of the Board of Directors of the Bank.
  - c) When they become executive directors.

## **CHAPTER IV. OPERATION OF THE COMMITTEE**

### **ARTICLE 8. DEDICATION AND MEETINGS OF THE COMMITTEE**

1. The Committee shall meet as often as necessary and at least once every three months, when convened by its Chairperson, at his/her own initiative or at the initiative of any member of the Committee, or at the request of the external auditors, or whenever the Board or its President requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its functions. As part of the annual evaluation of the Board, the Committee shall, in any case, report annually on the evaluation of its performance. The meetings of the Committee shall be set out in the annual calendar.
2. The Committee shall establish an annual work plan which shall include, as a minimum, specific objectives for the year, an annual calendar of meetings which shall take into account the calendar of meetings of the Board of Directors and the date of the General Meeting of Shareholders in order to prepare, where appropriate, the reports to be presented on the matters to be discussed at the meetings, the systematic organisation of information and the agenda of the meetings, planning fixed sections for topics to be dealt with on a regular basis and topics to be dealt with only at certain meetings, the annual training needs, and, where appropriate, the scheduling of preparatory working sessions or meetings on specific topics, or, insofar as foreseeable, the need for external experts to advise on the performance of some of the tasks.
3. The Chairperson of the Committee shall chair the meetings, set the Agenda, direct the discussions and deliberations of the meetings, encouraging its members to participate freely in the deliberations, without being affected by internal or external pressures.
4. As Directors and members of the Committee, these members must act independently of the rest of the organisation in terms of judgement and action, carry out their work with the utmost diligence, competence and professional

dedication, fulfil their obligations of loyalty and maintain the utmost confidentiality with regard to the information to which they have had access in the exercise of their office, even when they have ceased to hold such office.

## **ARTICLE 9. NOTICE OF MEETINGS**

1. Notice of meetings shall be given at least seven days in advance, except in the case of urgent meetings, by the Secretary of the Committee to each of its members by letter, e-mail or any other verifiable means, and shall be authorised by the Chairperson or the Secretary by order of the Chairperson.
2. The available documentation shall be made available to the Directors five days in advance, except for those documents which, due to their characteristics and deadlines for submission, must be submitted exceptionally and justifiably within a shorter period, or which should not be submitted for reasons of confidentiality.
3. It shall not be necessary to call a meeting of the Committee in advance when all members are present and unanimously agree to hold the meeting and the items on the agenda.

## **ARTICLE 10. CONSTITUTION**

1. The Committee shall be constituted when the majority of its members are present, either in person or by proxy.
2. In the Chairperson's absence, the meeting shall be chaired by the Director with the most seniority on the Committee and, in the event of coincidence, by the oldest.
3. In the Secretary's absence, the Deputy Secretary, if any, or, failing that, the person appointed by the Committee for this purpose, shall act as Secretary.

## **ARTICLE 11. RESOLUTIONS**

1. Resolutions shall be adopted by a majority of its members, present or represented. In the event of a tie, the Chairperson shall have the casting vote.
2. The Secretary of the Committee shall draw up minutes of each of the meetings held, which shall be approved at the same meeting or at the one immediately following. The minutes shall be signed by the Chairperson and the Secretary of the Committee or by those who performed these functions at the meeting in question.
3. The content of these meetings shall be reported to the Board of Directors at its immediately subsequent meeting, by reading the minutes of each meeting, at which the resolutions shall also be adopted at its proposal or following its report, or the resolutions adopted by the Committee shall be ratified where necessary.

## **ARTICLE 12. ATTENDANCE**

The Committee may request the attendance at the meeting of such executives, including those who are Directors, as it deems appropriate, notifying the Chief Executive(s) so that he/she/they may arrange for their attendance. The Committee may also summon other directors, executives or professionals of the Entity or of the Banco Sabadell Group, the auditors, external experts and any member of the governing bodies of the investee companies, limiting their presence to those items on the agenda to which they are summoned.

## **ARTICLE 13. TRAINING, ACCESS TO INFORMATION AND RESOURCES**

1. The Bank, through the Secretary of the Board of Directors, shall ensure that the Committee has sufficient resources to enable it to fulfil its functions.
2. The Committee may inquire into any aspect of the Bank, having free access to any type of information or documentation held by the Bank relating to matters within the scope of the Committee and which it deems necessary for the performance of its functions. The Chairperson of the Committee and, if deemed appropriate or requested, the rest of its members, shall maintain regular contact with the bodies and units involved in the governance and management of the Entity, reporting on the content of these preparatory meetings to all members of the Committee. Likewise, the Committee may, at the Entity's expense, seek the advice of external professionals in order to better fulfil its functions. The Committee shall ensure that any conflicts of interest do not impair the independence of external advice.
3. In order not to disrupt the day-to-day management of the Bank, the exercise of information and advisory powers shall be channelled through the Internal Audit Directorate, which shall respond to the Committee's requests by providing it with information directly, by offering it the appropriate interlocutors at the appropriate level of the organisation or by arranging for it to carry out the desired examination and inspection procedures on the spot.
4. The Committee may have a training plan, within the framework of the general plan of the Board or specific to the Committee, which ensures the updating of the knowledge necessary for the exercise of its functions and responsibilities and, in particular, in relation to risk management and control practices, and in other aspects deemed appropriate.

## **CHAPTER V. EVALUATION**

### **ARTICLE 14. EVALUATION**

1. Within the framework of the annual evaluation provided for in the Board

Regulation, the Committee shall evaluate its performance autonomously, in order to strengthen its functioning and improve planning for the following year, seeking the opinion of its members, and, when deemed appropriate, and in any case every three years, it shall be assisted by an external consultant.

2. The Committee shall coordinate the evaluation with the Chairperson of the Board of Directors, informing the Board of Directors of the aspects evaluated, the outcome of the evaluations and the actions proposed for continuous improvement.

## **CHAPTER VI. INFORMATION TO OTHER BODIES OF THE BANK AND SHAREHOLDERS**

### **ARTICLE 15. RELATIONS WITH THE GENERAL MEETING OF SHAREHOLDERS, THE BOARD OF DIRECTORS AND OTHER COMMITTEES**

1. The Chairperson of the Committee shall act as its spokesperson at meetings of the Board of Directors and, where appropriate, of the General Meeting of Shareholders of the Bank.
2. The Committee shall draw up an annual report on the functioning and activities of the Committee, which shall be included in the Directors' Report referred to in Article 86 of the Articles of Association and shall be made available to the shareholders when the Annual General Meeting of Shareholders is called, prior to its submission to the Board of Directors.
3. In addition to the provisions of articles 10.3 and 13.2 of these Regulations, the Chairperson of the Committee shall report periodically to the Board of Directors on its activities and shall advise and propose such measures as it deems appropriate to implement within the scope of its functions.
4. Adequate coordination shall be maintained between the Audit and Control Committee and the other Board committees, especially with the Risk Committee, collaborating with those whose activities may have an impact on the risk strategy, and shall communicate regularly with the Bank's internal control functions.