



**Banco de Sabadell, S.A.
Director Candidate Selection Policy**

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1. Introduction

The Good Governance Code of Listed Companies (hereinafter, GGC) of the National Securities Market Commission of February 2015, revised in June 2020, applicable to Banco Sabadell in its capacity as a listed company, includes in Recommendation 14, the provision that the Board of Directors should approve a specific and verifiable director selection policy, which ensures that proposals for the appointment or re-election of directors are based on a prior analysis of the Board of Directors' needs and which encourages a diversity of knowledge, experience and gender in its composition.

In any case, the aforementioned director selection policy must comply with Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions (hereinafter, LOSS in its Spanish initials), which regulates the criteria to be met by the general composition of the Board of Directors and the suitability requirements to be met by the directors of the Institution, criteria that are implemented by Royal Decree 84/2015, of 13 February (hereinafter, ROSS in its Spanish initials) and the Bank of Spain Circular 2/2016, of 2 February (hereinafter, Circular).

In addition, it must be in accordance with the provisions of the Capital Companies Act (CCA), the revised text of which was approved by Royal Legislative Decree 1/2010, of 2 July.

2. Purpose

The purpose of this Policy is to establish the criteria that Banco Sabadell must take into account in the selection processes for new members of the Board of Directors, as well as in the re-election of its existing members, within the framework of the provisions set forth in the LOSS, the ROSS, the Circular, the GGC and the CCA, as well as any other applicable rules and recommendations.

3. Candidate Selection Objectives

The selection of candidates will be based on an analysis of the Bank's needs carried out by the Appointments and Corporate Governance Committee, ensuring that the appointment firstly encourages an appropriate balance of the composition of the Board, between the different types of directors, namely: independent, proprietary and executive directors.

The candidates for the members of the Board of Directors must be of good repute, suitable and have recognised solvency, experience, qualifications and training; they must also have sufficient availability and a high degree of commitment to their role in the institution, aiming to achieve an appropriate balance in the selection process for the

Board of Directors which, as a whole, enriches decision-making and contributes varied points of view to the debate on matters within remit.

In particular, it must be ensured that they comply with the following parameters:

- Professional competence, through the selection of people whose professional skills are sufficiently recognised. Similarly, banking and financial experience that provides a strategic and business vision will be particularly valued.
- Diversity, selecting a variety of profiles (business, banking, academic, financial, auditors, legal, consultants, etc.), as well as the diversity of experiences, origins and nationalities within the Board of Directors. In particular, it will be ensured that it has a sufficient number of female directors, promoting compliance with the objective of representing the under-represented sex to reach at least 40% of the total number of Board Members by 2022. Similarly, it will be ensured that there is sufficient representation of directors with banking experience in areas such as retail banking, business banking, corporate banking and investment banking, both domestically and internationally.
- Being of good repute and suitability, demonstrating an appropriate career track record as well as personal, business and professional conduct that does not cast any doubt on their ability to carry out a sound and prudent management of the institution.

4. Disqualifications for Membership of the Board of Directors

Members of the Board of Directors may not be people who are subject to the prohibitions established by law, the Bank's Articles of Association or who, in any other way, do not meet the requirements to pass the suitability test which members of the Board of Directors of a financial institution must undergo.

5. Competent Bodies

The Competent Bodies responsible for carrying out and coordinating the selection of the Company's Directors are the Board of Directors and the Appointments and Corporate Governance Committee, for their appointment by the General Meeting of Shareholders.

1. Appointments and Corporate Governance Committee

In accordance with the powers of the Appointments and Corporate Governance Committee established in Article 66 of the Articles of Association and Article 17 of the Board of Directors' Regulations, as well as in its own Regulations (Article 4) and, within the framework of the provisions set forth in the LOSS, the ROSS and the Circular, the Appointments and Corporate Governance Committee shall be responsible for:

- a. Making proposals to the Board of Directors for the appointment of independent directors, for co-opting or for referral to the General Meeting of Shareholders, and for the re-appointment or removal of the said directors,
- b. Advising on proposals to appoint other directors by co-opting or for referral to the General Meeting of Shareholders, and on proposals for their re-appointment or removal,
- c. Ensuring compliance with the qualitative composition of the Board of Directors, in accordance with the provisions of Article 53 of the Articles of Association, which states that external or non-executive directors must represent at least a majority of the total number of Board Members; and that among the external or non-executive directors, it should aim to have a significant participation of independent directors.
- d. Evaluating the suitability, skills, knowledge and experience needed by the Board of Directors. In this regard, Article 24 of the LOSS, implemented by Article 29 et seq. of the ROSS and Regulation 32 of the Circular, establish that the general composition of the Board of Directors as a whole must be such that they have sufficient knowledge, skills and experience in the governance of credit institutions to adequately understand the activities of the institution, including its main risks, and to ensure the effective capacity of the Board of Directors to make independent and autonomous decisions in the best interests of the Company. For this purpose, it shall evaluate the balance of knowledge, skills, diversity and experience of the Board of Directors and, to this end, it will define the roles and skills required from the candidates to fill each position.

- e. Ensuring that, when filling new vacant positions or appointing new Directors, the selection procedures favour diversity of experience and knowledge, facilitate the selection of female Directors and, in general, are not affected by implicit biases that could result in any discrimination.
- f. Verifying compliance with this Policy and reporting to the Board of Directors on the degree of compliance annually. The result of this verification will be reported in the Annual Corporate Governance Report.

2. Board of Directors

In addition to the approval of this Policy, in accordance with the provisions of Article 529 bis.2 of the CCA, Article 529 decies of the CCA, and Article 7 of the Board of Directors' Regulations and Recommendation 14 of the GGC, the following duties, among others, shall correspond to the Board of Directors:

- a. Prepare the proposal for submission to the General Meeting of Shareholders, or for appointment by co-opting by the Board of Directors itself, where applicable, or for the appointment or re-election of those who are not independent directors.
- b. Prepare a report that describes the skills, experience and merits of the candidate proposed for appointment as director, which must in any case accompany the appointment proposal, and which shall be attached to the minutes of the General Meeting of Shareholders or of the Board of Directors itself.
- c. Ensure that the procedures for the selection of members of the Board of Directors favour diversity in gender, experience and knowledge and are not affected by implicit biases that could result in any discrimination and, in particular, that the selection of female directors is facilitated.

3. General Meeting of Shareholders

In accordance with Article 160 b) of the CCA and Article 46 of Banco Sabadell's Articles of Association, the General Meeting of Shareholders is responsible for deliberating and agreeing on the appointment of the directors.

6. Procedure

1. Analysis of the Skills and Diversity of the Board and Establishing the Candidate Profile.

The Appointments and Corporate Governance Committee shall evaluate the skills, knowledge and experience required for the appointment of members of the Board of Directors in advance and, for this purpose, it shall take into account the balance of knowledge, ability, diversity and experience of the members of the Board of Directors and, for these purposes, it shall define the duties and skills required from the candidates who will fill each vacancy and it shall assess the time and dedication required for them to perform their duties effectively.

2. Director Selection

- **Search for Candidates.** If it is deemed necessary, the Committee may commission a consultancy firm of recognised standing in the field of personnel selection to initiate a process to search for candidates who match the desired profile. Similarly, any Director may suggest candidates to the Board provided that they meet the requirements set forth in this Candidate Director Selection Policy.
- **Suitability Assessment.** Once a candidate has been selected, prior to the proposal or report from the Appointments and Corporate Governance Committee, the "Procedure for the suitability assessment for members of the Board of Directors and key function holders" shall be processed, through which the Appointments and Corporate Governance Committee shall verify that the proposed candidates are suitable to meet the requirements of being of good repute, knowledge and experience and good governance provided for in the applicable regulations.

In assessing the concurrence of commercial and professional good repute, the Committee shall consider all available information, including:

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- a. The career track record of the candidate in question in their relationship with the regulatory and supervisory authorities; the reasons why they were dismissed or removed from previous positions or posts, where applicable; their personal solvency record and fulfilment of their obligations; their professional performance, if they have held positions of responsibility in credit institutions that have been subject to a process of early resolution or termination; or if they have been disqualified in accordance with the Insolvency Act, the revised text of which was approved by Royal Legislative Decree 1/2020, of 5 May, until the period of disqualification established in the qualification judgement of the insolvency proceedings has ended, and the bankrupt and insolvent parties have not been rehabilitated in insolvency proceedings prior to the aforementioned Act entering into force.
 - b. Conviction for committing crimes or misdemeanours and the sanction for having committed administrative offences, taking into account:
 1. The intentional or negligent nature of the crime or administrative offence.
 2. Whether the sentence or sanction imposed is final.
 3. The seriousness of the conviction or sanction imposed.
 4. The classification of the facts that gave rise to the conviction or sanction, especially if they were financially-based crimes, money laundering, against the socio-economic order and against the Treasury and Social Security authorities, or if they involved infringements of the regulations governing the carrying out of banking, insurance or securities market activities, or consumer protection.
 5. Whether the acts giving rise to the conviction or sanction were carried out for personal gain or to the detriment of the interests of third parties whose administration or management of business had been entrusted to them and, where appropriate, the relevance of the acts giving rise to the conviction or sanction in relation to the duties assigned or to be assigned to the said candidate in the credit institution.
 6. The statute of limitations for unlawful acts of a criminal or administrative nature or the possible extinction of the criminal responsibility.
 7. The existence of extenuating circumstances and subsequent conduct since the offence or infraction was committed.
 8. Repeated convictions or penalties for offences or infractions.

- c. The existence of relevant and well-founded criminal and administrative investigations into any of the facts referred to in point b).

The Committee will also verify that candidates possess the knowledge and experience required under Article 24 of the LOSS, i.e., that they have the appropriate training for the level and profile, as well as practical experience from their previous posts over sufficient periods of time. This will take into account both the knowledge acquired in an academic environment as well as experience in the professional development of duties similar to those to be carried out, in other institutions or companies.

In assessing practical and professional experience, particular attention should be paid to the nature and complexity of the positions held, the decision-making powers and responsibilities assumed, as well as the number of people under their responsibility, technical knowledge of the financial sector and the risks to be managed.

Finally, in order to assess the ability of the members of the Board of Directors to exercise good governance of the institution, as required by Article 24 of the LOSS, the Committee will take into account:

- a. The presence of potential conflicts of interest leading to undue influence by third parties arising from:
 - 1. Positions held in the past or present in the same institution or in other private or public organisations,
 - 2. A personal, professional or economic relationship with other members of the company's Board of Directors, or of its parent company or its subsidiaries,
 - 3. A personal, professional or economic relationship with the controlling shareholders of the institution, its parent company or its subsidiaries.
- b. The ability to dedicate sufficient time to carry out the corresponding duties.

In its proposal or report on the appointment of a member of the Board of Directors, the Appointments and Corporate Governance Committee shall state whether, in its opinion, the suitability requirements are met.

a. Special Rules for the Selection of Independent Directors:

In any event, the Appointments and Corporate Governance Committee shall ensure that the proposed candidates meet the independence requirements set forth in Article 529 duodecies.4 of the CCA, ensuring that the proposed candidates may perform their duties without being conditioned by their relationship with the Company or its group, with its significant shareholders and with its directors.

b. Rules for the Selection of Proprietary or other External Directors:

In all other cases in which the Board (either on its own initiative or at the request of a shareholder in the case of proprietary directors) submits proposals for the appointment of directors to the Appointments and Corporate Governance Committee for its prior report, the Committee must take into account the skills, knowledge and experience required to sit on the Board of Directors, as well as the balance of knowledge, capabilities, diversity and experience of the Board of Directors and, consequently, assess whether the proposed candidate's profile meets the needs arising from the joint examination of all of these requirements.

The Committee shall classify the director as a proprietary or other external director, in accordance with the category of the said director, as set forth in the provisions of Article 529 duodecies of the CCA.

- **Re-election and Ratification of Directors**

In the event of re-election or ratification of directors, the corresponding proposal or report, from the Appointments and Corporate Governance Committee shall also contain an assessment of the director's work and effective dedication during the period in which they have held office since the date of their last appointment as a Board Member.

- **Administrative Procedure**

Once the director has been appointed, the General Secretary's Office shall process the administrative procedure and correspondence with the Bank of Spain and other regulatory authorities, in particular, notification to the Bank of Spain's register of Senior Banking Officials.

7. Annual Evaluation and Reporting on the Implementation of this Policy

In accordance with Recommendation 14 of the GGC and Article 4.17 of the Committee's Regulations, the Appointments and Corporate Governance Committee shall verify compliance with this Policy on an annual basis and ensure that this is reported in the Company's Annual Corporate Governance Report.

Similarly, the aforementioned Annual Report shall include specific information on the procedures for the selection or re-election of directors of the Company contained in this Policy.