

Remuneration Code Disclosure

This disclosure is intended to provide information on the remuneration policies and practices of CaixaBank, S.A.'s UK Branch ("the Branch") comply with the PRA's Remuneration Principles set out in the Remuneration Code (the "Code") for Dual Regulated Firms.

The Branch is required to comply with certain remuneration requirements (the "Remuneration Codes") set out in the Prudential Regulation Authority's ("PRA") Rulebook and the Financial Conduct Authority's ("FCA") Handbook of rules and Guidance. As a branch of a non-UK bank, the Branch is subject to the PRA's Remuneration rules and the FCA's Dual-regulated firms Remuneration Code (SYSC 19D) and the MiFID Remuneration Code (SYSC 19F).

CaixaBank S.A., has in place a general remuneration policy (the "General Remuneration Policy") that applies to all relevant entities in the CaixaBank group, including the Branch. The managing bodies of the companies forming part of the CaixaBank group are required to adopt the decisions necessary to incorporate the principles of the General Remuneration Policy into their own remuneration schemes and to apply the guidelines set out in the General Remuneration Policy.

Therefore, in order to ensure that the Branch is complying with the Remuneration Codes, CaixaBank S.A and the Branch have created a branch remuneration policy ("Branch Policy"), which aligns (to the extent practicable) with the remuneration principles set out in the General Remuneration Policy, which ensures it is applicable to the Branch (as required by Rule 6.2 of PRA's Remuneration Part of the Rulebook, the "Rulebook", and SYSC 19D.3.7 R). The General Remuneration Policy is based on principles and practices that are compatible with the Spanish Law 10/2014, its implementing regulations and the EBA and ESMA Guidelines.

The Remuneration Codes recognise that not all remuneration principles apply to firms equally and introduce a concept of proportionality, which enables a firm to apply requirements commensurate to the Branch's size, internal organisation (including legal structure) and the nature, scope, and complexity of its activities. The PRA and the FCA have defined a high-level proportionality framework split into three tiers based on a firm's relevant total assets. The Branch applies the proportionality principle in accordance with the general expectations and guidance of the PRA and the FCA for firms of its proportionality level.

The Branch recognises there is a clear link between remuneration principles contained in the Branch Policy, the assessment of behaviours and performance, and financial and non-financial reward for both the Branch and staff. Performance management and reward are closely aligned to long-term business objectives. The Branch Policy applies the following remuneration principles (as derived from the Code) in order to comply with the Remuneration Codes and further the Branch's objectives:

- 1. Risk management and risk tolerance:** the Branch Policy is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Branch. Critical to this is the appropriate balance and alignment between the needs, expectations, and risk exposures of the Branch's various stakeholders.
- 2. Supporting business strategy, objectives, values and long-term interests of the firm:** the Branch will base remuneration decisions on a Staff member's performance against business objectives, and general individual performance of the role. Adherence to the Branch's values, business principles, risk-related policies and procedures and general standards are key considerations that will be taken into account when determining the value of variable remuneration. The overall remuneration policy focuses on fostering patterns of behaviour to ensure that value is generated in the long term and that results are sustained over time. Fixed remuneration and employee benefits constitute the bulk of the overall remuneration package, in which variable remuneration tends to be conservative and moderate as it carries risk.
- 3. Measures to avoid conflicts of interest:** The Branch has in place, and adheres to, a conflicts of interest policy, both in relation to the Branch and the wider group. All variable remuneration made available by the

Branch is required to adhere to the Branch Policy and requires approval of senior management. The Branch does not permit staff members to be involved in deciding their own remuneration.

Senior management considers and approves the remuneration packages (including variable pay awards) and remuneration structures of material risk takers and senior staff members working in risk management and compliance functions. Senior management also ensures that remuneration decisions are conducted independently and free from conflict. The group human resources team is responsible for agreeing the remuneration packages for all other staff members.

4. **Governance:** Responsibilities in respect of the approval, implementation and oversight of the Branch Policy and the Branch's remuneration framework and practices are appropriately delegated in accordance with the Branch's governance framework. Senior management have oversight of the annual salary awards for all staff, and specifically the remuneration of senior members of staff, those working in risk and compliance functions, and those identified as material risk takers. Records for remuneration decisions are maintained.
5. **Control functions:** the Branch will ensure that Staff engaged in control functions are:
 - independent from the business units they oversee;
 - have appropriate authority;
 - are remunerated adequately to attract qualified and experienced employees; and
 - are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The Branch Policy details the remuneration practices that promote these objectives.

6. **Remuneration and capital:** the size of the Branch's bonus pool will be included within the Group's bonus pool, which is pre-determined 12 months in advance, and approved by the board to ensure that the total level of variable remuneration does not limit CaixaBank's or the Branch's ability to strengthen its capital base. The Branch's bonus pool will be determined by reference to the Branch's performance, market benchmarks, capital strength, and overall affordability. The Branch's bonus pool may be impacted by certain factors such as: material failures in risk management; an increase in capital requirements; regulatory sanctions or legal rulings; non-compliance with internal regulations or codes of conduct; or for reasons required by applicable laws or regulatory authorities. The Branch rewards staff in a fair and appropriate way for their contribution towards the success of the business and the level of service and performance delivered to the clients, based on financial and non-financial criteria.
7. **Exceptional government intervention:** in the event that the Branch received exceptional government intervention, this principle would be applied, and remuneration structures would be reviewed.
8. **Profit-based measurement and risk adjustment:** the Branch Policy provides that all components or pools of variable remuneration will include adjustments for all types of current and future risks and take into account the need for consistency with the timing and likelihood of any potential future revenues. The size of the pools of variable remuneration depend on the profit achieved by the Branch, and senior management will have discretion to adjust the size of the pool if it considers the underlying performance is not satisfactory. Senior management can moderate and reduce the bonus pool for reasons relating to compliance or regulatory issues, or for persistent or serious breaches in relation to other non-financial targets that may or may not impact CaixaBank's brand or reputation. The Branch compliance officer will validate and assess any adjustment techniques.
9. **Personal investment strategies:** the Branch will ensure that all staff who are affected by the Branch Policy are made aware of it. Additionally, all staff are required to provide an annual undertaking that they will not use personal hedging strategies to undermine the risk alignment effects that are embedded in their remuneration arrangements.
10. **Non-compliance with the dual-regulated firms Remuneration Code:** governance processes are in place to ensure variable remuneration is compliant with the Code, including the Branch Policy. All variable remuneration is currently delivered in the form of cash in accordance with the requirements of the Remuneration Codes.

11. **Remuneration structures:** the Branch seeks to ensure that it fully complies with SYSC 19D and ensures that the structure of a Staff member's remuneration is consistent with, and promotes, effective risk management. The Branch Policy establishes a remuneration system that attracts, motivates, and retains people of high calibre, with the right mix of experience, skills, and knowledge to deliver on the strategy. The Branch Policy is designed to accomplish a suitable balance of fixed and variable components of total remuneration to enable a flexible policy on variable remuneration, including the possibility to pay no variable remuneration.

For example:

- the Branch does not offer guaranteed bonuses; However, such remuneration may be considered exceptionally, in the event of new hires, provided the Branch has a healthy and robust capital base and payment thereof is limited to the first year of the contract.
- variable remuneration is assessed based on a range of financial and non-financial measures consistent with stakeholder interests, the Branch's strategy, and adherence to its values; and
- the Branch ensures that an appropriate ratio between the fixed and variable components of total remuneration is appropriately balanced, and the level of the fixed component is sufficiently high to allow the operation of a fully flexible policy on variable remuneration components.

In determining the appropriate ratio between fixed and variable remuneration, the Branch will consider market data for each position, cap any variable pay to 100% of a staff's base salary and ensure that any salary increase is balanced against variable components.

Material Risk Takers are identified annually, and the Branch will update its assessment as necessary throughout a year. Each assessment is based on the qualitative and quantitative criteria laid out in the Remuneration Codes and Material Risk Takers are subject to additional requirements in accordance with the Remuneration Codes.