



**Banco de Sabadell, S.A.
Appointments Committee
Report on functions and activities
2015**

February 2016

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This Report on the Activities in 2015 of the Appointments Committee is addressed to the shareholders of Banco de Sabadell, S.A. in accordance with recommendation 6 of the Combined Code of Corporate Governance, which requires that companies draw up this report and publish it on their website sufficiently in advance of the Ordinary General Meeting of Shareholders.

1.- Introduction

In compliance with the provisions of articles 31 and 36 of Act 10/2014, of 26 June, on ordering, supervision and solvency of credit institutions, Banco Sabadell has an Appointments Committee and a Remuneration Committee.

On 28 July 2015, the General Meeting of Shareholders approved an amendment to the Articles of Association and to the Regulation of the Board of Directors so as to establish, separately, an Appointments Committee and a Remuneration Committee. At a meeting on that same date following the General Meeting of Shareholders, the Board of Directors approved the creation of the Appointments Committee and the Remuneration Committee, and dissolved the Appointments and Remuneration Committee.

Since then, the Appointments Committee has been regulated by article 62 of the Articles of Association.

Accordingly, the year 2015 must be divided into two distinct periods:

- a) Between 1 January and 28 May 2015, when the Appointments and Remuneration Committee held competencies in the matter of remuneration.
- b) Between 28 May and the end of 2015, when the Appointments Committee took over competencies in this area, in the terms described below.

2.- Regulation and functions

Article 62 of the Articles of Association sets out the basic rules governing the Appointments Committee, which are supplemented and expanded upon in the Regulation of the Board of Directors, whose article 14 establishes the Committee's composition, functioning and competencies.¹

That article reads as follows:

"The Appointments Committee shall comprise at most five directors, appointed by the Board of Directors, none of whom may be an executive director; at least two of them must be independent directors. The Board of Directors shall appoint its Chairman from among the members who are independent directors, with the favourable vote of two-thirds of its members.

The functions of the Appointments Committee shall include at least:

1. Overseeing the qualitative composition of the Board of Directors, in accordance with the provisions of article 54 of the Articles of Association.
2. Evaluating to ensure that the members of the Board of Directors are suitable and have the requisite competency, knowledge and experience.
3. Making proposals to the Board of Directors as to the appointment of independent directors, for appointment by co-optation or by the General Meeting, and proposals for the re-appointment or removal of directors by the General Meeting of Shareholders.
4. Advising on the proposals for the appointment of other directors and on proposals for their re-appointment or removal.
5. Advising on proposals for the appointment and removal of senior executives and of the Designated Group.
6. Advising on the basic contractual conditions for executive directors and senior executives.
7. Examining and organizing the succession of the Chairman of the Board of Directors and of the Bank's chief executive and, as appropriate, making proposals to the Board so as to ensure that the succession takes place in an orderly and planned way.
8. Establishing a target for representation of the gender that is less represented on the Board of Directors and drawing up guidelines on how to achieve that target."

Article 14 of the Regulation of the Board of Directors

¹ The Articles of Association and the Regulation of the Board of Directors of Banco Sabadell are available on the Group website www.grupbancsabadell.com

establishes that:

- “1. The Appointments Committee shall comprise at most five directors, appointed by the Board of Directors, none of whom may be an executive director; at least two of them must be independent directors. In any event, the Chairman of the Committee shall be appointed from among its members who are independent directors.

Nevertheless, at the request of the Committee's Chairman, General Managers, even if directors, may attend meetings when issues of the Bank's senior management are being discussed, except where they refer directly to them or to the Chairman of the Board of Directors.

2. Without prejudice to the other duties assigned to it by law, the Articles of Association, the Board of Directors or this Regulation, the Appointments Committee shall have the following basic duties:

- a) make proposals to the Board of Directors as to the appointment of independent directors, for co-optation or for remittal to the General Meeting, and as to the re-appointment or removal of such directors;
- b) advise on proposals to appoint other directors by co-optation or for remittal to the General Meeting, and on proposals to re-appoint or remove them;
- c) ensure that the composition of the Board of Directors complies with the provisions of article 54 of the Articles of Association;
- d) check that the members of the Board of Directors are suitable and possess the necessary competency, knowledge and experience;
- e) advise on the appointment and removal of senior executives;
- f) advise on proposals for the appointment and removal of executives in the Designated Group;
- g) advise on the basic conditions of the contracts of executive directors and senior executives;
- h) examine and organize succession plans for the Chairman of the Board of Directors and of the Bank's chief executive and, as appropriate, make proposals to the Board;
- i) establish a target for representation of the gender that is less represented on the Board of Directors and draw up guidelines on how to achieve that target;

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3. The Appointments Committee shall meet whenever the Board or its Chairman requests that it issue a report or adopt a proposal, and whenever it is advisable in order to properly discharge its duties. In any case, it shall meet once per year to provide advice in advance on the Board's performance evaluation."

3.- Composition

As of 31 December 2015, the members of Banco Sabadell's Appointments Committee were as follows:

Chairman:

Mr Héctor María Colonques Moreno (Independent director)

Members:

Ms Aurora Catá Sala (Independent director)

Mr José Javier Echenique Landiribar (Lead Independent director)

Mr Joaquín Folch-Rusiñol Corachán (Non-executive director)

Secretary:

Mr Miquel Roca i Junyent

Accordingly, the composition of the Appointments Committee complies with Recommendation 39 of the Code of Corporate Governance for Listed Companies, which requires that the committee be comprised solely of non-executive directors, with at least three members, and that it should be chaired by an independent director.

The curriculum vitae of the Committee members is available on the Bank's website (www.grupbancsabadell.com).

Sections A.2 of the Annual Report on Director Remuneration and C.2.1 of the Annual Report on Corporate Governance, both of which are available on the web at www.grupbancsabadell.com, contain detailed disclosures about the Appointments Committee.

4.- Activities

- A) Between 1 January and 28 May 2015 (inclusive), the Appointments and Remuneration Committee held five meetings.

The main activities of the Appointments and Remuneration Committee in that period with regard to appointments are summarised below:

Composition of the Board of Directors

- It referred, to the Board of Directors, proposals for the appointment and re-appointment of independent directors, and issued favourable reports on proposals to re-appoint an executive director and a non-executive director, after assessing the candidates' suitability.

Composition of the Board Committees

- It proposed changes in the composition of the Board of Directors Committees to the Board of Directors.

Assessment

- In accordance with Recommendation 36 of the Code of Corporate Governance for Listed Companies, and in compliance with article 5.2 of the Regulation of the Board of Directors, the Appointments and Remuneration Committee drew up a self-assessment report on its own performance, and provided the Board of Directors with a favourable report on the performance of the Board of Directors, its Chairman and the Managing Director.

Appointments and removals

- It advised the Board of Directors on proposals for the appointment or removal of senior executives, having assessed their suitability for the proposed positions.
- It advised the Board of Directors on proposals for the appointment or removal of members of the Banco Sabadell Designated Group, having assessed the candidates' suitability.

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- It advised the Board of Directors on proposals for the appointment or removal of senior executives of the undertakings that form part of the Group and of directors of subsidiaries, affiliates and other undertakings (e.g. foundations and associations).
 - It advised the Board of Directors on proposals for the appointment of members and officers of the Group's Advisory Boards.

Annual Corporate Governance Report of Listed Companies

- It vetted and cleared the information to be disclosed in the Annual Corporate Governance Report.

B) Between its creation on 28 May 2015 and 31 December 2015, the Appointments Committee held six meetings.

The main activities of the Appointments Committee in that period are summarised below:

Composition of Board Committees

- It proposed that the Board of Directors make changes in the composition of the delegated committees.

Appointments and removals

- It advised the Board of Directors on proposals for the appointment or removal of senior executives, having assessed their suitability for the proposed positions.
- It advised the Board of Directors on the creation of the Designated Group at subsidiaries which are required by law to have such a group. It also advised the Board of Directors on the appointment or removal of members of the Designated Groups of Banco Sabadell and those subsidiaries, having assessed the candidates' suitability.
- It advised the Board of Directors on proposals for the appointment or removal of senior executives of the undertakings that form part of the Group and of directors of subsidiaries and affiliates.
- It advised the Board of Directors on proposals for the appointment of members and officers of the Group's Advisory Boards.

Activities programme

- Finally, the Committee designed and organised the tasks to be performed in 2016.

5.- Conclusion

During 2015, the Appointments Committee discharged properly the duties assigned to it by the Articles of Association and the Regulation of the Board of Directors.