



**Banco de Sabadell, S.A.  
Report on the performance and activities  
of the Appointments Committee**

**2017**

**February 2018**

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This report on the performance and activities in 2017 of the Appointments Committee (the "Committee") is addressed to the shareholders of Banco de Sabadell, S.A. ("Banco Sabadell" or the "Bank") in accordance with recommendation 6 of the Unified Good Governance Code of Listed Companies, 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 article 31 of Act 10/2014, of 26 June, on ordering, supervision and solvency of credit institutions, Banco Sabadell has an Appointments Committee.

## 2.- Regulation and functions

Article 61 of the Articles of Association<sup>1</sup> 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.

Article 61 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 the committee's Chair 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:

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<sup>1</sup> The Articles of Association and the Regulation of the Board of Directors of Banco Sabadell are available on the Group website [www.grupobancasabadell.com](http://www.grupobancasabadell.com)

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1. Overseeing the qualitative composition of the Board of Directors, in accordance with the provisions of article 53 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 identified staff.
  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 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:

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- a) make proposals to the Board of Directors as to the appointment of independent directors, for co-optation or for referral 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 referral to the General Meeting, and on proposals to re-appoint or remove them;
  - c) ensuring that the qualitative composition of the Board of Directors complies with the provisions of article 53 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 proposals for the appointment and removal of senior executives and of the identified staff;
  - f) advise on the basic conditions of the contracts of executive directors and senior executives;
  - g) examine and organize succession plans for the Chairman of the Board of Directors and the Bank's chief executive and, as appropriate, make proposals to the Board;
  - h) 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;
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 2017, the members of Banco Sabadell's Appointments Committee were as follows:

Chair:

Ms. Aurora Catá Sala (Independent director)

Members:

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Mr. Anthony Frank Elliott Ball (Independent director)

Ms. Maria Teresa García-Milà Lloveras (Lead Independent Director)

Secretary:

Mr. Miquel Roca i Junyent

The composition of the Remuneration Committee underwent the following changes in 2017:

- On 25 May 2017, the Board of Directors resolved to appoint Ms. Maria Teresa Garcia-Milà Lloveras as a member of the Committee in place of Mr. Joan Llonch Andreu.
- On 21 September 2017, the Board of Directors resolved to appoint Mr. Anthony Frank Elliott Ball as a member of the Committee in place of Mr. Joaquín Folch-Rusiñol Corachán.

Accordingly, all the members of the Appointments Committee are independent directors.

Accordingly, the composition of the Committee complies with the requirements of article 529 *quindecies* of Legislative Royal Decree 1/2010, of 2 July, approving the consolidated text of the Capital Companies Act, which requires that it comprise only non-executive directors, at least two of whom must be independent directors, and that the committee's Chair be an independent director. It also complies with the composition required by article 31 of Act 10/2014, of June 26, for the Appointments Committee of a credit institution, which must be composed of members of the Board of Directors who do not perform executive functions, at least one-third of whom, including the Chair, must be independent directors.

It also complies with Recommendation 47 of the Good Governance Code of Listed Companies, which requires that a majority of the members be independent directors.

The curriculum vitae of the Committee members can be examined on the Bank's website ([www.grupobancosabadell.com](http://www.grupobancosabadell.com)).

Section C.2.1. of the Annual Corporate Governance Report, available on the website at [www.grupobancosabadell.com](http://www.grupobancosabadell.com), contains detailed information about the Appointments Committee.

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## 4.- Activities

The Appointments Committee met on eleven occasions in 2017.

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

### Composition of the Board of Directors

- The Committee made a proposal to the Board of Directors, for referral to the General Meeting of Shareholders, for the appointment of an independent director, the re-appointment of an independent director and the ratification and appointment of an independent director, having assessed and vetted their fitness and suitability.
- It advised the Board of Directors on the re-appointment of an executive director, having vetted their fitness and suitability.
- It referred a proposal to the Board of Directors on the appointment by co-optation of two independent directors, having assessed the candidates' fitness and suitability.
- It advised the Board of Directors on the director training programme for the year.
- In accordance with Recommendation 14 of the Good Governance Code of Listed Companies and in compliance with section 7 of the Banco de Sabadell, S.A. Director Selection Policy, the Appointments Committee verified compliance with that Director Selection Policy.

### Composition of Board Committees

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

### Diversity

- It presented the Banco Sabadell diversity programme, whose primary aim is to increase the presence of women in management positions.

### Appointments and removals

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- 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 reviewed the composition of Banco Sabadell and Group's identified staff and advised the Board of Directors on the proposals for inclusion or removal of its members, having assessed the candidates' fitness and 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, affiliates and other undertakings (e.g. foundations and associations).
  - It advised the Board of Directors on proposals for the inclusion or removal of members of the identified staff of subsidiaries Sabadell Consumer Finance, S.A.U., Sabadell Asset Management, S.A.U., SGIC, and Urquijo Gestión S.A.U. SGIC, having assessed the candidates' fitness and suitability.
  - 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 the information to be disclosed in the Annual Corporate Governance Report and recommended its approval by the Board of Directors. In accordance with the provisions of article 8.6 of Order ECC 461/2013, of 20 March, and for the purposes of preparing the Annual Corporate Governance Report, it reported favourably to the Board of Directors as to the composition of the Board and the director categories.

#### Assessment

- In accordance with Recommendation 36 of the Good Governance Code of Listed Companies, and in compliance with article 5.2 of the Regulation of the Board of Directors, the assessment of the performance of the Appointments Committee, the Board of Directors, its Chairman, the Managing Director, the Vice-Chairman, the Lead Independent Director, and the Secretary and Vice-Secretary of the Board of Directors for 2017 will be conducted with the support of an outside consultant whose independence has been vetted by the Committee.



## **5.- Conclusion**

During 2017, the Appointments Committee properly discharged the duties assigned to it by the Articles of Association and the Regulation of the Board of Directors.