



**POLICY ON CONFLICTS OF INTEREST ON MATTERS RELATING TO THE  
SECURITIES MARKET  
CAIXABANK, S.A.**

## ROLES AND ACCOUNTABILITY

Function	Managers
Request	<i>Global Risk Committee</i>
Validation	<i>Global Risk Committee</i>
Creation	<i>Compliance</i>
Implementation	<i>Compliance</i>
Monitoring and control	<i>Compliance</i>
Initial approval and updates	<i>Management bodies: Global Risk Committee</i> <i>Governing bodies (final approval):</i> <ul style="list-style-type: none"> <li>· <i>Review and approval for consideration by the Board: Risks Committee</i></li> </ul> <i>Final approval: Board of Directors</i>
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## VERSION CONTROL

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3	<i>19/11/2019</i>	<i>Annual review of the Policy</i>

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## 1 Introduction

Entities that provide investment services are required to adopt effective measures to ensure the protection of their clients in accordance with the regulatory framework introduced by the Markets in Financial Instruments Directive (hereinafter, “**MiFID I**”), and its transposition in Spain through the amendments made by Royal Decree 1464/2018 of 21 December to Spanish Act 24/1988, of 28 July, on the securities market, as well as the enactment of Royal Decree 217/2008 of 15 February, on the legal regime governing investment firms. Directive 2014/65/EU on markets in financial instruments (“**MiFID II**”) extended the requirements laid down by MiFID I (both Directives referred to jointly as “**MiFID**”) to ensure compliance with client protection and transparency objectives. All actual and potential conflicts of interest that arise in relation to the activities of CaixaBank, S.A. must be detected and avoided, or at least managed adequately if it is impossible to eliminate them.

Due to changes in this regulatory landscape and at the Entity itself, it is important to draw up a specific policy in order to explain and regularly update these general rules, measures and criteria governing this particular type of conflict of interest; This is without prejudice to the provisions of CaixaBank’s Code of Ethics (the current version of which was approved by the Board on 27 October 2016); CaixaBank’s Policy on Conflicts of Interest (approved by the Board of Directors on 28 January 2016); and the Internal Rules of Conduct (IRC) currently in force (version approved by the Board of Directors on 27 April 2017).

Therefore, in this Conflicts of Interest on Matters Relating to the Securities Market Policy, CaixaBank, S.A. sets out the circumstances that could give rise to actual or potential conflicts of interest, and the procedures to be followed in managing these.

CaixaBank, S.A will implement all of the steps required to act in the best interests of its customers and offer them the utmost protection. We can summarise the underpinnings of the Policy as:

- Identification of conflicts of interest
- Prevention
- Management
- Logging
- The elimination of actual, possible and future conflicts of interest
- Communication with customers and information, as necessary

This Conflicts of Interest Policy sets out a general framework for the identification, prevention and management of conflicts of interest related to the provision of investment and associated services. It is complemented by other internal policies and procedures setting down regulations for more specific areas.

## 2 Definitions

“**Policy**” means CaixaBank’s Policy on Conflicts of Interest.

“**Group**” means the CaixaBank Group.

“**Company, Entity or CaixaBank**” means CaixaBank, S.A.

“**Affected Persons**” means all CaixaBank S.A. employees, including contracted and subcontracted employees, related agents, executives and members of the Board of Directors.

“**Related Persons**” means the following people:

- a) People with a family relationship up to the second degree with an Affected Person, whether through consanguinity or affinity (ascendants, descendants, siblings, spouses and persons related by analogous relationships) pursuant to prevailing legislation, and the children of a spouse or common-law partner in the care of the Affected Person.
- b) Any legal person, trust or partnership in which the Affected Person or the persons indicated in the previous paragraph discharges managerial responsibilities or that are directly or indirectly controlled by such a person, or that has been set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such a person

Control is deemed to exist over any legal person when:

- 20% or more of the voting or economic rights of that legal person are held directly or indirectly, or through a relationship of control;
- A relationship of control exists; or
- There is a lasting connection with that person via a relationship of control.

A “relationship of control” is deemed to exist when:

- i. a majority of voting rights are held;
- ii. the person concerned has authority to appoint or remove the majority of the members of the governing body;
- iii. by virtue of agreements with third parties, the majority of voting rights can be controlled;
- iv. the party concerned has appointed the majority of members of the governing body;
- v. the party concerned is able to exercise dominant influence over the company by virtue of a contract or clause in its bylaws;
- vi. the party concerned is a company shareholder and itself controls a majority of the voting rights due to an arrangement reached

- with the other shareholders; or
- vii. the party concerned is able to exercise, or effectively exercises, dominant influence or control over the company.

### **3 General principles**

Without prejudice to the specific duties and obligations set down in this Policy, all Affected Persons must provide services and carry out their work honestly, impartially and professionally, and always in the best interests of their customers. The following general principles of action must be respected, without prejudice to the provisions of the CaixaBank Group's Code of Ethics and General Policy Concerning Conflicts of Interest:

**Independence:** Affected Persons must act at all times with freedom of judgement and loyalty to CaixaBank, its shareholders and customers, and independently of their own interests or the interests of any parties that may be related to them. Accordingly, they shall abstain from placing their own interests ahead of those of CaixaBank, from placing those of CaixaBank ahead of those of their customers, and from placing those of certain customers ahead of other customers.

**Abstention:** Affected Persons must abstain from participating in or influencing decisions that may affect the persons or entities with whom a conflict exists, as well as from accessing inside or privileged Information that might affect that conflict.

**Communication:** Affected Persons must inform Regulatory Compliance of any conflicts of interest in which they may be involved due to their activities outside CaixaBank, their family relationships, their personal assets, or for any other reason. This circumstance must be reported as soon as possible, and in any case before reaching any decision that might be affected by the potential conflict of interest.

Any doubt as to whether or not a conflict of interest exists must be brought before Regulatory Compliance.

### **4 Scope of application of CaixaBank's Conflicts of Interest Policy**

#### **4.1 Objective and scope**

This Policy shall apply to all services, activities, departments and areas of CaixaBank involved in the provision of investment services. In particular, it shall apply to all departments, areas and work groups that, because of their services or activities, are considered separate areas, as defined in CaixaBank's internal regulations and procedures. Other CaixaBank Group companies and their subsidiaries may have their own Conflicts of Interest Policy, as necessary.

#### **4.2 Covered persons**

The Policy applies to all Affected Persons, as defined in the "Definitions" section.

## **5 Definition of conflicts of interest and identification of situations representing possible conflicts**

This Policy covers all classes of actual and potential conflicts that might harm the interests of CaixaBank's customers. We can divide conflicts of interest into the following main groups:

- Conflicts between the interests of CaixaBank and the interests of its customers: i.e. situations in which, for commercial reasons, CaixaBank might put its own interests ahead of those of its customers, for example through incentives that bias advice on the investments it offers.
- Conflicts between the interests of CaixaBank employees and the interests of its customers: i.e. situations caused by the receipt of incentives from third parties or because the company's remuneration structure does not incentivise action in the best interests of customers, such as remuneration policies that foster risks of mis-selling due to the objectives set, or when managers prioritise actions on their own behalf ahead of those of their customers in the event of good investment opportunities.
- Conflicts between the interests of two or more CaixaBank customers: the interests of one customer may sometimes conflict with those of another, such as for example in situations in which CaixaBank might be able to prejudice the interests of one customer compared to another (e.g. through the assignment of orders amongst customer accounts in limited investment opportunities with great potential).
- Conflicts between CaixaBank Group entities: situations in which the interests of other CaixaBank Group entities might have an influence when providing investment services to customers by prioritising their interests.
- Conflicts between CaixaBank areas, departments and work groups: i.e. situations in which conflicts might arise within CaixaBank due to the differing nature of the activity of each area, which might generate conflicts resulting in a particular area not acting objectively.
- Conflicts between CaixaBank and other investment services companies: situations in which agreements or relationships with other investment services companies might have an influence when providing investment services to customers by prioritising their interests.

In order to identify the types of conflicts of interest that might arise when providing investment or ancillary services, or a combination of the two, the existence of which may impair the interests of a customer, it is necessary to consider, at least, whether CaixaBank or any other persons covered by the scope of application of this Policy might find themselves in any of the following situations, whether as a consequence of

providing investment or ancillary services, engaging in investment activities, or for other reasons:

- (i) CaixaBank or the Affected Person can obtain a financial benefit or avoid a financial loss at the customer's expense.
- (ii) CaixaBank or the Affected Person has an interest in the result of a service provided to the customer or of a transaction carried out on behalf of the customer which is different to the interest of the customer in the result.
- (iii) CaixaBank or the Affected Person has financial or other incentives that favour the interests of another customer or group of customers over the interests of the customer.
- (iv) CaixaBank or the Affected Person engages in the same activity as the customer.
- (v) CaixaBank or the Affected Person receives, or is going to receive, an incentive from a person other than the customer in relation to a service provided to the customer, in the form of money, goods or services, in addition to the commission or habitual remuneration for the service.

Obtaining a benefit or avoiding a loss will not be sufficient for these purposes unless it also entails possible harm or loss for a customer.

It is not necessary that the risk of harm to one or more customers actually materialises. The mere existence of a possible risk of harming customers' interests warrants in itself the effective application of this policy.

## **6 Possible conflicts of interest**

When identifying conflicts of interest, CaixaBank considers the circumstances surrounding the investment services it provides, the persons involved, and the existence of potential scenarios that might undermine the interests of the customer.

The following circumstances have been identified as potentially giving rise to a conflict of interest that might undermine the interests of customers:

- 1. Key transactions.** One of the Entity's financial intermediaries could be involved in a transaction in which there is a predominant interest, and for which they are also the analyst, lender, etc. creating an incentive to place their interests above those of their customers.
- 2. Loans to investors.** The Entity may offer loans at less than market rates to investors on condition that the funds are used to subscribe to the instruments in an issuance, in order to try to guarantee its success.
- 3. Spinning.** When involved in initial public offerings, the Entity might be tempted to place shares with the directors or executives of its customers, seeking to generate future business. Such practices transfer wealth to these persons at the expense of the other investors.



4. **Front running.** This conflict involves the Entity's capacity to perform transactions on its own account at an advantage, to the detriment of those performed by customers, which might impact the market.
5. **Reverse front running.** This conflict arises when the Entity performs transactions for one customer to the detriment of those performed by other customers that might impact the market.
6. **Own-account transactions.** This conflict arises when the Entity uses its position to guarantee itself contracts and business with its customers. This arises when the Entity manages the assets of a customer while at the same time acting as the counterparty in this.
7. **Incompatibility with client interests.** The Entity may have relationships with two or more customers who have a conflict of interests between themselves.
8. **Involuntary cross selling and tied selling.** This situation arises when a customer is forced to acquire additional products or services to have access to a particular financial service or contract.
9. **Misleading information.** The Entity may be reluctant to provide information on, for example, its own management (particularly if this is not positive), if this could harm business generation. This conflict may also arise when information is provided to clients about particular aspects that might be harmful to them or more beneficial to the Entity (e.g. limiting information on alternative sources of funding when providing advice on corporate finance strategies in which the option of issuing securities is offered as an alternative while providing underwriting and placement services for financial instruments).
10. **Biased advice.** The Entity's capacity to guide the customer's investments, directing them to alternatives that foster the Entity's interests, rather than those that best meet their needs.
11. **Excessive trading.** This conflict arises when the Entity artificially increases the transactions associated with a customer's portfolio in order to increase its fee revenues.
12. **Non-performance of order execution.** The Entity may not execute a client order if doing so would benefit the Entity. This could also arise if payment were delayed to increase liquidity.
13. **Loans for inappropriate investments.** The Entity may tempt customers to leverage their investments through loans, exposing them to market risk and high borrowing costs.
14. **Conflicting analysis and advice.** Investment analysis may give rise to various conflicts of interest, such as:
  - conflicts deriving from the professional remuneration and promotion of the individual analyst;

- conflicts with the provision of other investment services (mainly underwriting and placement activities and stock market intermediation services); and
- conflicts with the shareholding of the company, the analyst or an employee of the company that is the subject of the report or recommendation.

**15. Inappropriate recommendations.** This conflict of interest arises when the Entity offers its customers particular financial products or provides them with specific services that might objectively represent good investment options, but not the best option for the customers' needs.

**16. Biased portfolio management.** This conflict can arise in situations such as: (i) where, having launched a secondary offering, the Entity is unable to place all of the shares and is tempted to allocate unwanted shares to portfolios over which it exercises absolute discretion; (ii) where priority is given to own products or those of Group companies when offering products, ahead of third-party products that might offer better margins or returns; (iii) when optimistic or pessimistic recommendations are given in situations where a Group entity is coordinating, leading or underwriting an issuance of securities, in comparison with an own issuance; etc.

**17. Customer privilege.** Important customers tend to receive better services than others (in other industries as well as financial services). A conflict of interest arises when this discrimination harms the interests of one customer segment to the benefit of another. This privilege has recently arisen in practices known as "market timing" and "late trading".

**18. Transfer of credit risk to investors.** This conflict can arise when the entity is highly exposed to a company whose credit risk has increased. The Entity may therefore be tempted to help this company in the issuance of its instruments, transferring the credit risk from the financial institution to the investors.

**19. Scaling.** This occurs when the Entity tries to motivate its customers to acquire stock in an IPO in the initial days of trading, promising preferential treatment. The conflict arises because its real interest is in guaranteeing the success of the IPO.

**20. Inadequate use of inside information.** This conflict arises when the Entity acquires relevant information from a customer that has not been disclosed to the market, which it then uses for its own benefit or the benefit of its customers. This may arise, for example, when the Entity, as the lender, obtains private information from the customer, which can be used to harm its interests ("misuse of private information").

**21. Biased allocation of transactions.** This conflict arises when the Entity invests in a security jointly with its customers. This means that the Entity can benefit from the acquisition, holding and settlement of an investment, to the detriment of its customers.

**22. Use of securities in custody with customer authorisation.** This conflict involves the use of securities belonging to a customer that are in custody with the Entity, which

the Entity uses for its proprietary trading or in transactions on behalf of other customers.

- 23. Transactions not at market price.** This conflict arises when the Entity has the capacity to simultaneously manage two or more portfolios, carrying out transactions between them that are not at market prices, so as to profit its own position or benefit some customers to the detriment of others.
- 24. Sales in markets with limited liquidity.** Sales of securities on behalf of customers in markets that are not very liquid or transparent, obtaining a profit for itself or others.
- 25. Incentives.** The Entity and/or its employees may receive incentives, understood as any fee, commission or non-monetary benefit paid or received by the Entity for providing an investment or associated service to a customer or the marketing and/or sale of financial instruments. For example, this conflict can arise in the following circumstances: (i) when the Entity offers its clients financial instruments for which it receives greater economic rewards (e.g. because of higher fees), such that it has an implicit incentive to sell or recommend products based on its own interests rather than those of its clients; (ii) when the Entity's agreements with third parties could induce or reward the marketing of a particular financial instrument or the provision of an investment service.
- 26. Issuances not at market price.** This conflict arises when the Entity recommends setting an issue price to the customer that is above or below the market price, in order to foster its own interests or those of its other customers over those of the issuer.
- 27. Laddering.** The entities involved in an issuance, including the Entity, may place financial instruments to incentivise payment of disproportionately high fees for services not related to the service provided by the Entity.
- 28. Own-account issuances, placements and/or underwriting.** This conflict arises when the Entity markets financial instruments to its customers that it has issued, placed and/or underwritten itself, considering its own interests rather than those of its customers.
- 29. Loans to issuers.** This conflict arises when an issuer-customer has a loan from the Entity that will be amortised through the funds obtained as a result of an issuance entrusted to the Entity.
- 30. Difference between similar products.** This conflict arises when orders are executed or decisions taken to trade OTC products, including tailored products, without checking the fairness of the price proposed to the customer by collecting the market data used in estimating the price for the product or, as far as possible, comparing it to similar or comparable products.
- 31. Direct and indirect Investments.** This conflict arises when a financial instrument invests in or is benchmarked, directly or indirectly, against a financial instrument issued by a Group entity.

**32. Influence between areas.** This conflict relates to the capacity of some areas of the Entity to influence decisions by other areas or centres,

The **business control units** attached to areas that provide investment services or take part in activities relating to the securities market shall identify relevant scenarios for potential conflicts of interest and inform Regulatory Compliance of the suitability of the measures adopted to manage any conflicts of interest liable to occur in such scenarios.

Any doubt as to whether or not a conflict of interest exists must be brought before Regulatory Compliance.

If a conflict of interest is identified, it must be recorded by the employee following the procedure established by Business Control and notified to Regulatory Compliance.

Regulatory Compliance shall include any incidents it identifies in this area in its regular report to senior management and the Audit and Control Committee, pursuant to CaixaBank's internal procedures and rules.

## **7 General measures for the prevention and management of conflicts of interest**

Having identified the circumstances likely to give rise to potential conflicts of interest, and it being impossible to avoid their existence, CaixaBank has put the following measures in place to manage any potential conflicts of interest that might arise, and, within reason, to avoid significant risks of undermining the interests of its customers.

CaixaBank has developed internal policies, manuals and procedures setting out measures to prevent and manage conflicts of interest (such as, the Code of Business Conduct and Ethics and the Internal Rules of Conduct).

Without prejudice to these, this section sets out the main measures that underpin the prevention and management of conflicts of interest.

These will be supplemented by any measures that CaixaBank deems necessary to manage new potential conflicts it identifies in its investment services activity.

These measures to manage conflicts of interest can be grouped into the following categories, depending on the subjects involved: some may be applicable to several categories:

- Between CaixaBank and its customers
  - Control of own-account transactions:

Any transactions performed by Affected Persons on their own behalf and involving negotiable securities or financial instruments shall be subject to CaixaBank's internal regulations and procedures
  - Supervision lines for business areas that could come into conflict with the interests of customers.

- Internal policies and procedures to avoid the existence of incentives in the provision of investment services and/or in the marketing of financial instruments.
- Between CaixaBank customers
  - Priority of customer transactions:

Pursuant to applicable regulations, CaixaBank has put in place a Best Execution Policy, which aims to obtain the best results for its customers, by providing a receipt, transfer and execution service for orders.

CaixaBank's Best Execution Policy establishes, inter alia, priority criteria for avoiding potential conflicts of interest.
- Between Group entities
  - Priority of customer transactions:

Pursuant to applicable regulations, CaixaBank has put in place a Best Execution Policy, which aims to obtain the best results for its customers, by providing a receipt, transfer and execution service for orders.

CaixaBank Group entities receive the same treatment as any other customer, applying the principles set out in the Best Execution Policy with regard to the priority of orders at all times.

In order to prevent such conflicts, CaixaBank has developed a range of internal policies, manuals and procedures, setting out specific measures to ensure the prevention and management of any conflicts of interest that might arise.
- Conflicts between CaixaBank areas, departments and work groups
  - Determination of separate areas

Departments and working groups involved in activities related to the securities market have been established as separate areas within CaixaBank, both in relation to the rest of the organisation and between each other, to prevent or control the exchange of information between Affected Individuals who participate in activities that generate the risk of a conflict of interest, when this exchange might prejudice CaixaBank or the interests of one or more customers, and to avoid the flow of privileged information. Areas involved in proprietary portfolio management activities, third-party portfolio management, and market analysis and advice are considered to be separate areas.

Group companies that provide investment services or that carry out investment activities shall also be deemed separate areas, both between each other and with CaixaBank departments engaged in such services or activities.

- Separate supervision of Affected Persons

Separate supervision must be conducted of Affected Persons, the duties of which involve performing investment activities or providing investment services on behalf of or to the benefit of customers with opposing interests or who represent different interests that could enter into conflict, including those of CaixaBank.

- Exercising undue influence

CaixaBank will establish specific sanctions to stop any person exercising undue influence on the way in which an Affected Person performs investment and associated services and activities.

- Simultaneous involvement in various activities and services

In order to impede an Affected Person simultaneously or consecutively participating in investment services or activities when this involvement could be detrimental to the correct management of conflicts of interests, the Regulatory Compliance Unit shall identify the tasks performed by the Affected Persons and analyse any possible incompatibilities that could arise, submitting a report to the relevant governance body.

- Investment research

An investment report is any reports or other information that, without factoring in the specific personal circumstances of the customer to whom it is addressed, recommends or suggests an investment strategy, explicitly or implicitly, concerning one or several financial instruments or issuers, including any opinion as to the present or future value or price of such instruments. It must also be intended for distribution channels or for the public, or be called an investment report or recommendation, financial analysis or similar, and must be presented as an objective or independent explanation of the issuers or instruments being recommended.

Recommendations that do not fulfil the requirements defined in the previous paragraph shall be considered as marketing material and must be identified as such.

- a) Additional requirements for the preparation and distribution of investment reports

In addition to generic management and prevention measures for conflicts of interest, when CaixaBank prepares investment reports that it intends to distribute, or that might subsequently be distributed, whether amongst the Entity's customers or the general public, under its own liability, they must meet the following requirements:

- i. Financial analysts and other persons involved in preparing and distributing investment reports may not carry out personal

transactions or trade on behalf of any other person, including the company itself, if they are aware of the likely content of the report and if that information has not been made public or been disclosed to the customers and cannot easily be inferred from available information. This prohibition will continue to apply until such time as the recipients of the report have had a reasonable opportunity to act upon it and is without prejudice to the relevant provisions of the Internal Rules of Conduct on Matters relating to the Stock Market and the rules and regulations on the legal regime governing investment firms.

- ii. In circumstances not covered by the previous point, financial analysts and other persons shall not carry out trades with the financial instruments referred to in the reports, or any related financial instruments, contrary to current recommendations, except in exceptional circumstances and with prior approval in writing from Regulatory Compliance.
- iii. The financial analysts and other persons involved shall not accept incentives from anyone with a relevant interest in the subject of the report, or undertake to prepare favourable reports to the issuers.
- iv. When a draft investment report contains a recommendation or target price, no changes may be made to the draft by the issuers or others people involved, other than the financial analysts, to verify the accuracy of the objective declarations it contains or for any other purpose, before it is released to the public, except for compliance with legal requirements.
- v. Analysts may not issue reports regarding issuers in respect of which they possess inside information due to investment services rendered by other CaixaBank areas or departments.

For the purposes of this Policy, a related financial instrument shall be understood to be one whose price is directly affected by movements in the price of the financial instrument that is the subject of the investment report, including derivatives thereof.

Further, individuals who prepare investment advice must disclose any circumstance or relationship that might reasonably be expected to compromise their impartiality, particularly when they have financial interests or material conflicts of interest in connection with one or more of the recommended financial instruments or with the recommended issuer, whether directly or indirectly.

**b)** Dissemination of third-party investment reports

It will not be necessary to comply with the aforementioned requirements concerning the dissemination of reports prepared by third parties to the general public or customers if the following requirements are met:

- i. The person preparing the investment reports and providing them to CaixaBank is not a member of the Group.
- ii. CaixaBank does not alter the recommendations described in the investment reports.
- iii. CaixaBank does not present the investment report as having been prepared by the Entity.
- iv. It is verified that the author of the investment reports is subject to prevention of conflicts of interest requirements pursuant to prevailing regulations at the time.

- Other

- Remuneration policies

The remuneration system for people involved in the analysis service and marketing activities for financial products, investment advice, discretionary portfolio management and, in general, the provision of any investment and associated services, may not under any circumstances be linked to the sale of particular products or investment banking transactions carried out by CaixaBank or any legal person linked to CaixaBank. Neither may remuneration schemes be established that directly relate the remuneration of Affected Persons who carry out different activities, or between the revenues generated by these people, where a conflict of interests might arise in relation to the activities they carry out.

Under the prevailing regulations, the Regulatory Compliance Unit will regularly check the remuneration systems in place to ensure they comply with these principles and limits.

- Permitted incentives

CaixaBank shall provide its investment services and perform investment activities with honesty, impartiality and professionalism, in the best interests of its customers.

CaixaBank shall be able to pay or offer to a third party, or receive from a third party or individual acting on behalf of this third party, fees, commission or non-monetary considerations for providing an investment or associated service to a customer to the extent that this payment improves the quality of the service rendered to the customer and does not impede CaixaBank from acting in the best interests of the customer. In these circumstances, before the investment or associated service is provided, CaixaBank shall furnish the customer with full, accurate and understandable information on



the existence, amount and nature of the fees, commission and benefits offered by CaixaBank or the third party or, if it is not possible to calculate the amount, the method of calculating the aforementioned sum.

The aforementioned communication obligation does not refer to the fees that enable investment services to be rendered or other fees required for this purpose, such as custody fees, settlement or exchange fees, taxes or legal advisory fees, which, due to their nature, cannot enter into conflict with CaixaBank's duty to act with honesty, impartiality and professionalism and in the best interests of its customers.

Affected Persons may not accept - for themselves or for their Related Persons - gifts, favours, gratifications or other benefits in relation to the work they perform in CaixaBank, except in circumstances acceptable under CaixaBank's normal practices, as set down in its internal regulations.

In order to facilitate the identification of potential conflicts of interest that might arise in the provision of investment and associated services, a non-exhaustive list of potential conflicts of interest is provided in Appendix I.

## **8 Procedure for the resolution of identified conflicts of interest**

Any conflicts of interest shall be resolved by the head of the area or department involved. If several areas are affected, the conflict of interest shall be resolved by the immediate supervisor of all those areas. If none of these rules can be applied, it shall be resolved by the person appointed by the Regulatory Compliance Unit.

The following rules shall be followed when resolving conflicts of interest:

- (i) In the event of a conflict between CaixaBank and a customer, the interests of the latter shall be protected.
- (ii) In the event of a conflict between customers:
  - a) neither party shall be favoured;
  - b) under no circumstances will customers be provided with the details of transactions performed by other customers;
  - c) customers shall not be encouraged to perform a specific transaction for the purpose of benefiting another.

If the measures adopted by CaixaBank are insufficient to guarantee, with reasonable certainty, that the risks of prejudicing customers' interests have been mitigated, the Entity shall notify the affected parties of the nature and source of the conflict, and shall only be able to provide the services or perform the transactions giving rise to the conflicts of interest if authorised to do so by the customers. If no management measures

are possible and the customers are not informed of this, the transaction shall not go through.

Regulatory Compliance shall be notified of the decision on the conflict and of any resulting issues or incidents.

## **9 Procedure for registering services or activities that give rise to conflicts of interest**

conflicts that arise but were not identified as potential in the scenarios analysed by the business areas, or that have been managed other than as initially envisaged in internal procedures shall be communicated to Regulatory Compliance, which will analyse the proposed management and resolution, and include these in the conflicts of interest register. In addition, the separate areas will include these new conflicts as potential conflicts of interest in their procedures.

Regulatory Compliance shall keep an updated register of the types of investment and associated services provided or investment activities performed by or on behalf of CaixaBank where conflicts of interest have arisen leading to a significant risk of damaging the interests of one or more customers or, in the case of an ongoing service or activity, of those where a conflict of this type could occur.

The following information shall be recorded and numbered correlatively in the register in a clear manner that cannot be manipulated:

- (i) The identity of the Affected Persons that have been exposed to the conflict of interest.
- (ii) The date on which the conflict arose.
- (iii) The instruments or services involved in the conflict.
- (iv) The reason for the conflict arising and an exhaustive description of the situation.
- (v) A description of the process of managing, minimising or, where applicable, mitigating the conflict.

If a conflict of interest is identified, it must be registered by the employee following the procedure established by Business Control, and notified to Regulatory Compliance.

## **10 Communications and notices to customers concerning conflicts of interest**

The units responsible for providing investment services must provide customers to whom they render or perform investment services or activities involving financial instruments governed by securities market regulations with the following, prior to these services or activities being contracted:

- a) a summary of CaixaBank's conflicts of interest policy setting out the general procedures and measures established to mitigate and handle conflicts of interest.
- b) the full version of this Policy will be available to the customer on the CaixaBank website. The customer may request a hard copy of this at any time.

Should the measures adopted by CaixaBank be insufficient to guarantee, with reasonable certainty, the prevention of risks of prejudicing customers' interests due to a conflict of interest, CaixaBank shall notify the customer in printed form of the nature and source of the conflict, before acting on their behalf. It shall include the following data to enable the customer to make an informed decision given the cause of the conflict:

- (i) The existence of the conflict.
- (ii) The general nature of the conflict and the source thereof.
- (iii) The possible impacts that the conflict could have in the context of the corresponding investment service rendered or activity performed.
- (iv) The measures adopted to mitigate the conflict of interest.

Disclosing the existence of a conflict of interest to the customer must be considered a last resort, only to be used when the organisational and administrative measures established to prevent and manage such conflicts prove insufficient to ensure the prevention of the risk of harm to the customer's interests.

## **11 Training for conflicts of interest**

All Affected Persons, including those joining CaixaBank, must receive general training on the content of this Policy and, in particular, the specific content affecting them individually. Training updates shall be given in the event that established requirements and procedures are modified, either in response to new regulations affecting these requirements or to make the identification, prevention and management of conflicts of interest more effective.

## **12 Internal governance and responsibilities**

All employees are responsible for compliance with this policy. Senior Management is responsible for ensuring that the systems and controls established comply with the requirements of applicable regulations.

Senior management shall therefore:

- Be involved in identifying and managing conflicts
- Be aware of the conflicts identified and the mitigation measures in the business areas under their supervision.

- Oversee the implementation of the policies and procedures implemented to ensure consistent treatment of conflicts and ensure fair treatment for customers throughout the Entity.
- Ensure that it receives information on the conflicts that arise and how they are managed.

The business areas and business control units are the first line of defence in the corporate three-lines-of-defence model. They are responsible for identifying, recording and reporting potential conflicts of interest to Regulatory Compliance.

As the second line of defence, Regulatory Compliance regularly reviews the content of this policy and assesses its fit with regulatory requirements and the internal policies of the CaixaBank Group, and the effectiveness of the measures adopted.

Internal Audit provides an independent assessment as the third line of defence, so that an opinion can be formed of the adequacy of management procedures and systems.

### **13 Revision, modification and approval of the policy**

Regulatory Compliance shall oversee compliance with this Policy. It will prepare a six-monthly report for senior management and the Audit and Control Committee, in accordance with CaixaBank's Internal Rules of Conduct.

Regulatory Compliance will review the Policy every year, at least, and whenever there is a significant change, proposing improvements to correct any weaknesses and updating the content of this Policy.

Any of the following shall represent a significant change:

- a) Legal or regulatory changes that affect the content of the Policy;
- b) When the preparation of new procedures or modification of existing procedures is approved at the proposal of the Board of Directors or corresponding delegated body;
- c) When a modification to the Policy is proposed by regulatory bodies, or external or internal auditors;
- d) When there is found to be excessive dependency on revelation of disclosures of conflicts of interest to customers as a way of managing conflicts.

CaixaBank's Board of Directors, or the corresponding delegated body, is responsible for approval of this Policy.

**Appendix I:** Non-exhaustive list of potential conflicts of interest and mitigating measures for each investment and associated service.

<b>Potential conflict of interest</b>	<b>Services affected</b>	<b>Management measure</b>
<b>1. Key transactions</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Granting of loans</li> <li>· Investment analysis</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Physical separation measures</li> <li>· Best execution policy</li> <li>· Remuneration policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>2. Loans to investors</b>	<ul style="list-style-type: none"> <li>· Granting of loans</li> <li>· Underwriting</li> <li>· Placement</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Remuneration policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>3. Spinning</b>	<ul style="list-style-type: none"> <li>· Underwriting</li> <li>· Placement</li> <li>· Advice to companies</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· General duties in relation to privileged information</li> <li>· Communication and notification to clients</li> <li>· Internal manuals and procedures relating to provision of the underwriting and placement service</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>4. Front running</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Best Execution Policy</li> </ul>

	<ul style="list-style-type: none"> <li>· Dealing on own account</li> </ul>	<ul style="list-style-type: none"> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>5. Reverse front running</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Best Execution Policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>6. Proprietary transactions</b>	<ul style="list-style-type: none"> <li>· Dealing on own account</li> <li>· Discretionary portfolio management</li> <li>· Investment advisory services</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>7. Incompatibility with client interests</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> <li>· Investment advisory services</li> <li>· Advice to companies</li> <li>· Discretionary portfolio management</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>8. Involuntary cross selling and tied selling</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> <li>· Investment advisory services</li> <li>· Advice to companies</li> <li>· Granting of loans</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Remuneration policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>

	<ul style="list-style-type: none"> <li>· Discretionary portfolio management</li> </ul>	
<b>9. Misleading information</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> <li>· Discretionary portfolio management</li> <li>· Underwriting</li> <li>· Placement</li> <li>· Advice to companies</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>10. Biased advice</b>	<ul style="list-style-type: none"> <li>· Investment advisory services</li> <li>· Advice to companies</li> <li>· Discretionary portfolio management</li> <li>· Execution of customer orders</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Best Execution Policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>11. Excessive trading</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Best Execution Policy</li> <li>· Remuneration policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>12. Non-performance of order execution</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> <li>· Discretionary portfolio management</li> <li>· Dealing on own account</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Best Execution Policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>

<b>13. Loans for inappropriate investment</b>	<ul style="list-style-type: none"> <li>· Granting of loans</li> <li>· Placement</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Remuneration policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>14. Conflicting analysis and advice</b>	<ul style="list-style-type: none"> <li>· Investment analysis</li> <li>· Underwriting</li> <li>· Placement</li> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Physical separation measures</li> <li>· Best Execution Policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>15. Inappropriate recommendations</b>	<ul style="list-style-type: none"> <li>· Investment advisory services</li> <li>· Advice to companies</li> <li>· Discretionary portfolio management</li> <li>· Underwriting</li> <li>· Placement</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Hierarchic levels within separate areas</li> <li>· Physical separation measures</li> <li>· Duty of loyalty, impartiality abstention and information</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>16. Biased portfolio management</b>	<ul style="list-style-type: none"> <li>· Discretionary portfolio management</li> <li>· Dealing on own account</li> <li>· Underwriting</li> <li>· Placement</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>17. Client privilege</b>	<ul style="list-style-type: none"> <li>· Investment advisory services</li> <li>· Advice to companies</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Communication and notification to clients</li> </ul>



	<ul style="list-style-type: none"> <li>· Discretionary portfolio management</li> <li>· Placement</li> </ul>	<ul style="list-style-type: none"> <li>· Training and other internal policies and procedures</li> </ul>
<b>18. Transfer of credit risk to investors</b>	<ul style="list-style-type: none"> <li>· Advice to companies</li> <li>· Dealing on own account</li> <li>· Placement</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· General duties in relation to privileged information</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>19. Scaling</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> <li>· Investment advisory services</li> <li>· Advice to companies</li> <li>· Underwriting</li> <li>· Placement</li> </ul>	<ul style="list-style-type: none"> <li>· Communications and notifications to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>20. Inadequate use of inside information</b>	<ul style="list-style-type: none"> <li>· Affects all investment and ancillary services</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Physical separation measures</li> <li>· General duties in relation to privileged information</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>21. Biased allocation of transactions</b>	<ul style="list-style-type: none"> <li>· Discretionary portfolio management</li> <li>· Dealing on own account</li> <li>· Execution of customer orders</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Best Execution Policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>

<b>22. Use of securities in custody with client authorisation</b>	<ul style="list-style-type: none"> <li>· Dealing on own account</li> <li>· Discretionary portfolio management</li> <li>· Securities custody and administration</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>23. Transactions not at market price</b>	<ul style="list-style-type: none"> <li>· Discretionary portfolio management</li> <li>· Dealing on own account</li> <li>· Execution of customer orders</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Best Execution Policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>24. Sales in markets with limited liquidity</b>	<ul style="list-style-type: none"> <li>· Receipt and transmission of client orders</li> <li>· Execution of customer orders</li> <li>· Discretionary portfolio management</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Best Execution Policy</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>25. Inducements</b>	<ul style="list-style-type: none"> <li>· Affects all investment and ancillary services</li> </ul>	<ul style="list-style-type: none"> <li>· Remuneration policy</li> <li>· Permitted incentives</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>26. Issuances not at market price</b>	<ul style="list-style-type: none"> <li>· Advice to companies</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Physical separation measures</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>27. Laddering</b>	<ul style="list-style-type: none"> <li>· Advice to companies</li> <li>· Placement</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Physical separation measures</li> </ul>

		<ul style="list-style-type: none"> <li>· Permitted incentives</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>28. Proprietary issuances, placements and/or underwriting</b>	<ul style="list-style-type: none"> <li>· Underwriting</li> <li>· Placement</li> <li>· Placement advice to companies</li> <li>· Receipt and transmission of client orders</li> <li>· Investment advisory services</li> <li>· Discretionary portfolio management</li> </ul>	<ul style="list-style-type: none"> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>29. Loans to issuers</b>	<ul style="list-style-type: none"> <li>· Granting of loans</li> <li>· Advice to companies</li> <li>· Underwriting</li> <li>· Placement</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Physical separation measures</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>30. Difference between similar products</b>	<ul style="list-style-type: none"> <li>· Underwriting</li> <li>· Placement</li> <li>· Placement advice to companies</li> <li>· Receipt and transmission of client orders</li> <li>· Investment advisory services</li> <li>· Discretionary portfolio management</li> </ul>	<ul style="list-style-type: none"> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>

<b>31. Direct and indirect investments</b>	<ul style="list-style-type: none"> <li>· Affects all investment and ancillary services</li> </ul>	<ul style="list-style-type: none"> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>
<b>32. Influence between areas</b>	<ul style="list-style-type: none"> <li>· Affects all investment and ancillary services</li> </ul>	<ul style="list-style-type: none"> <li>· Determination of separate areas</li> <li>· Communication and notification to clients</li> <li>· Training and other internal policies and procedures</li> </ul>