



## **ANNUAL GENERAL MEETING OF SHAREHOLDERS 2022**

**REASONED PROPOSAL PREPARED BY THE BOARD OF DIRECTORS ON  
THE INFORMATIVE SUPPLEMENT TO THE POLICY FOR THE  
REMUNERATION OF DIRECTORS 2021-2023, REFERRED TO IN ITEM  
EIGHT OF THE AGENDA, AND SPECIFIC REPORT OF THE  
REMUNERATION COMMITTEE**

**MALAGA, 25 FEBRUARY 2022**

**REASONED PROPOSAL PREPARED BY THE BOARD OF DIRECTORS ON THE INFORMATIVE SUPPLEMENT TO THE POLICY FOR THE REMUNERATION OF DIRECTORS 2021-2023 REFERRED TO IN ITEM EIGHT OF THE AGENDA OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 30 MARCH 2022, ON FIRST CALL, AND IF THE SUFFICIENT QUORUM IS NOT REACHED, ON SECOND CALL ON 31 MARCH 2022**

## **1. Introduction and rationale**

Article 29 of the Bylaws of Unicaja Banco, S.A. (hereinafter, “**Unicaja Banco**”, the “**Company**” or the “**Institution**”) sets that the position of director is remunerated, and it regulates the remuneration scheme of Directors.

This scheme is developed in the currently in force Policy for the Remuneration of Directors of Unicaja Banco, S.A., for the period 2021-2023 (hereinafter, the “**Remuneration Policy**” or the “**Policy**”), approved by the Annual General Meeting of Shareholders held on 31 March 2021, for the years 2021, 2022 and 2023, and which intends to promote a sound and efficient risk management, which, while promoting the efficient development of the Company’s corporate management, does not entail an excessive assumption of risks. The Policy is applicable to all directors -executive and non-executive- who perform as such during all or part of the years during which the said Policy is in force.

This remuneration policy was adopted based on the provisions of article 529 *sexdecies*, *septdecies*, *octodecies* and *novodecies* of the “**Royal Legislative Decree 1/2010, of 2 July, approving the Consolidated Text of the Law on Corporate Enterprises**” (*Ley de Sociedades de Capital*, hereinafter “**LSC**” or “**Law on Corporate Enterprises**”), as well as on the provisions of the regulations applicable to credit institutions and following the recommendations of good corporate governance. On 13 April 2021, the Official Gazette published the “**Law 5/2021 of 12 April, amending the consolidated text of the Law on Corporate Enterprises, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, regarding the promotion of long-term involvement of shareholders in listed companies**” (hereinafter, the “**Law 5/2021**”). Section 25 of Article 3 of the said Law amended the wording of articles 529 *sexdecies* to 529 *novodecies* of the LSC. The latter, under the title “*Approval of the Policy for the remuneration of directors*”, sets -in its section 3- the minimum content and requirements that must be met by the said remuneration policy, with those requirements and content having been subject to certain amendments.

Although the Law 5/2021 was to come into force on 3 May 2021, its First Transitional Provision established, in section one, that the amendment to Article 529 *novodecies* would come into force six months after its publication on the Official Gazette (that is, on 13 October 2021), and that “*companies must submit the remuneration policy adapted to the said amendments to approval in the first general meeting held after that date*”.

Notwithstanding the fact the Policy for the Remuneration of Directors of Unicaja Banco, approved on 31 March 2021, already considered the Law Project that ended in the mentioned Law 5/2021 -at that moment, the parliamentary procedure thereof was reaching and end- and it substantially covers the set of requirements and content to be included in the policy for the remuneration of directors of listed companies as set in the new Article 529 *novodecies* of the LSC, the Board of Directors of Unicaja Banco has approved, at its meeting held on 25 February 2022, prior favourable report of the Remuneration Committee, the present proposal of informative supplement to the Policy for the Remuneration of Directors.

Its goal is to develop the information that was already available in the current Policy for the Remuneration of Directors, on certain topics introduced by the law 5/2021. Therefore, and as far as the amendments introduced by the Law 5/2021 and the present supplement do not affect the essential content of the Policy for the Remuneration of Directors approved for the years 2021, 2022 and 2023, it is considered

that it is not necessary to prepare and approve a new Policy, but to develop its content in the informative terms included in this proposal.

This supplement proposal shall be submitted to the next General Meeting of Shareholders, scheduled to be held on 30 March 2022 on first call and, on 31 March 2022 on second call.

## **2. Informative Supplement to the Policy for the Remuneration of Directors of Unicaja Banco, S.A., for the period 2021-2023**

The Policy for the Remuneration of Directors of Unicaja Banco for the years 2021, 2022 and 2023 is hereby supplemented, developing the informative topics in the following manner:

### **2.1. How the remuneration and employment conditions of the Company's employees have been taken into account when setting the Policy for the Remuneration of Directors**

In accordance with the provisions of Art. 27 bis, section 3 of Unicaja Banco's Bylaws, the duties of the Remuneration Committee include, among others:

*"To ensure observance of the remuneration policy established by the company, as well as to propose to the management body the remuneration policy for directors, senior managers, risk-taking employees, employees which exercise control functions or other similar categories, the individual remuneration of executive directors and other basic contractual conditions of senior managers, risk-taking employees, employees which exercise control functions or other similar categories, in accordance with the general laws for companies and with those specific for credit institutions. It will also prepare a specific report accompanying the proposal of the Board of Director's remuneration policy."*

The said statutory provision is developed by Art. 33 of the Board of Directors Regulation, which sets the following duties of the Remuneration Committee:

- a) To arrange for the observance of the remuneration policy established by the company.*
- b) To prepare the decisions related to remunerations, including those having an effect on risk and risk management of the Company, which must be adopted by the Board of Directors.*
- c) To propose to the Board of Directors the remuneration policy for Directors and Senior Managers, as well as the individual remuneration and other contractual conditions of executive Directors and Senior Managers, and to arrange for their observance.*
- d) To prepare a specific report accompanying the proposal of the Board of Directors' remuneration policy.*
- e) To review regularly the remuneration policy applied to Directors and Senior Managers, including share-based remuneration schemes and their application, as well as to ensure that their individual remuneration is proportionate to that of the other Directors and Senior Managers of the Company.*
- f) To arrange for the eventual conflicts of interest not to cause a prejudice to the independence of the external advice provided to the Committee.*
- g) To verify the information on remunerations of Directors and Senior Managers included in the different corporate documents, including the annual report on remuneration of Directors."*

In application of the above, the Board of Directors of Unicaja Banco has focused on the definition of the remuneration policy and on the adoption of resolutions on remuneration that are applicable to the Institutions, not only by preparing the Policy for the Remuneration of Directors to be submitted to approval by the General Meeting of Shareholders, but also through: **(a)** the Remuneration Policy

associated to risk management -applicable to the members of the Identified Group and prepared to comply with the provisions of articles 32 et seq of the Law 10/2014 of 26 June, on the organization, supervision and solvency of credit institutions (“**Law 10/2014**”)- and **(b)** the different variable remuneration schemes and models applicable at the Institution, both with a general nature and those which are specifically prepared and approved for executive directors, senior officers or similar positions, rest of key staff, as well as for the rest of the identified group.

This governance and decision-making model allows the Board of Directors **(a)** to get a global view of the remuneration scheme applicable at the Institution, including its main components -fixed remuneration, variable remuneration, compensation for termination and welfare schemes- as well as the most relevant conditions, and **(b)** to take into account the said scheme in order to design the Policy for the Remuneration of Directors. Among other factors, this consideration is reflected through:

- i. The general criteria of the Policy for the Remuneration of Directors are the same as those incorporated in the Institution’s global remuneration policy, that is, internal equity and competitiveness, flexibility, transparency, supervision and proportionality.
- ii. The principles guiding the remuneration scheme applicable to directors also match those set in the Remuneration Policy associated to risk management in force at the Institution which, additionally, complies with the provisions of the Law 10/2014; the Royal Decree 84/2015 of 13 February, implementing the Law 10/2014 of 26 June on the organization, supervision and solvency of credit institutions (“the **Royal Decree 84/2015**”), as well as the EBA Guidelines on sound remuneration policies pursuant to Directive 2013/36/EU (“**EBA Guidelines on remuneration**”).
- iii. The variable remuneration scheme applicable to directors clearly shares the philosophy and principles of the model applicable to the rest of members of the Identified Group, in terms of deferral, postponement, payment in instruments and retention, considering -as it cannot be otherwise- the specific features applicable to directors with executive functions, as required by the EBA Guidelines and the Law 10/2014, after the transposition in Spain of the CRD V Directive.
- iv. Early termination payments also consider the mechanisms in the regulations applicable to the rest of members of the Identified Group.

## **2.2. How the share-based remuneration contributes to the corporate strategy and to the Company’s long-term interests and sustainability**

The Policy for the Remuneration of Directors, in compliance with the provisions of Art. 32 et seq of the Law 10/2014, as well as with the EBA Guidelines, establishes that both a percentage of variable remuneration and early termination payments and the so-called discretionary pension benefits are paid in shares, thus achieving a perfect correlation between the remuneration of directors and the Company’s long-term interests and strategy.

This remuneration in instruments and, therefore, the relation between remuneration and the Company’s sound and prudent management, is reflected in:

- i. Variable remuneration. At least 50% of the variable remuneration, whether deferred or not, shall be paid in instruments (Company shares). For the purposes of determining the number of shares to deliver – if the variable remuneration for each one of the corresponding dates is to be paid-, the price of the Unicaja Banco share corresponding to the average value of the of the listing price of Unicaja Banco shares between the dates of financial year end and the approval of the annual accounts corresponding to the said year by the Annual General Meeting of Shareholders (excluding both) shall be taken into account.

- ii. Discretionary pension benefits. The insurance contracts under which the said benefits are implemented will include the necessary provisions to ensure the application of the regulations in terms of payment in instruments and retention by the Company.
- iii. Application of malus and clawback clauses, when there is a poor or negative financial performance of the institution. Up to 100% of the variable remuneration shall be subject to these clauses when there is a poor financial performance, either of the Company as a whole or of any Direction or Unit, whose action is relevant and/or in connection with the corresponding management.

Additionally, it has to be noted that the Remuneration Committee acts with the due coordination with the Risk Committee, so that the latter can comply, with regard to the remuneration structure applicable at the Institution, pursuant to the regulatory and statutory framework, with the competences it has been attributed, and especially, to carry out the analysis of whether the incentive policy in force takes into account risk, capital, liquidity and the probability and timing of benefits. More specifically, the Risk Committee participates, when corresponding, in the effective determination of the total pool of incentives to distribute, in setting the goals and in measuring the performance, as well as at the moment of payment of variable remuneration, to verify that an adjustment of remuneration is made for all the current and future risk types, and the necessary liquidity and cost of capital are taken into account.

As a reinforcement of all the above, Directors -and the rest of the Identified Group- are required to commit to not to use personal hedging strategies, or insurance related to remuneration and liability, which undermine the effects of the risk-alignment included in their remuneration schemes.

### **2.3. Decision-making process followed for the determination, review and application of the Policy for the Remuneration of Directors, including the measures to avoid or manage conflicts of interest**

The process of approval of the Policy for the Remuneration of Directors of Unicaja Banco for the period 2021-2023 started with a proposal submitted to the Board of Directors by the Remuneration Committee.

The Committee was assisted by the Company's internal services which, in turn, received the external advice and support of Uría Menéndez in the preparation of the Policy. The Committee also took account of the remarks made by the Audit and Regulatory Compliance Committee and by the Risk Committee in relation to the application of the Remuneration Policy within their respective remits.

On 25 February 2021, having the favourable report of the Remuneration Committee, the Board of Directors resolved to submit the Policy for the Remuneration of Directors for the period 2021-2023 to approval by the General Meeting of Shareholders scheduled to be held on 31 March 2021.

The procedure for the approval of the Policy for the Remuneration of Directors for the period 2021-2023 included the necessary measures to avoid or manage conflicts of interest. For that purpose, the proposal submitted to the Board of Directors was prepared by the Remuneration Committee, composed in full by non-executive directors, and with independent directors being a majority, and it was approved without amendments by the Board of Directors. Thus, there are no situations of conflicts of interest of the executive directors in the preparation of the proposal of the Policy in terms or their remuneration. Furthermore, the Remuneration Committee, with the collaboration of internal services, prepares the decisions on the goals, criteria and metrics to be reached for the accrual of variable remuneration, and it is in charge of checking if the circumstances for the application of malus and clawback clauses occur. At the Board of Directors, the affected director, in accordance with the provisions in the Board of Directors Regulations on the duties of directors to avoid conflicts of interest, has the obligation to abstain from attendance and participation in the deliberations and voting of resolutions or decisions related to his/her remuneration.

Likewise, it should be remarked that the applicable regulations avoid the eventual conflicts of interests of the whole of directors in the phase of approval of the Policy, by attributing in a differentiated manner to the Board of Directors and to the General Meeting of Shareholders, respectively, the competence to propose and approve the Policy for the Remuneration of Directors.

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Finally, it should be added that directors have a duty of loyalty to the Company and the obligation to adopt the necessary measures to avoid situations of conflicts of interest, avoiding incurring in situations where their interests, on their own behalf or on that of a third-party, may come into conflict with the corporate interest, informing immediately the company of situations that may generate a possible conflict, real or potential. Likewise, directors may not **(a)** use for their own benefit any business opportunity of the Company; **(b)** use the Group's assets for private purposes; **(c)** use their position at the Company to get an economic advantage; they shall report to the Company all the positions that they hold and the activities that they carry out in other companies or institutions, and, in general, any other fact or situation that may be relevant to their performance as directors of the Company.

From the moment that this Informative Supplement is approved by the General Meeting of Shareholders, the Policy for the Remuneration of Directors of Unicaja Banco for the period 2021-2023 shall be composed of the text approved at the General Meeting of Shareholders held on 31 March 2021 and of this present Informative Supplement.

Malaga, 25 February 2022

**REPORT OF THE REMUNERATION COMMITTEE OF UNICAJA BANCO, S.A. ON THE REASONED PROPOSAL OF THE BOARD OF DIRECTORS ON THE INFORMATIVE SUPPLEMENT TO THE POLICY FOR THE REMUNERATION OF DIRECTORS OF UNICAJA BANCO, FOR THE PERIOD 2021-2023**

**1. Introduction and rationale**

The Remuneration Committee of Unicaja Banco, S.A. (“**Unicaja Banco**” or the “**Institution**”) prepares this report pursuant to the provisions of Article 529 *novodecies* of the Royal Legislative Decree 1/2010 of 2 July, approving the Consolidated Text of the Law on Corporate Enterprises (*Ley de Sociedades de Capital*, “**LSC**” or “**Law on Corporate Enterprises**”), to be attached to the informative supplement to the Policy for the Remuneration of Directors of Unicaja Banco, S.A., for the period 2021-2023, approved by the Annual General Meeting of Shareholders held on 31 March 2021.

In accordance with the provisions of Art. 27 bis o the Bylaws and Art. 33 of the Board of Directors Regulations, the duties of Unicaja Banco’s Remuneration Committee include, among others, to propose to the Board of Directors and to regularly review the terms of the Policy for the Remuneration of Directors.

**2. Timeliness of the proposal and the supplement**

The “**Law 5/2021 of 12 April, amending the consolidated text of the Law on Corporate Enterprises, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, regarding the promotion of long-term involvement of shareholders in listed companies**” (hereinafter, the “**Law 5/2021**”), published on the Official Gazette on 13 April 2021, in section 25 of Article 3 amended the wording of articles 529 *sexdecies* to 529 *novodecies*. The latter, under the title “*Approval of the Policy for the remuneration of directors*”, sets -in its section 3- the minimum content and requirements that must be met by the said remuneration policy, with those requirements and content having been subject to certain amendments.

Although the Law 5/2021 was to come into force on 3 May 2021, its First Transitional Provision established, in section one, that the amendment to Article 529 *novodecies* would come into force six months after its publication on the Official Gazette (that is, on 13 October 2021), and that “*companies must submit the remuneration policy adapted to the said amendments to approval in the first general meeting held after that date*”.

Though the Policy for the Remuneration of Directors of Unicaja Banco for the period 2021-2023 was approved prior to the publication of the Law 5/2021, in its preparation the Law Project that ended in the mentioned Law 5/2021 -at 31 March 2021, the parliamentary procedure thereof was reaching and end- was taken into account, and it substantially covers the set of requirements and content to be included in the policy for the remuneration of directors of listed companies as set in the new Article 529 *novodecies* of the LSC, it has been deemed convenient to prepare the present proposal of informative supplement to the Policy for the Remuneration of Directors. Its goal is to develop the information that was already available in the current Policy for the Remuneration of Directors of Unicaja Banco for the period 2021-2023, on certain topics introduced by the law 5/2021. Therefore, and as far as the amendments introduced by the Law 5/2021 and the present supplement do not affect the essential content and provisions of the Policy for the Remuneration of Directors for the period 2021-2023, it is deemed that it is not necessary to prepare and approve a new Policy, but to develop its content in the mentioned informative terms.

**3. Informative supplement to the Policy for the Remuneration of Directors of Unicaja Banco 2021-2023**

The informative supplement covers three aspects:

- (i) Informing on how the remuneration and employment conditions of the Bank’s employees were taken into account when setting the Policy for the Remuneration of Directors.

- (ii) Detailing how the share-based remuneration contributes to the corporate strategy and to the Bank's long-term interests and sustainability.
- (iii) The decision-making process followed for the determination, review and application of the Policy for the Remuneration of Directors, including the measures to avoid or manage conflicts of interest.

#### **4. Conclusion**

Based on the above, Unicaja Banco's Remuneration Committee considers that the informative supplement to the Policy for the Remuneration of Directors is appropriate and reports favourably for its submission for approval by the General Meeting of Shareholders, considering that: (a) it develops and extends the available information; (b) it does not introduce any change to the base of it, and (c) it complies with the content and requirements under Art. 529 *novodecies* of the LSC, after the amendment introduced by Law 5/2021.

Malaga, 23 February 2022