

**Suitability, selection and
incompatibilities
procedures
for senior positions in
Grupo Cooperativo
Cajamar**

1. INTRODUCTION

Grupo Cooperativo Cajamar (hereinafter, the Group) has a Suitability Policy in place (hereinafter, the Policy) to ensure the suitability at all times of the Board members, managing directors and key personnel (hereinafter, persons bound by the procedures) of the different credit institutions it encompasses.

This Policy, approved by the Board of Directors of Banco de Crédito Social Cooperativo, S.A. (hereinafter BCC), as the parent entity of the Group, following a favourable report from the Appointments Committee of BCC, sets out in a single document the selection and evaluation processes of persons bound by the procedures, as well as the rules on incompatibilities to be observed in accordance with national legislation and the Directives and Guidelines on Suitability published by the EBA and the ECB, respectively.

The purpose of this document is to comply with the provisions of Rule 60, letter m) of Circular 2/2016 issued by the Bank of Spain on the supervision and solvency of credit institutions and art. 435.2, points (b) and (c) of Regulation EU 575/2013 on prudential requirements for credit institutions.

2. SELECTION OF SUBJECTS

The selection process established in the Policy guarantees the selection of the best possible candidates considering the evolution of the environment in which the Group operates, as well as transparency, equity and equal opportunities for candidates.

The selection procedures are based on the principles of effectiveness, impartiality and transparency, sufficient dedication, diversity and skills, performance, adequate dimensioning and composition.

2.1. SELECTION OF BOARD MEMBERS

2.1.1. Prior analysis of the Board's needs

The BCC Appointments Committee shall carry out a comparative assessment of the knowledge, skills, experience and diversity of the Management Bodies of the Group entities as a whole, including independence, in order to achieve an adequate balance of the aforementioned elements.

This evaluation shall be carried out when new members join the Board and on a regular basis, even if there are no new members, and in the event of special situations that may arise that require a reassessment of the functions and skills to be assumed by the Board as a whole, or whether the Board has sufficient knowledge, skills and experience.

Where it is found that the Board profile does not comply with the reference profile required to ensure adequate governance and when no vacancies are expected, the BCC Appointments Committee shall propose measures to enable the Board profile to be adjusted to the reference profile in the shortest possible time.

2.1.2. Selection process

The process established for the selection of Board members consists of the following phases:

- Determining the profile of the director to be selected according to the needs to be covered and the minimum criteria that a person must meet for the purpose of filling a vacancy in terms of knowledge, skills, experience, diversity and independence.
- Reviewing the profile prepared.
- Selecting potential candidates from internal or external sources depending on the CV provided and the profile to be covered.
- Evaluating and interviewing candidates.
- Selecting the final candidate.
- Assessing suitability.

2.2. SELECTION OF SENIOR MANAGERS AND KEY STAFF

In the case of senior managers and key staff, the process will consist of the same phases as the selection process for members of the Board of Directors.

3. EVALUATION OF SUITABILITY

3.1. EVALUATION BODIES

Suitability is evaluated by BCC's Board of Directors, which is responsible for deciding on the evaluation of the persons bound by these procedures, with the support of the Appointments Committee, which, among other things, shall issue the mandatory evaluation report which the Board shall take into account in its decision-making.

3.2. CRITERIA EVALUATED AND SCALES

In order to assess suitability, the Group has defined in the Policy the criteria that, according to the regulations, it must take into account in its evaluations, as well as the scales applicable to each of the criteria, taking into account any differences that may be relevant depending on the nature and complexity of the position and the size of the Group entity concerned.

3.2.1. Criteria evaluated

In relation to the above, the criteria and aspects to be evaluated included in the Policy are as follows:

Criteria	Aspects
Commercial and professional integrity	Personal and professional solvency, professional career, convictions and penalties, and relevant and well-founded investigations.
Knowledge, skills and experience	Theoretical experience or training, practical or professional experience and skills.
Willingness to exercise good governance	Compliance with applicable law on limits and incompatibility of positions. Sufficient time, absence of conflicts of interest, independence of judgement and formal independence (independent directors only)
Contribution to collective suitability	Assessment of how the evaluated person will contribute to the suitability of the whole administrative body.
Suitability of the administrative body as a whole	Assessment of the suitability of the entire administrative body following a change in composition.

- With regard to the knowledge and experience of members of the Board of Directors, the Group has an Integration and Training Policy included in the Suitability Policy along with training programmes that ensure that Board members have at all times the necessary knowledge for the performance of their duties, including those required by suitability regulations: banking and finance, the regulatory framework, the prevention of money laundering, strategic planning, risk management, ESG, accounting and auditing, evaluation of controls and interpretation of financial information.
- With regard to the suitability of the administrative body as a whole and, in particular, to promote a variety of views and experiences, as well as independent opinions within that body, the Group has a [Diversity Policy](#), integrated within the Suitability Policy, which includes for BCC the following objectives and criteria for its evaluation, all of which have been achieved:

Criteria	Objective
Sex	One third of the members of the Board at any given time must belong to the less represented sex
	Encourage the incorporation of the less represented sex in the selection processes
Geographical origin	One member from at least the two regions where the Group concentrates most of its business
	One member from the two regions where the Group entity concentrates most of its business
Knowledge and experience	Four profiles with different knowledge and experience
	Encourage the selection of profiles to complement and complete the knowledge and experience of the Board as a whole
Age	Encourage the representation of less represented age groups

3.2.2. Scales

For the evaluation of each of the criteria referred to in paragraph 3.2.1, with the exception of the criteria stated at the end, the following five scales have been established :

- **Red:** as a general rule, the person subject to evaluation will be unsuitable if any of the circumstances corresponding to this scale apply.
- **Orange:** as a general rule, the declaration as suitable or unsuitable of the person subject to evaluation in which any of the circumstances corresponding to this scale apply will require a detailed analysis of these circumstances and will be accompanied by the requirement of specified conditions to be considered suitable.
- **Amber:** as a general rule, the declaration as suitable or unsuitable of the person subject to evaluation in which any of the circumstances corresponding to this scale apply will require a detailed analysis of these circumstances and may require the fulfilment of specified conditions to be considered suitable.
- **Light green:** as a general rule, the person subject to evaluation will be suitable if all the circumstances corresponding to this scale apply, but may require the fulfilment of an obligation or recommendation that will not condition their suitability.
- **Green:** as a general rule, the person subject to evaluation will be suitable if all the circumstances corresponding to this scale apply, and their suitability is not subject to any conditions, obligations or recommendations.

Finally, in the criteria relating to dedication and formal independence, only two scales are considered, green or red, understanding that either the criterion is met (suitable) or not (unsuitable), without any intermediate circumstances being possible, on account of their nature.

3.3. MOMENTS OF EVALUATION

In order to ensure the suitability of the persons subject to these procedures, the Policy sets out, in general terms, the following points in times regarding evaluation: prior to appointment, in the event of re-election, in the event of special situations that may affect suitability and on a regular basis.

3.3.1. Initial

Once a candidate is nominated for a vacancy, they will be asked for the necessary documentation for their evaluation, including, but not limited to, a criminal record background check and curriculum vitae.

When assessing the suitability of the Board as a whole, in addition to the criteria set out in paragraph 3.2.1, the evaluation process must take into account the knowledge and experience, diversity and independence required of directors set out in the Suitability Policy.

Having reviewed the documentation provided by the evaluated subject, as well as the information and documentation collected from internal and external sources outside the candidate, BCC's Board of Directors will conduct its evaluation, following a report from the Appointments Committee.

3.3.2. Re-election

Candidates standing for re-election as directors of BCC shall be subject to evaluation, in accordance with the Rules of Procedure of the Entity's Board of Directors, following the same procedures as those established in paragraph 3.3.4 below.

3.3.3. Supervening Circumstances

The Board of Directors shall, following a report from the Appointments Committee, carry out an assessment of the persons subject to evaluation and of the Board as a whole when there are any supervening circumstances that may significantly affect their suitability, deciding on (i) whether or not there is cause to notify the supervisor and/or (ii) whether or not to take concrete measures, including the temporary suspension or definitive termination of the person concerned.

3.3.4. Periodic

The Board of Directors, following a report from the Appointments Committee, shall periodically reassess the suitability of the subjects, as well as that of the Boards as a whole.

In order to carry out such a reassessment, the persons subject to these procedures shall provide a statement as to whether their circumstances have changed with respect to any of the criteria and aspects initially assessed in paragraph 3.2.1 and, if so, the variations that have occurred, carrying out the checks that are considered relevant in internal and external databases to verify whether there are any new circumstances that may affect the subject.

In addition to reviewing the individual assessment of suitability, a review of the assessment of the Board as a whole shall be carried out, based on the latest individual assessment/review of each of its members and the latest joint assessment of the Board itself.

4. MECHANISMS TO COMPLY WITH THE RULES ON INCOMPATIBILITIES

The Policy states that, as a general rule, in Group entities whose volume of assets exceeds 10 billion euros, a director will not be suitable when, in accordance with the provisions of legislation on the supervision and solvency of credit institutions, this individual holds, simultaneously, more positions than those foreseen in one of the following combinations:

- (a) one executive position together with two non-executive positions.
- (b) four non-executive positions.

With regard to the Group's entities whose volume of assets does not exceed 10 billion euros, the Policy establishes that directors who hold more than four positions in the management bodies of credit institutions will not be suitable, in accordance with the provisions of the applicable sectoral legislation.

In addition to the foregoing circumstances, the Policy states that any Board member subject to a cause of incompatibility may not be suitable, in general, by contract or by law, without the possibility of dispensation or when it has not been obtained.

Since verification of incompatibilities is one of the criteria reviewed in the suitability assessment process, this circumstance is reviewed during the initial and periodic assessment of suitability, as well as in cases of supervening circumstances as required, taking into account, in addition to the statements made by the affected parties regarding the activities carried out and the positions occupied, consultations with internal and external sources.
