



REGULATION OF THE AUDIT AND COMPLIANCE COMMITTEE OF CORPORACION FINANCIERA ALBA, S.A.¹

PRELIMINARY SECTION

Article 1. Purpose

The purpose of this Regulation is to determine the operational principles of the Audit and Compliance Committee of Corporación Financiera Alba, S.A., its basic organisational and functional rules and its relationship with shareholders, the Board of Directors, and external and internal auditors.

SECTION 1. NATURE, OBJECT AND DEPENDENCY

Article 2. Legal nature and purpose

The Audit and Compliance Committee (hereinafter referred to equally as the "Audit and Compliance Committee" or the "Audit Committee") of the Company is established as a body of the Board of Directors with powers of information, consultancy and proposal in those matters determined in the Corporate Bylaws, in the Regulation of the Board of Directors and in this Regulation. As a body of the Board of Directors, it is accountable to the Board for its activities.

SECTION 2. SCOPE AND FUNCTIONS

Article 3. Scope of Operation

The Audit and Compliance Committee is responsible for the functions detailed below (as developed in the following articles of this Regulation), in addition to any others that might be assigned to it by the Board of Directors:

- a) Report to the General Shareholders' Meeting as to any issues raised in connection with those matters that lie within the competency of the Committee, and in particular the results of the audit, explaining how this has contributed to the integrity of financial information, and the function that the Committee performed in this process.
- b) Supervise the efficacy of internal control of the Company, internal auditing and risk management systems, and discuss with the accounts auditor any significant weaknesses in the internal control system that might be detected in the development of the audit, all the above without undermining its independence. To this end, and as applicable, they may submit recommendations or proposals to the governing body, and the corresponding period for the follow-up thereof.
- c) Supervise the process of preparation and presentation of the required

¹ Approved by the Board of Directors on 23 October 2017.



financial information, and present recommendations for proposals to the governing body in order to safeguard its integrity.

d) Refer to the Board of Directors proposals as to the selection, appointment, re-election and replacement of the accounts auditor, taking responsibility for the selection process in accordance with the provisions of Articles 16, subsections 2, 3 and 5, and 17.5 of Regulation (EU) No 537/2014, of 16 April 2014, in addition to the contractual conditions, and regularly receive information from it as to the audit plan and execution thereof, while also maintaining its independence in the performance of its functions.

e) Establish the relevant relationship with the external auditor so as to receive information as to those matters that could constitute a threat to its independence, for examination thereof by the Committee, and any other matters connected with the process of performing the accounts audit and, where applicable, the authorisation of services other than those prohibited, on the terms set out in Article 5, subsections 4 and 6.2(b), of Regulation (EU) No 537/2014, of 16 April 2014, and the provisions of Section 3 of Chapter IV of Title I of Accounts Auditing Act 22/2015, of 20 July 2015, on the independence regime, and any other notifications established in the accounts auditing legislation and accounting standards. It must in all cases each year receive from the external auditors the declaration of their independence with regard to the organisation or organisations directly or indirectly related to it, in addition to detailed and individual information on additional services of any class that are provided, and the corresponding fees received from said organisations by the external auditor or the persons or entities related to it, in accordance with the provisions of the regulations governing accounts auditing operations.

f) Issue each year, prior to the issuance of the accounts auditing report, a report stating an opinion as to whether the independence of the accounts auditor or auditing firms has been compromised. This report must in all cases contain the evaluation of the performance of each and every one of the additional services referred to in the above section, taken individually and as a whole, other than the legal audit, and with regard to the regime of independence or the regulations governing accounts auditing operations.

g) Report to the Board of Directors in advance as to all matters set out in Law, the corporate bylaws and the Board Regulation, and in particular with regard to:

1. the financial information that the Company is required periodically to publish,
2. the creation or acquisition of stakes in special purpose entities or any domiciled in countries or territories classified as tax havens, and
3. operations with related parties.

h) Supervise compliance with the rules of corporate governance, the internal codes of conduct and the corporate social responsibility policy.

The actions of the Company's Audit Committee focus on four main areas:

- System of risk identification and internal control
- Review and approval of financial information
- External auditing of the annual accounts
- Compliance with the legal provisions and internal regulations.



Article 4. Functions regarding the risk identification and internal control system

1. The Audit Committee will evaluate whether the Company has the appropriate organisation, personnel, policies and processes to identify and control its main risks, and in particular operational, financial and non-financial, and legal and taxation risks. In order to achieve this objective, the Committee must ascertain that the Company has in place the following elements, which must also function effectively:

a) The identification and description of the main operational processes of the Company, duly documented in operational standards or functional manuals.

b) An integrated information system, based on modern technology, to facilitate the timely and reliable generation of the Company's financial information, and the operational data required for effective management of the business.

c) A budgetary system serving to establish the quantitative objectives of the Company in advance, within its strategic framework, and to analyse the reasons for the main deviations between the actual and budgeted data.

d) Periodically review the internal control and risk management systems, to ensure that the main risks are properly identified, managed and disclosed.

e) Establish and supervise the mechanism put in place to allow employees confidentially to report irregularities of potential significance, in particular financial and accounting matters, that they might discover within the company.

2. The Committee will be entitled periodically to review the internal control and risk management systems of the Company, and may investigate any aspects connected therewith.

Article 5. Functions regarding financial reporting

The Audit Committee will have the following main functions:

a) The review of the process of preparing the Company's financial information, in order to confirm its integrity, technological quality and internal control, compliance with regulatory requirements, proper definition of the consolidation scope, proper application of generally accepted accounting standards and principles (duly documented in an Accounting Plan), and compliance with all other legal requirements regarding said information.

b) Review the periodic financial statements that the Company is required to submit to the markets and their supervisory bodies, prior to approval by the plenary session of the Board.



c) Ensure that the periodic financial information produced during the financial year (monthly, quarterly, etc.) is based on the same quality standards as the annual financial information.

d) Evaluate and approve the proposals suggested by Senior Management as to changes in the accounting standards and principles.

e) Supervise the decisions of Senior Management as to the adjustments proposed by the external auditor, and consider and, where applicable, mediate in, any disagreements between them.

Article 6. Functions regarding internal auditing

The Audit and Compliance Committee will have the following main functions:

a) Oversee the independence of the unit that fulfils the internal audit function.

b) Propose the selection, appointment, re-election and dismissal of the head of the internal audit service.

c) Approve the internal audit budget.

d) Approve the guidelines and working plans, ensuring that its activities focus essentially on the significant risks of the Company, and receive periodic information as to its activities.

d) Verify that senior management take into account the conclusions and recommendations of its reports.

e) Evaluate the functioning of internal auditing on an annual basis.

f) Review the updating of financial information on the Company's website.

Article 7. Functions regarding non-financial information

The Audit and Compliance Committee will have the main function of reviewing the process of generating the non-financial information disclosed by the Company, in order to ascertain that the regulatory requirements in this field have been fulfilled.

Article 8. Functions regarding the external auditing of the annual accounts

The Audit Committee will be responsible for the following:

a) Propose the appointment of the accounts auditors or auditing firms of the Company, their contractual conditions, the scope of the professional engagement and, where applicable, the revocation or renewal thereof.



For the selection of the auditors, the Committee will follow a procedure of inviting at least three audit firms to submit their proposal, and will at least take into account the following criteria: experience at listed companies and companies in the sector of the Company, skills of the technical team and other specialists required, methodology and resources presented to perform the external audit. Any offers that are considered disproportionate or abnormal will be excluded, and the selection process must guarantee the independence of the auditor.

b) Serve as the channel of communication between the Board of Directors and the Auditors, evaluate the results of each audit, and the response by Senior Management to the recommendations. In particular, it will receive regular information from the external auditor as to the audit plan and the results of execution thereof.

c) Supervise fulfilment of the audit contract, ensuring that the opinion on the annual accounts and the main content of the audit report are drawn up in a clear, precise manner, without reservations. In the event of exceptions, the Chairman of the Audit Committee and the external auditors will clearly explain to the shareholders the content and scope of said reservations or provisos.

d) Relationships with the external auditors in order to receive information about any issues which could jeopardise their independence and any other issues connected with the process of performing the accounts audit, in addition to any other communications provided for in accounts audit legislation and the technical audit standards.

e) Ensure the independence of the external auditor and, to this end:

- i) Ensure that the Company informs the National Securities Market Commission of a change of auditor, as price-sensitive information, enclosing a declaration as to the possible existence of disagreements with the outgoing auditor and, where these exist, the contents thereof.
- ii) Ensure that the remuneration of the external auditor for its work does not compromise its quality or its independence.
- iii) Ensure that the Company and the auditor respect the rules in force regarding the provision of non-auditing services, the limits on the concentration of business of the auditor and, in general, all other standards established to ensure the independence of the auditors.
- iv) Examine any circumstances that might have given rise to the resignation of the external auditor.
- v) Receive each year from the accounts auditors or auditing firms written confirmation of their independence with regard to the entity or entities related to it directly or indirectly, and information on any form of additional services provided for these entities by the aforementioned auditors or firms, or by persons or entities related to them.



vi) Issue each year, prior to the issuance of the accounts auditing report, a report stating an opinion as to whether the independence of the accounts auditors or auditing companies has been compromised. This report must be issued as to the provision of additional services.

f) Ensure that the external auditor holds an annual meeting with the plenary of the Board of Directors to inform it of the work performed and the evolution of the accounting and risk situation of the Company.

g) Perform a final evaluation of the auditor's actions each year.

Article 9. Functions regarding compliance with the legal provisions and internal regulations

The Audit Committee will have the following mission:

a) Ensure the existence of an effective internal process to oversee compliance by the Company with the laws and provisions governing its operations.

b) Confirm that the necessary procedures have been established to ensure that the executive team and employees comply with the internal standards and the Internal Regulation of Conduct approved by the Board of Directors.

c) Evaluate at one of its annual sessions the efficiency and compliance of the rules and procedures of governance of the Company, issuing a report in this regard to the Board of Directors.

d) Examine and report, prior to adoption by the Board of Directors of the corresponding decisions, any structural and corporate modification operations that the Company might plan to perform, regarding their economic conditions and accounting impact, and in particular, where applicable, the proposed exchange equation, and likewise report on the creation or acquisition of stakes in special purpose entities or those domiciled in countries or territories classified as tax havens, and any other transactions or operations of an equivalent nature that, given their complexity, could undermine the transparency of the group.

e) Report to the Board on the related-party operations of members of the Board, prior to the adoption thereby of the corresponding decisions.

f) Supervise compliance with the internal codes of conduct and the rules of corporate governance.

SECTION 3. COMPOSITION, APPOINTMENT AND DISMISSAL OF MEMBERS

Article 10. Composition



The Audit and Compliance Committee will comprise a minimum of three and a maximum of five members, one of whom will act as Chairman. All members must have the status of external or non-executive Directors, and the majority must be independent Directors, at least one of them being appointed in accordance with his or her knowledge of accounting, auditing or both fields. The members of the Committee will have the relevant technical knowledge as regards the operational sector to which the Company belongs.

The Chairman of the Committee must be an independent Director. The Secretary of the Board will act as Secretary. He or she may but need not be a member of the Audit Committee.

Article 11. Appointment and dismissal

1. The members of the Committee will be appointed by the Board of Directors of the Company from among its constituent Directors. It will likewise appoint from among them the person who is to hold the position of Chairman. The Board may likewise appoint substitute members, from among the Directors of those categories indicated in the above article, for cases of vacancy, absence, or conflict of interest. The members of the Audit Committee, and in particular the Chairman, will be appointed in accordance with their knowledge and experience in the field of accounting, auditing or both, and also their experience and knowledge of financial aspects, internal control and risk management.

2. The duration of the appointment will be for the remaining period up until expiry of the directorial term, with the possibility of re-election to said position. This notwithstanding, any person who has held the position of Chairman of the Audit Committee for four consecutive years must resign, and may be re-elected to said position once a period of one year has passed since his or her resignation.

SECTION 4. FUNCTIONING

Article 12. Sessions

1. The Audit Committee will establish the calendar of its regular meetings as frequently as required in order properly to discuss the matters for which it is inherently responsible, meeting at least quarterly in order to review the periodically published financial information and the annually published information. This Committee must also meet whenever called by its Chairman or any of its members, or on the instruction of the Board of Directors with a specific agenda.

2. The Committee may meet without a prior announcement if all members are present and unanimously agree to hold a meeting. In cases of urgency, the Committee may be called without the established minimum prior notice, in which case the urgency must be unanimously acknowledged by all those in



attendance at the start of the meeting.

3. Meetings may be attended by Executive Directors or by Senior Executives of the Company, if so expressly agreed by the members of the Committee, following an invitation by the Chairman of the Committee, in order to discuss those items on the agenda for which they have been summoned.

4. The Audit Committee may call on any employee or executive of the Company, and even rule that they appear without the presence of any other executive, on the invitation of the Chairman of the Committee, to discuss those items on the agenda for which they have been summoned.

Article 13. Announcement and venue

1. The announcement of meetings of the Audit Committee will be issued at least five days in advance by the Secretary of the Committee, to each of its members, by letter, fax or email, including the agenda of the meeting approved in advance by the Chairman of the Committee. The minutes of the previous meeting will be attached to this announcement, whether or not they have been approved.

2. Meetings of the Audit Committee will normally take place at the registered office, but may also be held at any other venue established by the Chairman and indicated in the announcement. Meetings may likewise be held by conference call for videoconferencing, provided that the Directors have appropriate technical resources in place, and no Director objects to this.

Article 14. Quorum, representation, adoption of resolutions and minutes

1. In order to be deemed quorate, the Committee's meetings must be attended, in person or by proxy, by the majority of its members. Each member of the Committee may vest powers of representation in another Member. Said powers of representation must be conferred in writing, with fax and email likewise being valid, addressed to the Chairman of the Committee

2. Resolutions will be passed by the majority of the members present in person or by proxy. In the event of a tie, the President will hold the casting vote.

3. The Secretary of the Committee will draw up the Minutes of each of the meetings held, to be approved at the meeting itself or that immediately following. A copy of the minutes of the meetings will be sent to all members of the Board.

ARTICLE 15. Powers, resources and consultancy

1. The Committee may in order to fulfil its functions request any type of information that it might require regarding any aspect of the Company.



2. The Secretary will provide the members of the Committee with all resources and documentation they might require in order to fulfil their task.

3. In order better to fulfil its functions, the Audit Committee may seek consultancy from external professionals in the field of law, accounting, valuation, risks or any other sphere, with prior notification and approval by the Chairman of the Company, who may not reject this request without reasonable grounds.

SECTION 5. RELATIONSHIPS

Article 16. Relationship with the Board of Directors and shareholders

1. The Committee will periodically, through its Chairman, report to the Board of Directors as to its activities, and advise and propose any measures it might deem suitable implementation within the scope of its functions.

2. The Audit Committee will draw up an annual report on its activities, to be submitted to the Board of Directors and included in the Directors' Report.

3. The Audit Committee will, through its Chairman or, in default thereof, any of its members, intervene at the General Shareholders' Meeting in any matters that might be raised and that would lie within the purview of the Committee.

Article 17. Relationship with the Company's Senior Management

Any member of the executive team or personnel whose presence might reasonably be required will be obliged to attend meetings of the Committee and to offer any cooperation or access to information that he or she might hold, upon invitation by the Chairman of the Committee, to discuss those items on the agenda for which they were summoned.

Article 18. Relationship with the accounts auditor and the internal auditor

The Audit Committee will maintain fluid communication with the accounts auditor and the internal auditor, while safeguarding their independence and ensuring that they can perform their work with objectivity.

SECTION 6. EVALUATION AND REPORTS

Article 19. Evaluation and reports

1. The Audit Committee will each year assess its performance in a report on its activity.



2. The Audit Committee will furthermore report on all matters established in Law, the Corporate Bylaws, the Regulation of the Board of Directors and this Regulation.
