

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Translation of the Annual Corporate Governance Report of Listed Companies issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

ISSUER'S PARTICULARS

REFERENCE YEAR-END DATE	31/12/2015
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C.I.F.	A-28060903
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COMPANY NAME
CORPORACIÓN FINANCIERA ALBA, S.A.

REGISTERED OFFICE
CASTELLO, 77, 5ª PLANTA MADRID (SPAIN)

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

A OWNERSHIP STRUCTURE

A.1 Fill in the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
25/05/2011	58,300,000.00	58,300,000	58,300,000

Indicate whether there are different classes of shares carrying different rights:

Yes

No

A.2 Provide details of the direct and indirect holders of significant ownership interests in your organisation at year end, excluding directors.

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
SYNDICATION AGREEMENT, SEE SECTION A.6.	0	0	0.00%
BANCA MARCH, S.A.	13,934,388	25,124,418	67.00%

Name or company name of the indirect holder of the ownership interest	Through: Name or company name of the direct holder of the ownership interest	Number of voting rights
BANCA MARCH, S.A.	SYNDICATION AGREEMENT, SEE SECTION A.6.	25,124,418

Indicate the most significant changes in the shareholder structure during the year.

A.3 Fill in the following tables relating to the members of the Company's Board of Directors who own voting shares in the Company:

Name or company name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
JOSE NIETO DE LA CIERVA	1	0	0.00%
REGINO MORANCHEL FERNANDEZ	950	0	0.00%
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	2,004	0	0.00%
JOSE DOMINGO DE AMPUERO Y OSMA	4,000	0	0.01%
CRISTINA GARMENDIA MENDIZABAL	80	0	0.00%
JUAN MARCH JUAN	1,205,266	588,311	3.08%
JUAN MARCH DELGADO	6,448,574	3,984,863	17.90%
RAMON CARNE CASAS	0	0	0.00%
CARLOS MARCH DELGADO	8,996,625	242,930	15.85%
JUAN MARCH DE LA LASTRA	3,094,667	42,378	5.38%
JOSE RAMON DEL CAÑO PALOP	1,961	0	0.00%
CARLOS GONZALEZ FERNANDEZ	0	650	0.00%

Name or company name of the indirect holder of the ownership interest	Through: Name or company name of the direct holder of the ownership interest	Number of voting rights
JUAN MARCH JUAN	PEÑA TAJADA, S.L.	588,311
JUAN MARCH DELGADO	M.B. DE INVERSIONES, S.A.	2,222,933
JUAN MARCH DELGADO	SURISLA, S.A.	456,755
JUAN MARCH DELGADO	FUNDACION JUAN MARCH	406,877
JUAN MARCH DELGADO	FUNDACION INSTITUTO JUAN MARCH DE ESTUDIOS E INVESTIGACIONES	898,298
CARLOS MARCH DELGADO	CONCEPCION DE LA LASTRA RAMOS-PAUL	242,930
JUAN MARCH DE LA LASTRA	ATACAMPA, S.A.	42,378
CARLOS GONZALEZ FERNANDEZ	NOBELIUM DE PONTI, S.L.	650

% of total voting rights held by the Board of Directors	42.22%
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Fill in the following tables relating to those members of the Company's Board of Directors who hold rights over Company shares

Name or company name of director	Number of direct voting rights	Number of indirect voting rights	Equivalent number of shares	% of total voting rights
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	180,000	0	180,000	0.31%
JUAN MARCH DE LA LASTRA	180,000	0	180,000	0.31%
JOSE RAMON DEL CAÑO PALOP	50,000	0	50,000	0.09%
JUAN MARCH JUAN	50,000	0	50,000	0.09%

A.4 Indicate, where applicable, any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant ownership interests, insofar as they are known to the Company, unless they have scant relevance or arise from the ordinary course of business:

Related name or company name
JUAN MARCH DELGADO
CARLOS MARCH DELGADO

Type of relationship:
Contractual

Brief description:

Mr. Juan March Delgado, Mr. Carlos March Delgado, Ms. Leonor March Delgado and Ms. Gloria March Delgado are the owners of 100% of Banca March, S.A. The aforementioned persons entered into a shareholders agreement to which reference is made in section A.6.

A.5 Indicate, where applicable, any relationships of a commercial, contractual or corporate nature existing between the holders of significant ownership interests and the Company and/or its group, unless they have scant relevance or arise from the ordinary course of business:

A.6 Indicate whether the company has been notified of any shareholders agreements that affect it in accordance with articles 530 and 531 of the Spanish Limited Liability Companies Law. Where applicable, describe them briefly and list the shareholders bound by the agreement:

Yes

No

Parties involved in the shareholders' agreement

CARLOS MARCH DELGADO
JUAN MARCH DELGADO
GLORIA MARCH DELGADO
LEONOR MARCH DELGADO

Percentage of share capital affected: 67.00%

Brief description of the agreement:

The siblings Mr. Juan March Delgado, Mr. Carlos March Delgado, Ms. Leonor March Delgado and Ms. Gloria March Delgado are the owners of all the shares of Banca March, which also holds a significant ownership interest in Corporación Financiera Alba. On 4 December 2014, the above persons entered into a shareholders agreement in relation to the aforementioned bank which also affects Corporación Financiera Alba, given its shareholder position therein. This agreement is valid until 10 March 2025 and replaces the agreement entered into on 24 May 2004 and amended on 22 December 2009. Taking into account the ownership interests of both Banca March and the shareholders signatory to the agreement, there was and continues to be a jointly agreed-upon control of Corporación Financiera Alba by said shareholders. While the aforementioned agreement does not establish limitations to the transferability of Alba's shares, it does affect the exercise of the voting rights of shares owned by the signatories to the agreement.

Indicate whether the Company is aware of the existence of any concerted actions among its shareholders. If so, provide a brief description:

Yes

No

Percentage of share capital affected: 67.00%

Brief description of the concerted action:

The siblings Mr. Juan March Delgado, Mr. Carlos March Delgado, Ms. Leonor March Delgado and Ms. Gloria March Delgado are the owners of all the shares of Banca March, which also holds a significant ownership interest in Corporación Financiera Alba. On 4 December 2014, the above persons entered into a shareholders agreement in relation to the aforementioned bank which also affects Corporación Financiera Alba, S.A. given its shareholder position therein. This agreement is valid until 10 March 2025 and replaces the agreement entered into on 24 May 2004 and amended on 22 December 2009.

Participants in the concerted
LEONOR MARCH DELGADO
GLORIA MARCH DELGADO
JUAN MARCH DELGADO
CARLOS MARCH DELGADO

Expressly indicate any amendment to or termination of such agreements or concerted actions during the year:

The siblings Mr. Juan March Delgado, Mr. Carlos March Delgado, Ms. Leonor March Delgado and Ms. Gloria March Delgado are the owners of all the shares of Banca March, which also holds a significant ownership interest in Corporación Financiera Alba.

On 4 December 2014, the above persons entered into a shareholders agreement in relation to the aforementioned bank which also affects Corporación Financiera Alba, S.A. given its shareholder position therein.

This agreement is valid until 10 March 2025 and replaces the agreement entered into on 24 May 2004 and amended on 22 December 2009.

A.7 Indicate the existence of any natural or legal person who exercises or can exercise control over the Company, in accordance with Article 4 of the Securities Market Law. If so, identify them:

Yes No

Name or company name
CONCERTED ACTION BANCA MARCH GROUP

Observations

Corporación Financiera Alba, S.A. belongs to the Banca March Group, which owns more than 50% of its share capital. The Banca March Group is controlled by Mr. Juan March Delgado, Mr. Carlos March Delgado, Ms. Leonor March Delgado and Ms. Gloria March Delgado, who jointly control all the share capital of Banca March, S.A., none of whom exercise individual control. As indicated in section A.6, the above persons entered into a shareholders agreement on 4 December 2014. At 31 December 2015, Banca March, S.A. and its shareholders jointly controlled 66.996% of Corporación Financiera Alba, S.A., with none exercising individual control.

A.8 Fill in the following tables relating to the Company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares	Total % of share capital
59,898	0	0.10%

(*) Through:

Provide details of any significant changes during the year, in accordance with Royal Decree 1362/07:

Explanation of the significant changes
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A.9 Provide details of the conditions and time period of the current mandate given by the shareholders at the Annual General Meeting to the Board of Directors to issue, repurchase or transfer treasury shares.

The Annual General Meeting has given the Company and its subsidiaries authority to purchase shares of the Company up to the maximum sum permitted by law and subject to applicable law.

The authorisation extends to the acquisitions made, within the indicated limit, by the subsidiaries of Corporación Financiera Alba, S.A. and to applying the acquisitions made by virtue of this authorisation and authorisations prior to the execution of the remuneration plans of the executive directors and directors consisting of the delivery of shares or share options.

The acquisition price shall be that corresponding to the market price on the acquisition date or that authorised, where applicable, by the competent stock exchange body.

The authorisations in force in 2015 were agreed by the shareholders at the Annual General Meetings held on 11 June 2014 (until 30 June 2015) and 10 June 2015 (until 30 June 2016).

A.9.bis Estimated floating capital:

	%
Estimated floating capital	24.43

A.10 Indicate if there is any restriction to the transferability of securities and/or any restriction to voting rights. In particular, the existence of any type of restrictions that could make it difficult to take control of the company through the acquisition of its market shares.

Yes No

A.11 Indicate whether the shareholders at the Annual General Meeting resolved to adopt measures to neutralise a takeover bid pursuant to Law 6/2007.

Yes No

Where applicable, explain the measures approved and the terms whereunder the restrictions will be rendered inefficient:

A.12 Indicate whether the Company has issued securities which are not traded on a regulated market in the European Community.

Yes No

Where applicable, indicate the different classes of actions and the rights and obligations conferred by each.

B ANNUAL GENERAL MEETING

B.1 Indicate and, where applicable, provide details of any differences with the system of minimum quorums provided for in the Spanish Limited Liability Companies Law (LSC) with respect to the quorum for convening the Annual General Meeting.

Yes No

B.2 Indicate and, if applicable, detail any differences with the system provided for in the Spanish Limited Liability Companies Law (LSC) for adopting corporate resolutions:

Yes No

Describe the differences with the system provided for in the LSC.

B.3 Indicate the rules applicable to the amendment of the Company's Bylaws. In particular, indicate the majorities envisaged to amend the Bylaws, in addition to the rules envisaged for protecting shareholders' rights in the amendment of the Bylaws, where applicable.

The procedure for amending the corporate Bylaws is regulated by the Spanish Limited Liability Companies Law, which must be approved by the shareholders at the Annual General Meeting with the majority vote provided for in Article 194 of the aforementioned Law, with respect to which no speciality has been established by the Corporate Bylaws.

The competences of the General Meeting Regulations expressly include the amendment of the Bylaws, without being subject to any majorities other than those provided for by law.

B.4 Indicate the data on attendance at the Annual General Meetings held in the year to which this report refers and those of the previous year:

Date of Annual General Meeting	Attendance data				Total
	% attendance in person	% represented	% distance voting		
			Electronic vote	Other	
10/06/2015	58.85%	34.91%	0.00%	0.00%	93.76%

B.5 Indicate whether there is any statutory restriction that establishes a minimum number of shares required to attend General Meetings:

Yes No

Number of shares required to attend General Meetings

25

B.6 Repealed section.

B.7 Indicate the URL and method of accessing the Company's website and the information on corporate governance and other information on general meetings that must be placed at the shareholders' disposal via the Company's website.

Web address: www.corporacionalba.es

Method of access: Main Menu / Corporate Information.

C CORPORATE MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors envisaged in the corporate Bylaws:

Maximum number of directors	15
Minimum number of directors	7

C.1.2. Fill in the following table with the members of the Board:

Name or company name of director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
JOSE NIETO DE LA CIERVA		Proprietary	DIRECTOR	23/03/2011	10/06/2015	RESOLUTION ANNUAL GENERAL MEETING
REGINO MORANCHEL FERNANDEZ		Independent	DIRECTOR	29/05/2013	29/05/2013	RESOLUTION ANNUAL GENERAL MEETING
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN		Executive	CHIEF EXECUTIVE OFFICER	27/09/2006	11/06/2014	RESOLUTION ANNUAL GENERAL MEETING
JOSE DOMINGO DE AMPUERO Y OSMA		Independent	DIRECTOR	29/05/2013	29/05/2013	RESOLUTION ANNUAL GENERAL MEETING
CRISTINA GARMENDIA MENDIZABAL		Independent	DIRECTOR	18/12/2013	11/06/2014	RESOLUTION ANNUAL GENERAL MEETING
JUAN MARCH JUAN		Executive	DIRECTOR	23/03/2011	10/06/2015	RESOLUTION ANNUAL GENERAL MEETING
JUAN MARCH DELGADO		Proprietary	CHAIRMAN	08/10/1973	11/06/2014	RESOLUTION ANNUAL GENERAL MEETING
RAMON CARNE CASAS		Executive	DIRECTOR	25/05/2011	10/06/2015	RESOLUTION ANNUAL GENERAL MEETING
CARLOS MARCH DELGADO		Proprietary	CHAIRMAN	22/06/1988	30/05/2012	RESOLUTION ANNUAL GENERAL MEETING
JUAN MARCH DE LA LASTRA		Executive	VICE-PRESIDENT	28/05/2008	30/05/2012	RESOLUTION ANNUAL GENERAL MEETING

Name or company name of director	Representative	Category of the director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
JOSE RAMON DEL CAÑO PALOP		Executive	DIRECTOR SECRETARY	27/05/2009	29/05/2013	RESOLUTION ANNUAL GENERAL MEETING
MR. ANTONIO MARIA PRADERA JAUREGUI		Independent	DIRECTOR	10/06/2015	10/06/2015	RESOLUTION ANNUAL GENERAL MEETING
CARLOS GONZALEZ FERNANDEZ		Independent	DIRECTOR	10/06/2015	10/06/2015	RESOLUTION ANNUAL GENERAL MEETING

Total number of directors	13
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Indicate any removals from the Board of Directors during the year under inspection:

Name or company name of director	Category of the director on the removal date	Termination date
MR. EUGENIO RUIZ-GALVEZ PRIEGO	Independent	22/09/2015
NICHOLAS BROOKES	Independent	10/06/2015

C.1.3 Fill in the following tables relating to the members of the Board and their different categories:

EXECUTIVE DIRECTORS

Name or company name of director	Position in the Company's organisation chart
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	CHIEF EXECUTIVE OFFICER
JUAN MARCH JUAN	DIRECTOR
RAMON CARNE CASAS	DIRECTOR
JUAN MARCH DE LA LASTRA	VICE-PRESIDENT
JOSE RAMON DEL CAÑO PALOP	DIRECTOR SECRETARY

Total number of executive directors	5
% of total Board of Directors	38.46%

PROPRIETARY EXTERNAL DIRECTORS

Name or company name of director	Name or company name of the significant shareholder who he or she represents or who has proposed his or her appointment
JOSE NIETO DE LA CIERVA	BANCA MARCH, S.A.
JUAN MARCH DELGADO	BANCA MARCH, S.A.
CARLOS MARCH DELGADO	BANCA MARCH, S.A.

Total number of proprietary directors	3
% of total Board of Directors	23.08%

INDEPENDENT EXTERNAL DIRECTORS

Name or company name of director:

REGINO MORANCHEL FERNANDEZ

Profile

Engineer and Economist (Universidad Alcalá de Henares). His professional career has been linked to Indra Sistemas, S.A., which he joined in 1972, where he was CEO from 2001 to 2011 and Executive Deputy Chairman from 2011 to 2012. He was also a member of the Board of Directors of Inversis Banco and of various Indra Sistemas companies. He is currently an international business advisor at various companies, mainly for Latin America.

Name or company name of director:

JOSE DOMINGO DE AMPUERO Y OSMA

Profile

Industrial Engineer (ES de Ingenieros de Bilbao) and Master's Degree in Business Administration (University of Southern California). Among others, he has held the position of CEO of San Telmo Ibérica Minera, Deputy Chairman of Naviera Vizcaína, Chairman of S.A. de Alimentación, Deputy Chairman of BBVA Bancomer, Chairman of Bodegas y Bebidas, Deputy Chairman of Banco Bilbao Vizcaya Argentaria, Deputy Chairman of Iberdrola, Chairman of Cementos Lemona and member of the Board of Directors of the Asociación para el Progreso de la Dirección (Association for the Progress of Management) and of the Círculo de Empresarios Vascos (Basque Business Circle). He is currently Chairman of Autopista Vasco-Aragonesa, S.A., Executive Chairman of Viscofan, S.A. and member of the Spain-United States Board of Directors.

Name or company name of director:

CRISTINA GARMENDIA MENDIZABAL

Profile

Biologist, speciality in Genetics. She holds a doctorate in Molecular Biology (Centro de Biología Molecular Severo Ochoa -CSIC-). MBA from IESE Business School at Universidad de Navarra. Former Minister of Science and Innovation (2008-2011). In 2001 she participated in the foundation of the Genetrix biotechnological group. She is also a founding partner of Ysios Capital Partners, which manages a fund specialising in Life Sciences & Healthcare. She held the position of Executive Deputy Chairwoman and Financial Manager of the Amasua Group, and Chairwoman of the Association of Biotech Companies (ASEBIO), forming part of the Management Board of the Spanish Confederation of Business Organisations (CEOE). She is currently Chairwoman of the company Genetrix and the listed Spanish-German company SYGNIS. She forms part of the Board of Directors of Everis, Ysios and Pelayo. She is a member of the Professional Board of ESADE, of Fundación Mujeres por África, of the Social Board of Universidad de Sevilla, of the Board of Universidad Antonio de Nebrija and of Fundación SEPI. She currently presides the Public Authorities Relations Committee of Fundación COTEC for Technological Innovation and forms part of the international advisory committee of the Productive Transformation Programme of the Government of Colombia. She has received various business research and innovation awards.

Name or company name of director:

MR. ANTONIO MARIA PRADERA JAUREGUI

Profile

He is a Civil Engineer.

In 1979 he began working as Manager at Banco Bilbao, where he remained until 1985. In

1988 he was appointed Executive Director of Nerisa, where he remained until 1993.

In 1993 he joined SEAT as Strategy Manager.

In 1995 he played an important role in the creation of Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (INSSEC), being appointed CEO and holding that position until 2010. At present (and since 2002), he is Executive Chairman of Cie Automotiva, S.A.

Name or company name of director:

CARLOS GONZALEZ FERNANDEZ

Profile

He has a Degree in Economics and Business Studies from Universidad de Bilbao and is a Certified Public Accountant.

He developed his professional career over 35 years at Arthur Andersen, a company that merged with Deloitte in 2003. He was appointed partner in 1985 and, after having held various executive positions, was appointed Chairman of Arthur Andersen in 2000, leading the merger transaction with Deloitte in 2003, and was confirmed as Chairman of the new company after the merger. He formed part of Deloitte's Global Board of Directors and European Executive Committee.

He formed part of the Management Board of entities such as the Círculo de Empresarios (Business Circle), Asociación para el Progreso de la Dirección (Association for Management Progress) and Instituto de Estudios Económicos (Institute for Economic Studies), and was also member of Boards of foundations such as Fundación Príncipe de Asturias, Fundación Cotet or Fundación Albéniz.

In 2009 he retired from Deloitte and, since then, has collaborated in Advisory Boards or Boards of Directors of companies such as, for example, the Board of Directors of Novagalicia Banco, also presiding the bank's Audit Committee.

He is currently a member of the Board of Directors of the Audit Committee of the listed companies NH Hoteles and Sotogrande, being Chairman of the Audit Committee of the latter. He is also advisor of the Board of Directors of Cosentino, S.A. and member of the Accounting Standards Committee of the Superior Council for Colleges of Economists.

Total number of independent directors	5
Total % of Board	38.46%

Indicate whether any director classed as independent receives, from the company or its group, any amount or benefit for a concept other than director's remuneration or maintains or has maintained, in the last year, a business relationship with the Company or with any group company, whether on his or her own behalf or as a significant shareholder, director or senior executive of an entity with which he or she maintained said relationship.

No independent director received amounts for concepts other than director's remuneration from the Company or its group, nor maintained a business relationship with the Company or its group.

Where applicable, a motivated declaration by the Board of Directors stating the reasons why it considers that said director can perform his or her functions as an independent director.

OTHER EXTERNAL DIRECTORS

Identify the other external directors and detail the reasons why they cannot be considered proprietary or independent and their links, whether with the Company, its executives or its shareholders:

Indicate any changes in the category of each director that may have occurred during the year:

C.1.4 Fill in the following table with the information relative to the number of women directors in the last four years and their category:

	Number of women directors				% of total directors of each category			
	2015	2014	2013	2012	2015	2014	2013	2012
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%

	Number of women directors				% of total directors of each category			
	2015	2014	2013	2012	2015	2014	2013	2012
Proprietary	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	1	2	2	1	20.00%	33.33%	40.00%	25.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	1	2	2	1	7.69%	14.28%	15.38%	7.14%

C.1.5 Explain the measures which, where applicable, have been adopted to strive to include a number of women on the Board of Directors such as to achieve a balanced presence of men and women.

Explanation of the measures

The Nomination and Remuneration Committee has set a representation objective for the under-represented sex on the Board of Directors and guidelines for achieving it.

In particular, these guidelines imply that:

- Female candidates must be included in all the director selection processes.
- Insofar as possible, a similar number of candidates of the same sex shall be included in the selection process.
- Under equal conditions of the candidates as regards training and experience, provided that they have not achieved the representation objective, the female candidates shall take priority in the selection process.

In 2015 one woman director formed part of the Board of Directors, but another was chosen at the Annual General Meeting held on 10 June who, however, did not take up the post for professional reasons.

However, in 2016 the participation of three women directors is expected to be achieved and the corresponding selection process that will make it possible to formulate and submit the corresponding proposal to the shareholders at the Annual General Meeting is already under way.

C.1.6 Explain the measures which, where applicable, have been adopted by the Nomination Committee to ensure that the selection process does not suffer from any implicit bias that could obstruct the selection of women directors and the Company seeks deliberately to include women who meet the target professional profile among the potential candidates:

Explanation of the measures

No specific procedures are in place to ensure that the selection processes do not suffer from any implicit bias that could obstruct the selection of women directors, but the Company strives to include women as candidates in the selection processes and the professionalism of the members of the Nomination and Remuneration Committee guarantees the impartiality of the selection system.

Moreover, the Nomination and Remuneration Committee has established the relevant guidelines to achieve the objective of presence of women directors on the Board of Directors.

In those cases where despite the measures adopted, as appropriate, the number of women directors is scarce or null, explain the reasons:

Explanation of the reasons

C.1.6 bis Explain the conclusions of the Nomination Committee on the verification of the fulfilment of the director selection policy. In particular, on how said policy is promoting the objective that by 2020 the number of women directors will represent, at least, 30% of the total members of the Board of Directors.

Explanation of the conclusions

The Director Candidate Selection Policy of Corporación Financiera Alba was approved by the Board of Directors at its session of 26 October 2015. However, this Policy basically served to formalise the criteria and practices followed by the Company for selecting director candidates.

In this regard, the conclusion drawn by the Nomination and Remuneration Committee on the fulfilment of the director selection policy is that it has been correctly followed, both in relation to the objectives and principles of the selection process and to the procedural aspects and to the qualities that must be fulfilled by the candidates.

As regards the objective that by 2020 the number of women directors will represent, at least, 30% of the total members of the Board of Directors, it should be noted that, at present, this objective has not yet been set as such, although steps are being taken in that direction. In this connection, in 2015 one woman director formed part of the Board of Directors, but another was elected at the Annual General Meeting held on 10 June who, however, did not take up the post for professional reasons. However, the objective is to achieve the participation of three women directors, to which end the corresponding selection process is already under way.

C.1.7 Explain the representation of shareholders with significant ownership interests on the Board of Directors.

The "Concerted Banca March Action" mentioned in sections A.6 and A.7 of this report, which holds an ownership interest of 67% of the share capital, is represented on the Board of Directors by means of three directors with proprietary status.

Furthermore, Mr. Juan March de la Lastra, who holds an ownership interest of 5.308% of the share capital, is a member of the Board of Directors and has executive director status.

C.1.8 Explain, where applicable, the reasons for which proprietary directors have been appointed at the request of shareholders whose ownership interest represents less than 3% of the share capital:

Indicate whether any formal requests were not attended for presence on the Board of Directors from shareholders whose ownership interest is equal to or greater than that of others at whose request proprietary directors would have been appointed. Where applicable, explain the reasons for which they were not attended:

Yes

No

C.1.9 Indicate whether any directors have resigned from office before their term of office expired, whether and in what manner the director explained the reasons for resigning to the Board and, in the event that resignation was submitted in writing to the Board in full, explain, at least, the reasons given by the director below:

Name of director:

MR. EUGENIO RUIZ-GALVEZ PRIEGO

Reason for resignation:

Age

C.1.10 Indicate what powers, if any, have been delegated to the chief executive officer(s):

Name or company name of director:

SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN

Brief description:

THE CHIEF EXECUTIVE OFFICER HAS DELEGATED POWERS IN RELATION TO COMPANY PERSONNEL AND BROAD POWERS OF REPRESENTATION THEREOF, FOR HIRING AND MAKING INVESTMENTS AND DIVESTMENTS WITHIN CERTAIN LIMITS.

C.1.11 Identify, as appropriate, the Board members who hold office as directors or executives at other companies that form part of the listed company's group:

Name or company name of director	Group company name	Position	Does he or she have executive functions?
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	DEYÁ CAPITAL, S.C.R., S.A.	CHAIRMAN	YES
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	ARTÁ CAPITAL, S.G.E.I.C., S.A.	DIRECTOR	YES
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	ARTA PARTNERS, S.A.	CHAIRMAN	YES
JUAN MARCH JUAN	ARTÁ CAPITAL, S.G.E.I.C., S.A.	VICE-PRESIDENT	YES
RAMON CARNE CASAS	ARTÁ CAPITAL, S.G.E.I.C., S.A.	CHAIRMAN	YES
RAMON CARNE CASAS	ARTÁ PARTNERS, S.A.	DIRECTOR	YES
JOSE RAMON DEL CAÑO PALOP	DEYÁ CAPITAL, S.C.R., S.A.	DIRECTOR SECRETARY	YES
JOSE RAMON DEL CAÑO PALOP	ARTÁ CAPITAL, S.G.E.I.C., S.A.	DIRECTOR SECRETARY	YES
JOSE RAMON DEL CAÑO PALOP	ARTÁ PARTNERS, S.A.	DIRECTOR SECRETARY	YES

C.1.12 Provide details, as appropriate, of any directors of your company who are members of the Boards of Directors of other non-group companies which are listed on official securities markets in Spain, as disclosed to the company:

Name or company name of director	Group company name	Position
JOSE NIETO DE LA CIERVA	EBRO FOODS, S.A.	DIRECTOR
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A.	DIRECTOR
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	ACERINOX, S.A.	DIRECTOR
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	INDRA SISTEMAS, S.A.	DIRECTOR
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	BOLSAS Y MERCADOS ESPAÑOLES, S.A.	DIRECTOR
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN, S.A.	CHAIRMAN
JUAN MARCH JUAN	BOLSAS Y MERCADOS ESPAÑOLES, S.A.	DIRECTOR
JUAN MARCH DE LA LASTRA	INDRA SISTEMAS, S.A.	DIRECTOR
JUAN MARCH DE LA LASTRA	VISCOFAN, S.A.	DIRECTOR
CRISTINA GARMENDIA MENDIZABAL	COMPAÑIA DE DISTRIBUCION INTEGRAL LOGISTA HOLDINGS, S.A.	DIRECTOR
CARLOS GONZALEZ FERNANDEZ	NH HOTEL GROUP, S.A.	DIRECTOR
CARLOS GONZALEZ FERNANDEZ	SOTOGRADE, S.A.	DIRECTOR
MR. ANTONIO MARIA PRADERA JAUREGUI	CIE AUTOMOTIVE, S.A.	CHAIRMAN
CRISTINA GARMENDIA MENDIZABAL	GAS NATURAL SDG, S.A.	DIRECTOR
JOSE DOMINGO DE AMPUERO Y OSMA	TUBACEX, S.A.	DIRECTOR

C.1.13 Indicate and, where applicable, explain whether the Company has established rules relative to the number of boards of which its directors may form part:

Yes

No

Explanation of the rules

Pursuant to Article 41 of the Regulation of the Board of Directors of Corporación Financiera A ba, directors must have the adequate dedication and, for such purpose, the maximum number of boards of other companies of which the directors may form part shall be six, although all the offices held in a same group of companies or entities in which one of said companies holds a significant ownership share shall be considered a single office.

C.1.14 Repealed section.

C.1.15 Indicate the global remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of euros)	2,668
Amount of the rights accumulated by the current directors in terms of pensions (thousands of euros)	0
Amount of the rights accumulated by former directors in terms of pensions (thousands of euros)	0

C.1.16 Identify the senior executives who are not also executive directors and indicate the total remuneration accrued in their favour during the year:

Name or company name	Position
ANDRES ZUNZUNEGUI RUANO	DIRECTOR
IGNACIO MARTINEZ SANTOS	DIRECTOR
JAVIER FERNANDEZ ALONSO	DIRECTOR
DON NICOLAS JIMENEZ-UGARTE LUELMO	DIRECTOR

Total remuneration of senior management (in thousands of euros)	1,649
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C.1.17 Indicate, as appropriate, the identity of the members of the Board who, in turn, are members of the Board of Directors of companies of significant shareholders and/or in entities of their group:

Name or company name of director	Name or company name of significant shareholder	Position
JOSE NIETO DE LA CIERVA	BANCA MARCH, S.A.	CHIEF EXECUTIVE OFFICER
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	BANCA MARCH, S.A.	DIRECTOR
JUAN MARCH JUAN	BANCA MARCH, S.A.	DIRECTOR
JUAN MARCH DELGADO	BANCA MARCH, S.A.	DIRECTOR
CARLOS MARCH DELGADO	BANCA MARCH, S.A.	DIRECTOR
JUAN MARCH DE LA LASTRA	BANCA MARCH, S.A.	CHA RMAN

Provide details, where applicable, of relevant relationships other than those envisaged in the preceding caption, of the members of the Board of Directors that relate them to the significant shareholders and/or in entities of their group:

Name or company name of related director:

JUAN MARCH JUAN

Name or company name of related significant shareholder:

JUAN MARCH DELGADO

Description of

relationship: Family

Name or company name of related director:

JUAN MARCH DE LA LASTRA

Name or company name of related significant shareholder:

CARLOS MARCH DELGADO

Description of relationship:

Family

C.1.18 Indicate the amendments, if any, made to the Board Regulations during the year:

Yes

No

Description of amendments

The purpose of the amendment to the Board Regulations, agreed upon on 5 May 2015, was to incorporate the changes introduced in the LSC by Law 31/2014 and those arising from the new Code of Good Governance of Listed Companies (CGGLC), published by the Spanish National Securities Market Commission (CNMV) on February 2015. The amendments are as follows:

Article 3. Amendment of the Board Regulations

The Audit Committee is renamed as Audit Commission, pursuant to Article 529 quaterdecies of the LSC.

Article 5. Functions of the Board of Directors

Adaptation to the provisions of articles 249, 249 bis and 529 ter of the LSC.

Article 8. Qualitative composition of the Board of Directors

Adaptation to the provisions of Article 529 duodecies of the LSC.

Article 10 bis. Appointment and functions of the Chairman of the Board of Directors

Adaptation to the provisions of Article 529 sexies of the LSC.

Article 11. Chief Executive Officer

Adaptation to the provisions of articles 249 and 529 octodecies of the LSC.

Article 13. Secretary of the Board

Adaptation to the provisions of Article 529 octodecies of the LSC.

Article 14. Board meetings

Adaptation to the provisions of articles 245.3; 246; 529.bis; 529 sexies.2 and 529 octies.2 of the LSC.

Article 15. Sessions

Adaptation to the provisions of Article 529.quaterdecies.2 of the LSC.

Article 16. Appointment of directors

Adaptation to the provisions of articles 529 bis and 529 decies of the LSC.

Article 17. Re-election of directors

Adaptation to the provisions of Article 529 decies of the LSC.

- Article 18. Term of office of directors
Adaptation to the provisions of Article 529 decies of the LSC.
- Article 19. Removal of directors
Adaptation to the provisions of articles 529 duodecies and 529 quaterdecies of the LSC.
- Article 21. Legal nature and object of the Audit Committee
Adaptation of the provisions of Article 529 quaterdecies of the LSC in the wording introduced by Law 31/2014, renaming the Audit Committee as Audit Commission.
- Article 22. Scope of action of the Audit Commission
Adaptation to the provisions of Article 529 quaterdecies of the LSC.
- Article 23. Functions relating to the risk identification and internal control system.
Adaptation to the provisions of Article 529 quaterdecies of the LSC, in the wording introduced by Law 31/2014, and of the CGGLC.
- Article 24. Functions relating to financial information
Adaptation to the provisions of Article 529 quaterdecies of the LSC, in the wording introduced by Law 31/2014, and of the CGGLC.
- Article 25. Functions relating to the external audit of financial statements
Adaptation to the provisions of Article 529 quaterdecies of the LSC, in the wording introduced by Law 31/2014, and of the CGGLC.
- Article 26. Functions relating to compliance with the law and with internal regulations
Adaptation to the provisions of Article 529 quaterdecies of the LSC.
- Article 27. Composition of the Audit Commission
Adaptation to the provisions of Article 529 quaterdecies of the LSC.
- Article 28. Appointment and removal of the members of the Audit Commission
Adaptation to the provisions of Article 529 quaterdecies of the LSC.
- Article 29. Audit Commission sessions
Adaptation to the provisions of Article 529 quaterdecies of the LSC.
- Article 30. Call and place of celebration of the Audit Commission meeting
Adaptation to the provisions of Article 529 quaterdecies of the LSC in the wording introduced by Law 31/2014 and explicit recognition of the possibility of holding meetings by teleconference.
- Article 31. Constitution, representation and adoption of resolutions of the Audit Commission
Adaptation to the provisions of Article 529 quaterdecies of the LSC.
- Article 32. Relationship between the Audit Commission and the Board of Directors
Adaptation to the provisions of Article 529 quaterdecies of the LSC.
- Article 33. Relationship between the Audit Commission and Company Management
Adaptation to the provisions of Article 529 quaterdecies of the LSC.
- Article 34. Powers of the Audit and Audit Commission
Adaptation to the provisions of Article 529 quaterdecies of the LSC.
- Article 35. Composition and organisation of the Nomination and Remuneration Committee
Adaptation to the provisions of Article 529 quindecies of the LSC in the wording introduced by Law 31/2014 and explicit recognition of the possibility of holding meetings by teleconference.
- Article 36. Functions of the Nomination and Remuneration Committee
Adaptation to the provisions of Article 529 quindecies of the LSC, in the wording introduced by Law 31/2014, and of the CGGLC.
- Article 37. Power of information and inspection of directors
Adaptation to the provisions of Article 225 of the LSC, in the wording introduced by Law 31/2014, and of the CGGLC.
- Article 39. Directors' remuneration
Adaptation to the provisions of articles 217 and 541 of the LSC.
- Article 40. Remuneration of directors who discharge executive functions
Adaptation to the provisions of articles 249 bis, 529 quindecies and 529 octodecies of the LSC.
- Article 41. General obligations of directors
Adaptation to the provisions of articles 225, 226, 227, 228, 229 and 230 LSC, in the wording introduced by Law 31/2014, and of the CGGLC.
- Article 42. Budget and subjective extension of directors' responsibilities
Adaptation to the provisions of articles 236 and 237 of the

LSC.

Art. 43. Transactions with significant shareholders

Adaptation to the provisions of Article 529 quaterdecies of the LSC.

Article 48. Board evaluation

Adaptation to the provisions of Article 529 nonies of the LSC.

Article 49. Annual corporate governance report

Adaptation to the provisions of Article 540 of the LSC.

Article 50. Annual report on directors' remuneration

Adaptation to the provisions of Article 541 of the LSC.

C.1.19 Indicate the director appointment, re-election, evaluation and removal procedures. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

Selection and Appointment:

In relation to the appointment of the directors, the Board of Directors approved a candidate selection policy, at its session of 26 October 2015, in which reference is made to the objectives and principles of the selection, to the selection process, to the conditions that must be fulfilled by the candidates and to the limitations for being elected.

Furthermore, Article 16 of the Board Regulations contains the following provisions:

1. The directors shall be appointed by the shareholders at the Annual General Meeting or, provisionally, by the Board of Directors.
2. Appointment proposals of directors submitted by the Board of Directors for approval by the shareholders at the Annual General Meeting and resolutions for appointment adopted by said body by virtue of the powers of co-optation, shall comply with the provisions or the Regulations as regards the distribution of directors between executive and external directors and, among these, between proprietary and independent directors. Likewise, the Board of Directors shall ensure that the selection procedures favour diversity with regard to gender, experience and knowledge, and that it does not suffer from any implicit bias that could be considered discriminatory in any way.
3. When there is a vacancy, the Chairman or any director may propose candidacies, which may be subjected to the approval of the Board of Directors. Proposals for the appointment or re-election of directors that the Board submits to the General Meeting, as well as their provisional appointment by co-option, shall be approved by the Board:
 - a) At the proposal of the Nomination and Remuneration Committee, in the case of independent directors; and
 - b) Subject to a report from the Nomination and Remuneration Committee in the case of the other directors.

The proposal shall be accompanied by a justifying report from the Board of Directors (for the shareholders at the Annual General Meeting) and the Nomination and Remuneration Committee.

Re-election.

Pursuant to Article 17 of the Board Regulations, the proposals for re-election of directors that the Board of Directors decides to submit to the shareholders at the Annual General Meeting shall be subject to a formal preparation process that will necessarily include a report issued by the Nomination and Remuneration Committee evaluating the quality of the work and dedication during their previous term of office, the deliberation of which shall be carried out in the absence of the director affected by the re-election.

Evaluation:

The evaluation process of the Board of Directors and its Committees has been carried out internally by means of the preparation of a questionnaire aimed at the directors, in which aspects related both to the competences of these bodies and the action thereof shall be addressed. The questionnaires have been responded by the directors and their replies have served as a basis of evaluation for the Board of Directors, which is formulated by the Nomination and Remuneration Committee and submitted for approval by the Board of Directors.

The following areas were evaluated: (i) Corporate Governance Rules applicable to the Board; (ii) Composition and diversity; (iii) Competences; (iv) Periodicity of the meetings; (v) Attendance; (vi) Dedication; (vii) Information provided; (viii) Course of the meetings; (ix) Actions of the Chairman; (x) Actions of the Chief Executive Officer; (xi) Performance of the directors; (xii) Composition and role of the Committees; (xiv) Training activities; and (xv) Application of the Code of Ethics and Conduct and of the Internal Code of Conduct within the scope of the Securities Market.

Cessation:

Article 19 of the Board Regulations contains the following provisions in relation to the removal of directors:

1. The directors shall cease to hold office once the term for which they were appointed has elapsed or when the shareholders at the Annual General Meeting so decide.
2. The directors shall place their continuance in office at the disposal of the Board of Directors and, where the Board sees fit, shall resign in the following cases:

- a) When the director reaches the age of 70.
- b) When the director is involved in any of the cases of incompatibility or prohibition provided for by law.
- c) When the director is affected by circumstances that could harm the Company's prestige and reputation.
- d) When the director is seriously reprimanded by the Audit Commission for being in breach of their obligations as directors.
- e) When the reasons for which the director was appointed no longer apply and, in particular, when an independent director or proprietary director loses his or her respective status as such.

3. Once the external, proprietary and independent directors have been elected by the shareholders at the Annual General Meeting, the Board of Directors shall not propose their cessation prior to have fulfilled the statutory period for which they were appointed, except for just cause accepted by the Board itself, subject to a prior report of the Nomination and Remuneration Committee.

4. The directors shall inform the Board of any criminal proceedings in which they are an accused party and the subsequent trials.

If a director is indicted or tried for any of the crimes indicated in Article 213 of the LSC, the Board of Directors shall examine the case as soon as possible and, in light of its specific circumstances, shall decide whether or not the director should continue holding his or her office. The foregoing shall be reported in the Annual Corporate Governance Report (ACGR).

5. When a director ceases to serve before the end of his or her term of office, whether due to resigning or for other reasons, he or she shall explain the reasons in a letter that he or she will send to all the Board members. Notwithstanding the fact that the reason for said cessation is communicated as a relevant event, it shall be disclosed in the ACGR.

C.1.20 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and the procedures applicable to its activities:

Description of changes

Changes in the internal organisation or in the procedures applicable to its activities were not considered necessary as a result of the self-evaluation performed by the Board of Directors.

C.1.20.bis Describe the evaluation process and the areas evaluated by the Board of Directors with the aid of an external consultant, where applicable, with respect to the diversity of its composition and competences, of the functioning and composition of its committees, of the performance of the Chairman of the Board of Directors and of the chief executive officer of the Company and of the performance and contribution of each director.

The evaluation process of the Board of Directors and its Committees has been carried out internally by means of the preparation of a questionnaire aimed at the directors, in which aspects related both to the competences of these bodies and the action thereof shall be addressed. The questionnaires have been responded by the directors and their replies have served as a basis of evaluation for the Board of Directors, which is formulated by the Nomination and Remuneration Committee and submitted for approval by the Board of Directors.

The areas evaluated in the Evaluation Report were as follows: (i) Corporate Governance Rules applicable to the Board; (ii) Composition and diversity; (iii) Competences; (iv) Periodicity of the meetings; (v) Attendance; (vi) Dedication; (vii) Information provided; (viii) Course of the meetings; (ix) Role of the Chairman; (x) Role of the Chief Executive Officer; (xi) Performance of the directors; (xii) Composition and role of the Committees; (xiv) Training activities; and (xv) Application of the Code of Ethics and Conduct and of the Internal Code of Conduct within the scope of the Securities Market.

C.1.20.ter Provide details, where applicable, of the business relationships that the consultant or any company of its group maintain with the Company or any company of its group.

No external consultant was engaged for the evaluation by the Board of Directors.

C.1.21 Indicate those cases in which the directors are obliged to resign.

The directors, in accordance with the provisions of the Board Regulations, shall tender their resignation to the Board of Directors and formalise the corresponding resignation, if the latter deems it appropriate, in the following cases:

- a) When the director reaches the age of 70.

- b) When the director is involved in any of the cases of incompatibility or prohibition provided for by law.
- c) When the director is affected by circumstances that could harm the Company's prestige and reputation and, in particular, when they have been prosecuted on allegedly criminal charges or when they are penalised in disciplinary proceedings for a serious or very serious offence by the supervisory bodies of the Securities Market.
- d) When the director is seriously reprimanded by the Audit Commission for having infringed his or her obligations as a director.
- e) When the reasons for which the director was appointed no longer apply and, in particular, when an independent director or proprietary director loses his or her respective status as such.

C.1.22 Repealed section.

C.1.23 Are qualified majorities, other than statutory majorities, required for any type of decision?:

Yes No

Where applicable, describe the differences.

C.1.24 Explain whether there are any specific requirements, other than those relating to directors, for being appointed Chairman of the Board of Directors.

Yes No

C.1.25 State whether the Chairman casts the deciding vote:

Yes No

Cases in which there is a casting vote

All resolutions where voting results in a tie.

C.1.26 Indicate whether the Bylaws or the Board Regulations set any age limit for directors:

Yes No

C.1.27 Indicate whether the Bylaws or the Regulations of the Board establish a limit on the term of office of independent directors other than that established in the regulations:

Yes No

C.1.28 Indicate whether the Bylaws or the Board Regulations establish specific rules for delegating votes on the Board of Directors, the manner in which to do it and, in particular, the maximum number of delegations per director, and if any limitation has been established as regards the categories in which it is possible to delegate, beyond the limitations imposed by legislation. Where applicable, briefly detail said rules.

The directors may delegate his or her representation to another director in the case of absence of the Board sessions. This delegation shall be by means of a letter addressed to the Chairman.

A maximum number of delegations that can be made in favour of a director has not been established. Non-executive directors may only represent other non-executive directors.

C.1.29. Indicate the number of meetings held by the Board of Directors during the year. Likewise, indicate, where applicable, the number of times in which the Board held meetings which the Chairman did not attend: Representations made with specific instructions shall be considered attendances for calculation purposes.

Number of Board meetings	9
Number of Board meetings without the Chairman's attendance	0

If the Chairman is an executive director, indicate the number of meetings held, with the attendance or representation of any executive director and under the chairmanship of the coordinating director.

Number of meetings	0
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Indicate the number of meetings held in the year by the various Board committees:

Committe	No. of meetings
AUDIT COMMITTEE	8
NOMINATION AND REMUNERATION COMMITTEE	6
OPERATIONS COMMITTEE	6

C.1.30 Indicate the number of meetings held by the Board of Directors during the year with the attendance of all its members. Representations made with specific instructions shall be considered attendances for calculation purposes.

Number of meetings with the attendance of all the directors	7
% of attendances with respect to total votes during the year	91.52%

C.1.31 Indicate whether the separate and consolidated financial statements submitted for approval by the Board are previously certified:

Yes No

Identify, as appropriate, the person(s) who certified the Company's individual and consolidated financial statements for authorisation for preparation by the Board:

Name	Positio
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	CHIEF EXECUTIVE OFFICER
IGNACIO MARTINEZ SANTOS	FINANCIAL DIRECTOR

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements prepared by it from being submitted to the shareholders at the Annual General Meeting with a qualified audit report.

The functions of the Audit Committee include, inter alia, relations with external auditors and, as part of that function, must supervise that the opinion of the audit report on the financial statements is not qualified. The audit reports on the Company's financial statements have never been qualified.

C.1.33 Does the Board secretary also have director status?

Yes

No

If the secretary does not have director status, fill in the following table: C.1.34

C.1.34 Repealed section.

C.1.35 Indicate the mechanisms, if any, established by the Company to preserve the independence of the external auditors, financial analysts, investment banks and rating agencies.

The Audit Committee is responsible, inter alia, pursuant to law, for ensuring the independence of the external auditors and, in particular, for receiving information on matters that jeopardise said independence.

Furthermore, the Company fully complies with the prohibitions and incompatibilities established by the Audit Law, upon being amended by Law 12/2010, of 30 June.

As regards financial analysts and investment banks, there is currently no procedure aimed at guaranteeing their independence, although the Company has always acted transparently with them.

As regards rating agencies, it does not apply because there is currently no relationship with any of them.

C.1.36 Indicate whether the Company changed any external auditor during the year. If so, specify the outgoing and incoming auditor:

Yes

No

In the event of any disagreement with the outgoing auditor, explain the substance thereof:

C.1.37 Indicate whether the audit firm performs non-audit work for the Company and/or its group. If so, state the fees it receives for such work and the percentage represented by such fees of the total fees invoiced to the Company and/or its group:

Yes

No

	Company	Group	Total
Amount of non-audit work (thousands of euros)	38	0	38
Amount of non-audit work / Total amount invoiced by the audit firm (as a %)	50.23%	0.00%	41.14%

C.1.38 Indicate whether the auditors' report for the previous year included any reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of said reservations or qualifications.

Yes

No

C.1.39 Indicate the number of years that the current audit firm has been uninterruptedly auditing the financial statements of the Company and/or the group. Likewise, indicate

the percentage represented by the number of years audited by the current audit firm of the total number of years over which the annual accounts have been audited:

	Company	Group
Number of uninterrupted years	11	11
No. of years audited by the current audit firm / No. of years the Company has been audited (as a %)	36.67%	36.67%

C.1.40 Indicate whether a procedure exists for directors to be able to receive external advisory services, and if so, provide details:

Yes No

Explanation of the procedure

- The external directors may agree, by majority vote, to engage legal advisors, accountants and financial or other experts with a charge to the Company.
 - The commission must necessarily be related to specific problems of certain importance and complexity face by the directors in the course of their duties.
 - The decision to engage said services must be communicated to the Chairman of the Company and it will be instrumented through the Chief Executive Officer, and it may be vetoed by the Board of Directors when said engagement is not deemed necessary for the performance of the functions entrusted to the directors or when said assessment may be adequately provided by Company experts and technicians. The majority vote by two-thirds of the directors attending the meeting shall be required to lodge the veto.

C.1.41 Indicate whether a procedure exists for directors to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, provide details:

Yes No

Explanation of the procedure

The Chairman, Chief Executive Officer and Secretary of the Board are responsible for preparing and providing the other directors with all the necessary information for adopting the agreements provided in the agenda of each Board meeting, at least three business days prior to the date of the respective meeting.

C.1.42 Indicate whether the Company has established rules obliging directors to report and, if applicable, resign, in situations which could harm the Company's prestige and reputation and if so, provide details:

Yes No

Explain the rules

The directors shall inform the Board of Directors of any criminal proceedings in which they are involved and their subsequent trials.

When a director is indicted or tried for any of the offences specified in Article 213 of the Spanish Limited Liability Companies Law, the Board will examine the case as soon as possible and, in view of the specific circumstances, will decide whether or not the director should continue in his/her position. The Board shall disclose all such matters in a reasoned manner in the Annual Corporate Governance Report.

C.1.43 Indicate whether any of the directors have informed the company of any indictments or the commencement of oral proceedings against him or her for any of the offences specified in Article 213 of the Spanish Public Limited Liability Companies Law:

Yes No

Indicate whether the Board of Directors has analysed the case. If so, give a reasoned explanation of the decision taken as to whether or not the director should continue to hold office or, as appropriate, expound the actions taken by the Board of Directors up until the date of this report or which it intends to take.

C.1.44 Provide details of the significant agreements entered into by the Company and which become effective, are amended or terminated in the event of a change in control of the Company following a takeover bid and the effects thereof.

The Company has not entered into any agreement which become effective in the event of a change in control of the Company following a takeover bid.

C.1.45 Identify, in an aggregate manner and in detail, the agreements between the Company and its directors, executives or employees which envisage termination benefits upon resignation or unjustified dismissal or upon termination of the contractual relationship as a result of a takeover bid or other types of transactions.

NUMBER OF BENEFICIARIES 10

Type of beneficiary:

Executive directors and directors

Description of resolution:

The voluntary termination be paid by the Company in the event of extinction of the relationship with the executives and directors who discharge executive functions at Corporación Financiera Alba, S.A. shall not be less than the amount of the fund set up as a pension complement or than the amount of an annuity of all the remuneration items, increased by one-twelfth of said annuity per year elapsed since they joined the Company, whichever is greater.

Indicate whether these contracts must be reported to and/or approved by the bodies of the Company or of its group:

	Board of Directors	Annual General Meeting
Body that authorises the clauses	Yes	No

	Yes	No
Are the shareholders informed about the clauses at the Annual General Meeting?	X	

C.2 Committees of the Board of Directors

C.2.1 Provide details of all the committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that comprise them:

AUDIT COMMITTEE

Name	Position	Category
JOSE NIETO DE LA CIERVA	MEMBER	Proprietary

Name	Position	Category
CARLOS GONZALEZ FERNANDEZ	CHAIRMAN	Independent
REGINO MORANCHEL FERNANDEZ	MEMBER	Independent

% of proprietary directors	33.33%
% of independent directors	66.67%
% of other external directors	0.00%

Explain the functions entrusted to this committee, describe the procedures and rules of organisation and operation thereof and summarise its most important actions during the year.

a) Functions.

Pursuant to the Board Regulations, the Committee has the following competences.

- Inform the shareholders at the Annual General Meeting about the questions raised in relation to matters for which the Committee is responsible.
- Supervise the effectiveness of the internal control of the Company, internal audit and the risk management systems, including tax risks, and discuss the significant weaknesses of the internal control system detected in the course of the audit.
- Supervise the mandatory financial information preparation and presentation process.
- Submit proposals to the Board of Directors for the selection, appointment, re-election and removal of the external auditor and the terms and conditions of their engagement and regularly gather information from them on the audit plan and its execution, in addition to preserving their independence in the exercise of their functions.
- Establish the relevant relationship with the external auditor in order to receive information on any matters that might jeopardise its independence, for examination by the Committee, and any other matters related to the financial audit process and communications envisaged in financial audit legislation and auditing standards. In any case, each year the auditors will be required to furnish written confirmation of their independence with respect to the entity or entities related directly or indirectly thereto, as well as information on any manner of additional services of any kind provided to these entities by the external auditor or by the persons or entities related thereto pursuant to financial audit legislation.
- Annually issue, prior to issuing the audit report, a report expressing an opinion on the auditor's independence. This report shall contain, in any case, the evaluation of the provision of additional services to which the preceding letter makes reference, considered individually and globally, other than the legal audit and in relation to the independence regime or to the audit regulations in force.
- Previously inform the Board of Directors of all the matters provided for by the Law, the Bylaws and the Board Regulations and, in particular, in relation to:
 1. the financial information that all listed companies must periodically disclose,
 2. the creation or acquisition of ownership interests in special purpose entities or resident in countries or territories considered tax havens, and
 3. transactions with related parties.
- Supervise the fulfilment of the Company's corporate governance rules, the internal conduct codes and the corporate responsibility policy.

b) Composition and organisation.

The Committee shall be composed by a minimum of three and a maximum of five members, one of which will act as Chairman. All the members shall have external director status and at least two shall be independent directors. The Chairman of the Committee shall be an independent director. The Secretary of the Board of Directors shall also act as Secretary of the Audit Committee.

Committee members shall be appointed by the Board of Directors from among the directors that integrate it. Likewise, the Board of Directors shall appoint whoever must hold the office of Chairman. The Committee members shall be appointed taking into account their knowledge and experience in accounting, auditing or risk management.

The term of office shall be for the period remaining until the end of their mandate as directors and may be re-elected. The call notice for the Committee meeting shall be communicated a minimum of five days in advance and shall include the agenda of the session. In order for the meeting to be validly convened, the majority of the members of the Committee must attend, in person or represented. Each member may confer its representation to another member.

Resolutions shall be adopted by the majority vote of the members present or represented. In the event of a tie, the Chairman shall have the casting vote.

Relationship with the Board of Directors. The Committee shall periodically inform the Board of Directors, through its Chairman, of its activities and will evaluate and propose the measures it deems convenient to implement within the scope of its functions.

c) Activities

In 2015 the Audit Committee was composed of three members and met eight times.

The Audit Committee took decisions and informed of matters within its competence in accordance with the aforementioned functions. The summary of its activity is included in the corresponding activities report of the Audit Committee, which is disclosed on the occasion of the call of the Annual General Meeting.

Identify the director member of the Audit Committee who was appointed taking into account his or her knowledge and experience in relation to accounting, auditing or both and report on the number of years that the Chairman of this Committee has held office.

Name of experienced director	CARLOS GONZALEZ FERNANDEZ
No. of years holding office as Chairman	0

NOMINATION AND REMUNERATION COMMITTEE

Name	Positio	Category
REGINO MORANCHEL FERNANDEZ	CHAIRMAN	Independent
CRISTINA GARMENDIA MENDIZABAL	MEMBER	Independent
JUAN MARCH DELGADO	MEMBER	Proprietary

% of proprietary directors	33.33%
% of independent directors	66.67%
% of other external directors	0.00%

Explain the functions entrusted to this committee, describe the procedures and rules of organisation and operation thereof and summarise its most important actions during the year.

a) Functions.

Pursuant to the Board Regulations, the Committee has the following competences.

- Evaluate the competences, knowledge and experience required in the Board of Directors. To this end, define the necessary functions and skills required in the candidates that must fill each vacancy and evaluate the necessary time and dedication to effectively perform their duties.
- Establish a representation objective for the most under-represented sex in the Board of Directors and prepare guidelines on how to reach said objective.
- Submit the proposals for the appointment of independent directors to the Board of Directors for their appointment by co-option or subject said proposals to the decision of the shareholders at the Annual General Meeting, as well as the proposals for the re-election or separation of said directors by the shareholders at the Annual General Meeting.
- Report the proposals for appointing the other directors for appointment by co-option or subject said proposals to the decision of the shareholders at the Annual General Meeting, as well as the proposals for their re-election or separation by the shareholders at the Annual General Meeting.
- Report the proposals for the appointment and removal of senior executives and the basic conditions of their contracts.
- Examine and organise the succession of the Chairman of the Board of Directors and of the chief executive of the Company and, where applicable, formulate proposals to the Board of Directors so that said succession takes place in an orderly and planned manner.
- Propose the remuneration policy of the directors and general managers, or those who perform their senior management duties reporting directly to the Board of Directors, Executive Committees or Chief Executive Officers, to the Board of Directors and the individual remuneration and other contractual conditions of the executive directors, ensuring fulfilment thereof.
- Periodically review the remuneration policy applied to the directors and senior managers, including the remuneration systems with actions and their application, as well as guaranteeing that their individual remuneration is proportional to that paid to the other directors and senior executives of the Company.
- Inform on the appointment and removal of the Secretary of the Board.
- Examine the information provided by the directors on their other professional obligations, in case they might detract from the dedication required.
- Annually review the classification of the directors.
- Verify the information on remuneration of directors and senior executives contained in the different corporate documents, including the annual report on directors' remuneration and ensure the transparency of the remuneration and, to this end, ensure the inclusion of the obligatory information on the remuneration of Board members in the notes to the financial statements.
- Ensure that the eventual conflicts of interests do not adversely affect the independence of the external assessment provided to the Committee.

b) Composition and organisation

The Committee shall be composed by a minimum of three and a maximum of five directors, all external, appointed by the Board of Directors among its members. At least two of its members shall be independent directors. The Board of Directors shall appoint the Chairman. The Secretary of the Board of Directors shall also act as Secretary.

The term of office shall be for the period remaining until the end of their mandate as directors and may be re-elected.

The Committee shall meet as often as called by agreement of the Committee itself or of its Chairman and, at least, once a year.

In order for the meeting to be validly convened, the majority of the members of the Committee must attend, in person or represented. Each member of the Committee may confer his or her representation to another member.

Resolutions shall be adopted by the majority vote of the members present or represented. In the event of a tie, the Chairman shall have the casting vote.

c) Activities

In 2015 the Nomination and Remuneration Committee was composed of three members and met six times.

The Nomination and Remuneration Committee formulated proposals and informed of the matters within its scope of competence in accordance with the aforementioned functions. The summary of its activity is included in the corresponding activities report of the Nomination and Remuneration Committee, which is disclosed on the occasion of the call for the Company's Annual General Meeting.

OPERATIONS COMMITTEE

Name	Positio	Category
JOSE DOMINGO DE AMPUERO Y OSMA	CHAIRMAN	Independent
CRISTINA GARMENDIA MENDIZABAL	MEMBER	Independent
JUAN MARCH DE LA LASTRA	MEMBER	Executive
JUAN MARCH JUAN	MEMBER	Executive
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	MEMBER	Executive

% of executive directors	60.00%
% of proprietary directors	0.00%
% of independent directors	40.00%
% of other external directors	0.00%

Explain the functions entrusted to this committee, describe the procedures and rules of organisation and operation thereof and summarise its most important actions during the year.

a) Functions

The Operations Committee is entrusted with the following functions

- Inform on the Company's investment strategy.

- Inform on the investment or divestment decisions for which the Board of Directors in plenary session is responsible. Investments or divestments exceeding EUR 200 million are considered to be the responsibility of the Board of Directors in plenary session.

- Take investment or divestment decisions when they exceed the following amounts and do not reach the aforementioned amount:

(i) Investments or divestments issued by entities which, at a given time, form part, directly or indirectly, of the securities portfolio: EUR 25 million.

(ii) Investments in securities issued by entities that do not form part, directly or indirectly, of the securities portfolio: EUR 10 million.

(iii) Property investments or divestments: EUR 25 million.

- Take the investment or divestment decisions for which the Board of Directors in plenary session is responsible in cases of emergency, which must be ratified by the Board of Directors in the first session held after adopting the decision.

- Any other decisions related to the matters within their scope of action and which are requested by the Board of Directors or by its Chairman.

b) Composition and organisation

The Operations Committee shall be composed by a minimum of three and a maximum of six directors appointed by the Board of Directors, taking into account the knowledge, skills and experience of the directors and the duties of the Committee. Any director may attend the Committee sessions, with the right to speak but not to vote.

The Board of Directors shall appoint the director who must hold the office of Chairman of the Committee from among its members and the Secretary of the Board of Directors or, failing that, the person appointed by the Committee itself for each session will act as non-member Secretary.

The term of office of the members of this Committee shall be two years, unless the period remaining until the end of their mandate as directors is less, in which case the duration of the mandate shall be for that period. Directors may be re-elected for office.

The Committee shall meet as often as called by agreement of the Committee itself or of its Chairman, with at least 24 hours of advance notice, and any Company employee deemed fit by the Committee may be called and attend the meetings.

The sessions of the Operations Committee shall normally take place at the registered office, but may also be held at any other place determined and convened by the Chairman. Meetings may also be held by teleconference or videoconference, provided that the directors have the adequate technical means and no director opposes it.

Likewise, in order to discharge their functions in the best possible manner, the Committee may request the advice of external professionals, prior communication and approval by the Chairman of the Board of Directors.

The Committee meeting shall be deemed validly convened when the majority of its members attend, in person or represented. Each member of the Committee may confer his or her representation to another member. Said representation shall be conferred in writing by fax or email addressed to the Chairman of the Committee.

Resolutions shall be adopted by the majority vote of the members present or represented. In the event of a tie, the Chairman shall have the casting vote.

The Minutes for each meeting shall be prepared by the Committee Secretary and approved during the session or that held immediately afterwards. A copy of the session minutes shall be sent to all the members of the Board of Directors.

c) Supplementary regulation

For all matters not specifically provided for therein, the Operations Committee may regulate its own operation, for which purpose the provisions of the Board Regulations related to the operation thereof shall supplementary apply.

d) Activities

In 2015 the Operations Committee was composed of five members and met six times.

The Operations Committee informed the Company's Investment Policy and adopted or reported investment or divestment decisions within the scope of its competences.

C.2.2 Fill in the following table with the information relative to the number of women directors who integrated the Board committees in the last four years:

	Number of women							
	2015		2014		2013		2012	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	0	0.00%	1	33.33%	1	33.33%	1	33.33%
NOMINATION AND REMUNERATION COMMITTEE	1	33.33%	1	33.33%	1	33.33%	1	33.33%
OPERATIONS COMMITTEE	1	20.00%						

C.2.3 Repealed section

C.2.4 Repealed section

C.2.5 Indicate, as appropriate, whether there are any regulations for the Board committees; if so, indicate where they can be consulted and whether any amendments were made thereto during the year. Furthermore, indicate whether any annual report on the activities of each committee has been prepared voluntarily.

The regulation of the Audit and Nomination and Remuneration Committees is included in Articles 21 to 36 of the Board Regulations. The Board Regulations were amended by agreement on 5 May 2015 for the purpose of including the changes introduced in the Spanish Limited Liability Companies Law by Law 31/2014, and those arising from the Code of Good Governance of Listed Companies published by the CNMV in February 2015. Reference is made to these amendments in section C.1.18 of this Report.

The regulation of the Operations Committee is contained in the agreement of the creation and delegation of powers therein.

The Board Regulations are available on the Company's website (www.corporacionaba.es) and at its headquarters.

The regulation of the Operations Committee is contained in the agreement of the creation and delegation of powers therein.

The Audit and Nomination and Remuneration Committees will prepare a report on its activities in the previous year.

C.2.6 Repealed section.

D RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Explain, where applicable, the procedure for approving related-party and intra-group transactions.

Procedure for reporting the approval of related-party transactions
Report of the Audit Committee and approval by the Board of Directors.

D.2 Provide details of material transactions due their amount or relevant due to their content performed between the Company or group and the Company's significant shareholders:

Name or company name of significant shareholder	Name or company name of group company or entity	Nature of the relationship	Type of transaction	Amount (thousands of euros)
BANCA MARCH, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	Corporate transaction	Dividends and other profit distributed	16,849
BANCA MARCH, S.A.	ARTA CAPITAL, S.G.E.I.C., S.A.	Contractual	Other	299

D.3 Provide details of material transactions which, due to their amount or relevant content performed between the Company or group companies and the company's directors or executives:

D.4 Provide details of the material transactions performed by the Company with other companies of the same group, provided that such transactions are not eliminated in the process of preparing the consolidated financial statements and are not part of the Company's ordinary business in relation to its object and conditions.

In any case, information shall be provided on any intra-group transaction performed with entities resident in countries or territories considered tax havens:

Company name of the group entity:

CIMSA

Amount (thousands of euros) 36

Brief description of the transaction:

Operating lease

Company name of the group entity:

MARCH GESTION DE FONDOS, SGIIC, S.A.

Amount (thousands of euros) 188

Brief description of the transaction:

Operating lease

Company name of the group entity:

MARCH-JLT, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.

Amount (thousands of euros) 2,179

Brief description of the transaction:

Provision of services

Company name of the group entity:

MARCH VIDA, S.A. DE SEGUROS Y REASEGUROS

Amount (thousands of euros) 401

Brief description of the transaction:

Insurance premiums

Company name of the group entity:

MARCH GESTION DE PENSIONES, SGFP, S.A.

Amount (thousands of euros) 47

Brief description of the transaction:

Operating lease

Company name of the group entity:

FUNDACION JUAN MARCH

Amount (thousands of euros) 300

Brief description of the transaction:

Cooperation agreement

D.5 Indicate the amount of the transactions performed with other related parties.

0 (in thousands of euros).

D.6 Provide details of the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the Company and/or its Group and its directors, executives or significant shareholders.

Pursuant to the Board Regulations, directors shall not perform professional or commercial transactions with the Company or any of its subsidiaries, directly or indirectly, unless they inform the Board of Directors and the Board, following the report of the Audit Committee, approves the transaction.

Furthermore, in the case of public requests for delegation of vote made by the Board of Directors or by any of its members, it should indicate the direction in which the vote delegated will vote if the shareholder does not indicate otherwise. Additionally, in these cases of public requests for proxy voting, directors shall not exercise the voting right corresponding to the activities represented in those points of the agenda in which there are conflicts of interest.

D.7 Is more than one Group company listed in Spain?

Yes

No

Identify the subsidiaries listed in Spain:

Listed subsidiary

Indicate whether the respective business lines and any possible business dealings between them, as well as those between the listed subsidiary and the other group companies have been clearly and publicly defined.

Define the potential business relationships between the Parent and the listed subsidiary and between the latter and the other group companies

Identify the mechanisms established to resolve any possible conflicts of interest between the listed subsidiary and the other group companies:

Mechanisms for resolving any possible conflicts of interest

CONTROL AND RISK MANAGEMENT SYSTEMS

E.1 Explain the scope of the Company's Risk Management System, including tax risk.

The ALBA Group has defined an Integrated Risk Management System focused mainly on:

- Enabling the identification and proactive and efficient evaluation of corporate risks and the continuous monitoring and follow up thereof.
- Integrating, coordinating and managing the different risk-related efforts being made by the Company.
- Enabling the obtainment of a responsible acceptance of the risk and reinforce the responsibility of the Company's employee.
- Ensuring that the control systems are aligned with respect to the Company's actual risks.
- Facilitating and expediting the application of the corrective measures.

This Integrated Risk Management System has been implemented at corporate level to mitigate the risks to which the Group is exposed, given the nature and degree of complexity of its transactions and the environment in which they are performed. This is materialised in the union of three key elements:

(i) Continuous Risk Management, understood as the activities carried out by all the Company's employees -under the supervision of the Audit Committee-, which are aimed at identifying the potential risk events that could affect them, managing the identified risks and providing a reasonable guarantee of the achievement of the Company's objectives.

Synthetically, the continuous risk management process encompasses the performance of the following activities:

- Identifying and evaluating the risks that could affect the Company.
- Setting the risk level deemed acceptable by defining Key Risk Indicators (KRIs) for each critical risk and establishing tolerances.

- Identification of controls.
- Identification of the processes in which said risks and controls take place.
- Evaluation of the effectiveness of the controls in the mitigation of the identified risks.
- Design and implementation of action plans in response to the risks.

In this regard, the Alba Group has defined the Company's Risk Map, in which the key risks for the company are represented based on their impact and probability. With the objective of becoming an effective management tool that will allow the Company to take informed decisions, this Map is regularly revised and updated to adapt it to the Company's situation at any given time.

Likewise, the Company has defined the Risk Data Sheets for the most critical risks, identifying the key risk indicators -with their corresponding tolerances-, the associated controls and, where applicable, the action plans to be implemented. These Data Sheets allow the Company to regularly evaluate and monitor its risks and determine the most adequate response thereto.

(ii) An organisational approach with clearly defined and communicated roles and responsibilities. The integrated management of risks affects all the Company's personnel, due to which the definition of an organisational risk management approach adapted to the organisational structure and corporate culture thereof is essential.

Although the Integrated Risk Management System affects and involves all Company personnel, the main participants are, as described in section E.2 below, are as follows: risks responsible, Control and Risk Management Unit, Audit Committee and Board of Directors.

(iii) A monitoring model that defines and provides the necessary and specific information for all the participants of the risk management process to make informed decisions with respect thereto.

It acts as a cross-cutting element which enables the System to behave in a dynamic and, above all, anticipatory manner, ensuring risk management and control within the limits established by the Company.

These elements constitute a model which allows adequate management of the risks and mitigating controls thereof at corporate level.

E.2 Identify the Company's bodies responsible for elaborating and executing the Risk Management System, including tax risk.

The Alba Group's Integrated Risk Management System is comprised by all the Company's personnel, although the persons primarily responsible are as follows:

a) Board of Directors.

The Group's Board of Directors reserves the power to determine the risk control and management policy, including tax risk, and the supervision of the internal information and control systems.

In this regard, the person primarily responsible for the risk management system is in charge of promoting the development of the necessary mechanisms for the relevant risks of all the Group's activities and businesses to adequately identified, managed and controlled within the established limits.

b) Audit Committee.

The Audit Committee is responsible, inter alia, for ensuring the effectiveness of the Company's internal control model, internal audit and risk management systems. Evaluate whether the Group has the appropriate organisation, personnel, policies and processes to identify and control its main risks.

c) The Risk Control and Management Unit.

The Risk Control and Management Unit is directly supervised by the Audit Committee and is expressly entrusted with the following functions:

- Ensure the proper functioning of the risk control and management systems and, in particular, that all the significant risks to which the Company is exposed are adequately identified, managed and quantified.
- Actively participate in the definition of the risk strategy and in the main decisions related to its management.
- Ensure that the risk control and management systems adequately mitigate the risks within the framework of the policy defined by the Board of Directors.

d) Risk Managers

They are responsible for monitoring the risks assigned and for informing the Risk Control and Management Unit of any relevant information related thereto.

In connection with the risk management processes, it should be noted that, in addition to the aforementioned Risk Control and Management Unit, Corporación Financiera Alba has Regulatory Compliance processes in place in each operations and support area, as well as an Internal Audit Service (IAS) which is defined as an advisory and control body at the service of the Audit Committee, independent within the organisation in relation to its scope of action, aimed at the evaluation of the Company's different functional areas and activities.

The functions entrusted to the Internal Audit Service include the analysis and proposal of recommendations for improvement on the risk management processes; likewise, it performs independent evaluations on the efficiency and effectiveness of the internal controls,

although always in a coordinated manner with the Risk Control and Management Unit, for the purpose of avoiding duplicities and/or areas not adequately covered.

E.3 Indicate the main risks, including tax risk, that may affect the achievement of the business targets.

The Group is exposed to various risks inherent to the different sectors and markets, in which it or its investees and associates operate, that could prevent it from achieving its objectives and execute its strategies.

As mentioned earlier, the Alba Group has a Risk Map, a tool that makes it possible to put the risks that could affect corporate objectives into context and identify and prioritise the most relevant and critical risks, making it possible to take decisions relating to the actions to be carried out in order to mitigate them.

In the process of identifying and evaluating the risks to which the Group is exposed, the following risk factors were considered as the most relevant at inherent level (i.e. before applying the established controls):

- Failure of the information systems to adequately protect critical data and infrastructure in the event of theft, corruption, unauthorised use of passwords, viruses, sabotage or physical deterioration thereof.
- Existence of macroeconomic and sociopolitical factors that could affect the capability to maintain or increase the Company's profit.
- Failure or errors in the planning, execution and/or formalisation of the specific activities related to invest/divestment that will make it possible to leverage their potential.
- Failure to foresee and/or manage possible unfavourable fluctuations in the price of financial derivatives.
- Failure in the evaluation and execution of tax planning strategies that will minimise tax obligations and are in line with the global business objectives.
- Failure or management's inability to adequately value (analysis, studies, due diligence) and project potential investments/divestments that affect the Company's decisions or performance.
- Failure or inability to regularly monitor and evaluate the profitability, efficiency and continuity of the investment criteria defined by the Company.
- Failure to define and articulate response and hedging mechanisms in the event of interruption of the business activity and damage to the Company's assets due to natural disasters, terrorism and other events.
- Failure or inability to define and evaluate the contractual clauses agreed upon by the Company with third parties (clients, suppliers, financial institutions, partners, etc.) that give rise to conditions that are abusive or harmful thereto.
- Failure to perform advantageous transactions of properties due to analysis/valuation errors, lack of organisational alignment and/or poor communication.

E.4 Identify whether Company has a risk tolerance level, including tax risk.

The Group's risk assessment and management model considers the categorisation thereof into four classes in accordance with impact and probability of occurrence, and the perceived degree of internal control for mitigating said risk.

In accordance with these parameters, the risks are classified as:

- Minor risks: Risks whose inherent criticality is medium-low and its perceived degree of internal control is medium-high. This risk is managed with a view to rationalising the efforts dedicated to mitigating them, without adversely affecting the degree of internal control perceived therein.
- Medium risk: Risks whose inherent criticality is medium-low and its perceived degree of internal control is medium-low. This risk is supervised for the purpose of confirming that they maintain a medium-low inherent criticality and, otherwise, proceed to implement the corresponding corrective actions.
- High risk: Risks whose inherent criticality is medium-high and its perceived degree of internal control is medium-high. For this type of risk, the controls associated with the object of confirming the effectiveness of their design and operation are evaluated, verifying that they mitigate adequately.
- Critical risk: Risks whose inherent criticality is medium-high and its perceived degree of internal control is medium-low. This risk is subjected to continuous monitoring by the Group's management and action plans are established to increase its degree of internal control, if necessary.

The Alba Group has defined Key Risk Indicators (KRIs) for all the risks categorised as high and critical, establishing tolerances for each. Its result is regularly evaluated and reported within the monitoring model of the Group's Integrated Risk Management System (see detailed explanation in section E.6).

E.5 Indicate what risk, including tax risk, have materialised during the year.

In 2015 the most relevant risk to which the ALBA Group was exposed did not materialise.

E.6 Explain the response and supervision plans for the main risks to which the Company is exposed, including tax risk.

As mentioned in the preceding sections, the Alba Group has appointed a Risk Manager for each risk evaluated as critical or high. The Risk Manager is in charge of monitoring risk and informing the Risk Control and Management Unit of the information relevant thereto, basically:

- Changes in the perception of risk level.
- Effective operation of the controls defined for mitigating said risk (and potential related incidents, if any).
- Values taken by the indicators and comparison with the established tolerances.
- Status of the action plans under way (if any for said risk) and, where applicable, proposal of new action plans.

The effective operation of this key process of the Integrated Risk Management System resides in the existence of a Monitoring Model (as indicated in section E.1), which is a cross-cutting element which allows the system to behave in a dynamic and, above all, anticipatory manner that will enable risk management and control within the limits established by the Group. Based thereon, the risk managers regularly provide relevant information to the Risk Unit, which performs an independent and informed evaluation thereof and prepares the relevant risk report for the Audit Committee which, *inter alia*, is in charge of supervising the effectiveness of the Company's internal control, internal audit and risk management systems.

The Integrated Risk Management System, together with the Group's control and management policies and systems, have made it possible to identify risks and new threats sufficiently in advance.

F RISK CONTROL AND MANAGEMENT SYSTEMS IN CONNECTION WITH THE FINANCIAL INFORMATION DISCLOSURE PROCESS (ICFR)

Describe the mechanisms comprising the risk control and management systems in connection with your entity's internal control over financial reporting (ICFR).

F.1 The entity's control environment

Provide information, indicating the main features of, at least:

F.1.1. The bodies and/or functions responsible for: (i) the existence and maintenance of a suitable, effective ICFR; (ii) its implementation; and (iii) its supervision.

The Internal Control System Over Financial Reporting (ICSFR) is part of the Group's risk management and control system, the objective of which is to provide reasonable security of the reliability of the financial information that Corporación Financiera Alba, S.A. ("ALBA" or "the Group"), as a listed company, reports to the securities markets.

The bodies and/or functions responsible for the existence and maintenance of an adequate and effective ICFR are as follows:

In this connection, the Board of Directors is ultimately responsible, in accordance with Article 5 a) of the Board Regulations.

The Audit Committee is responsible for supervising the effectiveness of the Company's internal control and of the audit services, as well as supervising the process of preparing and presenting the Company's regulated financial information and the internal control systems, in accordance with articles 22 to 24 of the Board Regulations.

Responsibilities attributed to the Audit Committee:

- "Regularly review the internal control and risk management systems in order to adequately identify, manage and disclose the main risks."
- "Review the process of preparing the Company's financial information, with the aim of verifying its integrity, technological and internal control quality, the fulfilment of the regulatory requirements, the adequate delimitation of the consolidation perimeter, the correct application of the generally accepted accounting principles and standards -duly documented in an Account Plan-, and the fulfilment of the other legal requirements relating to said information."
- "Ensure the independence of the unit that assumes the internal audit function."

The Audit Committee is supported by the Internal Audit Service (“IAS”), whose responsibilities include the preparing and executing an annual action plan; ensuring the fulfilment of the established standards and instructions; examining the sufficiency and application of the internal controls; informing the Audit Committee of the irregularities detected; and monitoring accepted recommendations.

Furthermore, the Financial Department is responsible for the design, implementation and operation of the ICFR, and for identifying and evaluating risk and determining the controls to be implemented.

F.1.2. If any, particularly in relation to the financial information preparation process, the following elements:

- The departments and/or mechanisms in charge of: (i) designing and reviewing the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring procedures are in place to communicate this structure effectively throughout the entity.

The Board of Directors, as established in its Regulations:

- Is responsible for approving the definition of the structure of the group of companies, and the corporate governance policy. Additionally, at the proposal of the Company’s chief executive, the Board of Directors decides on the appointment and eventual removal of the Group’s senior executives.
- Likewise, the Board of Directors’ functions include approving the Company’s general policies and strategies and, in particular, the strategic business plan, in addition to the management objectives, the Group’s investment and financing policy, determining the risk control and management policy, and determining the Company’s tax strategy. It is also responsible for supervising and ensuring that management fulfils the established objectives and is in line with the Company’s object and business interests.

The Group’s Financial Department is ultimately responsible for preparing the financial information. This department establishes the structure of the persons responsible for financial information and of the status of the internal control system thereof, and coordinates and supervises their activity.

The Board of Directors, through the corresponding areas and departments, oversees the disclosure of corporate information including, inter alia, that relating to the call for the Annual General Meeting, its agenda, relevant events, internal corporate governance regulations and Annual Report.

The disclosure means used ensure unrestricted communication in time and form, including its possible publication on the Group’s website and/or Intranet, in accordance with Communication Policy approved by the Company.

- Code of conduct, approving body, dissemination and instruction, principles and values covered (indicating whether it makes specific reference to record keeping and preparation of financial information), body in charge of investigating breaches and proposing corrective or disciplinary actions.

The ALBA Group has a Code of Ethics and Conduct, which was approved by the Board of Directors on 14 December 2011.

This Code of Ethics and Conduct of Corporación Financiera Alba, S.A. and its group companies constitutes the formal expression of the values and principles that must govern the conduct of the entities that comprise the ALBA Group and of the persons subject thereto, in the development of their activities and fulfilment of their functions, and in their employment, commercial and professional relationships, for the purpose of achieving universally accepted business ethics.

The Board of Directors is responsible for reviewing and updating the Code of Conduct and ultimately ensuring the effective fulfilment thereof, as well as for adopting the relevant measures for coordinating the Code with the other regulatory and procedural elements of corporate governance.

The Code of Ethics and Conduct has been individually notified and personally delivered to everyone to whom it applies. It has been accepted in writing and is available on the Company’s Intranet and website.

Training in relation thereto is mainly by means of computerised reminders or communications of its most relevant aspects. In 2015 a reminder note was sent with its main points to the Code’s recipients. Likewise, in the case of new hires, they have been given a copy of the Code for acknowledgement thereof in writing.

The Group’s Code of Conduct establishes as values:

- The support and respect for internationally recognised human rights.
- Ethical conduct pursuant to law.
- Loyalty to ALBA.
- Fair, courteous and respectful treatment of employees and between colleagues.

- Fair and due consideration of the environment and interests of third parties related to the Company, including clients, suppliers, authorities, shareholders and the public.
- Professionalism and correctness in the development of the business activity.
- Commitment to the business project, such that everyone to whom it applies will strive to carry out the economic and management policies defined by the Company.
- Prudence in the performance of the activity, in the assumption of risks and in client-supplier relationships.
- Commitment to the United Nations Global Compact.

Likewise, it makes reference to the following:

- Conflicts of interest and provides guidelines for the communication thereof.
- Misuse or erroneous application of assets, business opportunities and confidential information.
- Obligation of internally reporting possible breaches of the Code.
- Relationships with Shareholders, Government Agencies and Suppliers, and antitrust.

Lastly, section 6.14 of the Code expressly mentions that:

“ALBA considers accuracy of information as a basic principle in all our activities. Consequently, due to which the Affected Persons must truthfully transmit all the information they need to communicate, both internally and externally, and under no circumstances shall they knowingly pass on incorrect or inaccurate information that could lead to error or confusion. Transparency in information is a basic principle that must govern the conduct of the Affected Persons.

ALBA’s economic and financial information shall reflect fairly its economic, financial and equity position, in accordance with the generally accepted accounting principles and applicable International Financial Reporting Standards. For such purpose, no Affected Person shall conceal or distort the information contained in ALBA’s records and reports, which shall be comprehensive, accurate and truthful.”

Furthermore, sections 6.17 and 6.19 establish that:

“Financial or other types of information transmitted to shareholders shall be truthful, comprehensive and shall adequately reflect the Company’s situation.”

“Disclosures of financial information or of any other kind sent on ALBA’s behalf shall in no case contain data that is confusing, fictitious or not sufficiently contrasted.”

The body in charge of ensuring fulfilment of the Code and proposing corrective measures, where applicable, is the Code of Ethics and Conduct Monitoring Committee.

- Whistle-blowing channel for reporting any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and irregular activities within the organisation to the Audit Committee, stating, as applicable, whether such reports are confidential.

The Code of Ethics and Conduct envisages a “confidential whistle-blowing channel” which is effectively implemented and makes it possible to confidentially report actions which, in its opinion, constitute inappropriate conducts or actions in light of said Code or of any other applicable regulations and, in particular, that relating to the preparation and publication of financial information.

The description of the operation of the channel includes the identification of the persons to whom these reports can be addressed (the Chairman of the Audit Committee or the Secretary of the Board of Directors) and the channels (by email or ordinary post addressed to the indicated persons).

The reports will be examined by the Code of Ethics and Conduct Monitoring Committee, unless they are aimed at any of its members, in which case the Chairman of the Audit Committee will be responsible for examining and processing it.

This Monitoring Committee is composed of: the Secretary of the Board of Directors, the Financial and Administrative Director, and the Head of the Legal Advisory Department.

- Training and periodic refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

The personnel involved in preparing and reviewing financial information or managing and overseeing ICFR, will receive, in accordance with their different responsibilities, regular training in accounting rules, auditing, internal control and risk management.

In this manner, the Financial Department regularly carries out training actions for personnel involved in the preparation of the Group’s financial statements and ICFR management. These training actions are focused, mainly, on

deepening and updating knowledge of International Financial Reporting Standards (IFRS) and of legislation and other regulations relating to the Internal Control of Financial Information.

Likewise, Internal Audit Services personnel permanently stay abreast of new developments in relation to Internal Control, particularly of Financial Information and Risk Management.

Also, the Financial Department and other areas involved in preparing, reviewing and reporting on financial information have received various publications with updates on accounting, financial, internal control and tax standards.

F.2 Evaluation of financial reporting risks

Provide information on, at least:

F.2.1. The main features of the risk identification process, including error or fraud risk, regarding:

- Whether the process exists and is documented.

In 2011 the Group carried out an examination process to identify business risks of all kinds (operating, technological, financial, legal, reputational, environmental, etc.) that could affect the achievement of its objectives, which gave rise to a first version of its Risk Map.

The risk identification process and resulting Risk Map were duly documented, examined by the Audit Committee and presented to the Board of Directors. The risk assessment process was repeated in 2013 and 2015, during which the Risk Map was updated.

Likewise, the ALBA Group has a process in place for identifying and assessing specific financial reporting risk in relation to its consolidated financial statements and corporate and business processes, which is updated, at least, annually.

The process commences with the consolidated financial information, on the basis of which the accounting headings and notes to the financial statements are categorised and the most relevant identified in accordance with quantitative (materiality) and qualitative criteria.

The categorised headings and notes are associated with the Group's business processes or areas for the purpose of classifying the latter based on their relevance to the generation of financial information.

The most significant processes or areas are analysed and documented (if necessary). This documentation identifies and analyses transaction flows, possible risk of error or fraud in the financial information, the associated mitigating controls and attributes such as Integrity, Existence & Occurrence, Rights & Obligations, Measurement & Assessment and Presentation.

The process and criteria used to assess this risk is documented in the "Guide to the Internal Control Over Financial Information System (ICFR) of the ALBA GROUP."

- Whether the process covers all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

As mentioned in the preceding point, the significant processes or areas in which financial information is generated are analysed at least annually in order to identify the possible risk of error or fraud therein and in relation to its Integrity, Existence & Occurrence, Rights & Obligations, Measurement & Assessment and Presentation objectives.

- The existence of a specific process for defining the scope of consolidation, taking into account, inter alia, the possible existence of complex corporate structures and instrumental or special purpose entities.

The Financial Department is responsible for analysing the companies which are included in the scope of consolidation and any change in the percentage of ownership therein. Both the constitution and acquisition of ownership interests in companies and the sale of ownership interests or dissolution thereof are subjected to internal authorisation processes that make it possible to clearly identify all the additions, removals and changes to the scope of consolidation.

The scope of consolidation of the ALBA Group is reviewed at the end of every quarter by the Management Committee and Audit Committee.

The main functions of the Audit Committee are to review the “preparation process of the Company’s financial information with the object of verifying its integrity, technological quality and internal control, the fulfilment of regulatory requirements, the adequate delimitation of the scope of consolidation, the correct application of the generally accepted accounting principles and standards -duly documented in an Accounting Plan- and the fulfilment of the other legal requirements relating to said information.”

- Whether the process addresses other types of risk (operating, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.

Whether the process of identifying risk of error or fraud in the financial information takes into account other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements, risk which is assessed and managed by the Company (as described in Section E of this Report).

- What governance body of the Company supervises the process.

The Financial Department is in charge of the process of identifying and evaluating the specific financial reporting risk in relation to its consolidated financial statements and corporate and business processes, which is updated, at least, annually. Likewise, the Audit Committee is responsible for the supervision thereof.

F.3 Control activities

Indicate, pointing out the main characteristics, whether the following, at least, are in place:

F.3.1. Procedures for reviewing and authorising financial information and the description of the ICFR to be disclosed to the securities market, indicating the persons responsible and the descriptive documentation of flow charts of activities and controls (including those relating to fraud risk) for the different transactions that may materially affect the financial statements, including the period-ending procedure and the specific review of relevant judgements, estimates, evaluations and projections.

Pursuant to the Board Regulations:

- The Board of Directors is responsible for approving the financial information that the Company is required to periodically disclose (which includes the description of the Group’s ICFR).
- Likewise, when the financial statements are subjected to the deliberation of the Board of Directors they must previously be certified, in terms of accuracy and integrity, by the Chief Executive Officer and the Financial Director.
- The main functions of the Audit Committee are to review the preparation process of the Company’s financial information with the object of verifying its integrity, technological quality and internal control, the fulfilment of regulatory requirements, the adequate delimitation of the scope of consolidation, the correct application of the generally accepted accounting principles and standards -duly documented in an Accounting Plan- and the fulfilment of the other legal requirements relating to said information.

The information review process has the following flow:

The ALBA Group has a period-ending procedure and performs a specific review of the relevant judgements, estimates, assessments and projections. The respective units perform the estimates, assessments or projections of the aspects for which they are responsible and the reasonability thereof is assessed by the Financial Department, subsequent to which they are presented to the Audit Committee and to the Board of Directors as part of the exposure to the financial statements.

The Group discloses financial information on a quarterly basis. Said information is prepared by the Financial Department, which performs the control activities defined therein and analyses and reviews the information prepared. Subsequently, the information prepared is sent to the Audit Committee for supervision thereof.

ALBA's six-monthly financial reports and separate and consolidated financial statements, notes to the financial statements and Annual Corporate Governance Report (which includes, as additional information, the description of the ICFR) are reviewed by the Audit Committee as a previous step to their preparation by the Board of Directors. Likewise, the Audit Committee reviews the rest of the financial information and any other relevant information prior to submission to the markets and supervisory bodies.

The Group has a financial information internal control system based on the COSO model, which provides reasonable certainty with respect to the achievement of the objectives of said system, i.e. effectiveness and efficiency of transactions, safeguarding of assets, reliability of the financial reports and fulfilment of applicable laws and regulations.

The ICFR definition and management principles and criteria are documented in the Group's ICFR Manual.

The Group has descriptive documentation of the flows of activities and controls (including those relating to fraud risk) of the different types of transactions that may significantly affect the financial statements. This documentation includes the significant processes and risk and control matrices at process level and general controls at entity and systems level.

In accordance with the ICFR Manual, the Financial Department is responsible for identifying and documenting these significant processes; likewise, it is in charge of managing the internal ICFR certification process for evaluating its efficiency.

F.3.2. Internal control policies and procedures for IT systems (including access security, control of changes, system operation, continuity and separation of duties) giving support to key company processes involved in the preparation and disclosure of financial information.

Among the controls considered to mitigate or manage the risk of error in the financial information, there are some related to the most relevant computer applications, such as controls relating to user access permissions or those relating to the integrity of the transmission of information between applications.

In addition, the Group has internal control guidelines or regulations or procedures for internally controlling the information systems in relation to software acquisition and development, acquisition of systems infrastructure, software installation and testing, change management, service level management, the management of services provided by third parties, systems security and access thereto, incident management, transaction management, transaction continuity and segregation of functions.

Said guidelines and procedures are applied particularly to information systems, including those which support relevant financial information generation processes, and to the necessary infrastructure for the operation thereof.

The entire internal computer infrastructure network is controlled by a department of internal professionals in charge of defining and executing the Group's computer strategy, and user support, systems operation and computer security.

Likewise, the ALBA Group has systems security and contingency programmes.

The ALBA Group's ICFR Manual establishes that, annually, the ALBA Group's Systems Manager shall certify the effectiveness of the internal controls established over the information systems.

F.3.3. Internal control policies and procedures destined for supervising the management of activities subcontracted to third parties, as well as evaluation, calculation or assessment aspects entrusted to independent experts that can materially affect the financial statements.

In general, the ALBA Group does not have significant functions subcontracted to third parties that directly affect the financial information or evaluations, calculations or assessments entrusted to third parties that can materially affect the financial statements, with the exception of the valuation of their property investments.

The Group has a formal procedure that establishes the internal controls, reviews and approvals to which this evaluation must be subjected. The procedure establishes the supervision guidelines in relation to:

- The persons responsible for the supervision.
- The identification of requested reports: type and frequency.
- The competence and independence of the supplier.
- The methodology for validating the information and databases used for the analysis.
- The reasonability of the hypotheses and criteria applied.
- The methodology for reviewing the conclusions and reports prepared.

F.4 Information and reporting

Indicate, pointing out the main characteristics, whether the following, at least, are in place:

F.4.1. A specific function in charge of defining and maintaining the accounting policies (accounting policies area or department) updated and resolving doubts or disputes arising from their interpretation, communicating on a regular basis with the persons in charge of operations at the organisation, in addition to an updated accounting policy manual delivered to the units through which the entity operates.

The Financial Department is in charge of defining and maintaining the accounting policies updated and resolving doubts or disputes arising from their interpretation, maintaining a fluid communication with the persons responsible for transactions within the organisation. To this end, new developments in relation to accounting are regularly identified and communicated to the senior management. Likewise, in the event of application-related doubts, these are communicated and resolved by the Head of Administration and/or Financial Director.

The ALBA Group considers that the accounting standards are directly applicable given the scarce complexity of its transactions. The accounting standards are kept updated and at the disposal of the Financial Department, and are considered an Accounting Policy Manual.

F.4.2. Mechanisms for capturing and preparing financial information with homogeneous formats, which are applied and used in all units within the entity or group, that support its principal financial statements and notes thereto, as well as disclosures concerning ICFR.

The ALBA Group has mechanisms for capturing and preparing financial information, with adequate formats and applications, which are used by all of the group's units or subsidiaries. Single, centralised and homogeneous computer systems are used for the group. Likewise, the necessary controls thereover are in place and a supervision and review process is carried out by the Financial Department.

F.5 Supervision of system operation

Provide information, indicating the main features, on at least the following:

F.5.1. ICFR monitoring activities performed by the Audit Committee, including an indication of whether the entity has an internal audit function whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Likewise, describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge of conducting the assessment to report the findings. Also, indicate whether the Company has an action plan specifying corrective measures and whether it has considered its impact on the financial information.

The Board Regulations entrusts the Audit Committee with the following functions:

- Supervise the effectiveness of the internal control of the Company, internal audit and the risk management systems, including tax risk, and discuss the significant weaknesses of the internal control system detected in the course of the audit.
- Supervise the mandatory financial information preparation and presentation process.

The ICFR supervisory activities performed by the Audit Committee include basically:

- Monitoring of the ICFR assessment process by the Financial Department.
- Review of the Company's financial information preparation process, with the aim of verifying its integrity and technological and internal control quality, the fulfilment of regulatory requirements, the adequate delimitation of the scope of consolidation, the correct application of the generally accepted accounting principles and standards, and the fulfilment of the other legal requirements relating to said information.

- Revise the financial statements that the Company must regularly submit to the markets and to its supervisory bodies, prior to their approval by the shareholders at the Annual General Meeting in full.
- Evaluate and approve the proposals brought forward by management on the changes in the accounting principles and standards.
- Supervise management's decisions in relation to the adjustments proposed by the external auditor, as well as knowing, where applicable, and mediating in disputes therebetween.
- Review, with the help of the Internal Audit Service, the design and operation of the internal control system to evaluate its effectiveness.
- Hold regular meetings with external auditors, internal auditors and senior management to review, analyse and discuss the financial information, the group of companies it encompasses and the accounting criteria applied, in addition to, where applicable, the significant weaknesses identified.

Also, the Audit Committee is in charge of supervising the definition of the Strategic and Annual Internal Audit Plan, in addition to its implementation in terms of ICFR.

Likewise, the Group has an Internal Audit Service whose Bylaws establish that it is responsible for ensuring that this process takes place and that the controls established are effective. Its role is aimed at helping the Group to maintain effective controls by evaluating its effectiveness and efficiency and promoting continuous improvement.

In accordance with the Group's ICFR Manual, the Audit Committee has entrusted the performance of this function to the Internal Audit Service (IAS). The 2015 ICFR supervision process included the following tasks:

- Validate the ICFR Model in relation to the definition of the scope of the ICFR or of the documentation of the significant processes (Process Narratives, Risk and Control Matrices).
- Review and evaluate the process and conclusions on the effectiveness resulting from the annual review performed by the Financial Management.
- Include, as part of the Strategic Internal Audit Plan and the Annual Internal Audit Plan, the ICFR processes to be reviewed.
- Evaluate and report the results obtained from the ICFR supervision process and process controls to the affected Area and to the Financial Department.
- Inform the Audit Committee on the degree of progress of the supervision, the results obtained and the weaknesses detected, where applicable, within the presentation of the degree of progress and results of the internal audit work for the year.

Lastly, the Group's ICFR Manual establishes criteria for categorising the incidents in accordance with their possible impact on the financial information and probability of occurrence after their detection and the subsequent communication and monitoring process.

F.5.2. If there is a discussion procedure whereby the auditor (in accordance with that established in the TAS), the internal audit function and other experts can report the significant internal control weaknesses identified during the review process of the financial statements or any other entrusted thereto. Likewise, it shall inform as to whether it has an action plan aimed at remediating or mitigating the weaknesses observed.

In general, the procedure for discussing the significant internal control weaknesses identified is based on the regular discussions held between the different agents.

In this connection, the Audit Committee holds meetings with the IAS and the Financial Department, both for six-monthly and yearly closure and, additionally, with the External Auditor, for yearly closure, for the purpose of commenting on any relevant aspect of the process of preparing the resulting financial information.

Specifically, the Board Regulations establish that the Audit Committee must:

- Discuss the significant weaknesses of the internal control system detected in the course of the audit.
- Establish the relevant relationships with external auditors or audit firms in order to receive information concerning any such issues as may jeopardise the independence thereof and any other matters related to the financial audit process, in addition to any other communications envisaged in financial auditing legislation and the technical standards for audits.

The Internal Audit Service Bylaws establish that the Audit Committee must maintain free and open communication with the Internal Audit Service Manager. In particular, the Internal Audit Service Manager has direct access to the Audit Committee, with which it will discuss, inter alia, the following matters:

- The significant events observed in the course of the internal audits.
- The degree of fulfilment of the most relevant recommendations.
- The most significant risks and Internal Control level in the Group, considering the results of the audits conducted and the evaluation of the Internal Control carried out by the Internal Audit Service.
- The coordination with the external auditors and other persons responsible for supervising Internal Control.

Likewise, the Financial Department also holds meetings with the IAS, in relation to both six-monthly and yearly closures, and with the External Auditors for yearly closure, for the purpose of discussing significant matters related to the financial information.

F.6 Other relevant information

In addition to the ICFR supervision process (entrusted to the Internal Audit Service), the ALBA Group's ICFR Manual envisages the performance of an annual evaluation process by the Financial Department to measure ICFR effectiveness and validity.

F.7 External auditor's report

Inform as to whether:

F.7.1. The ICFR information reported to the markets has been reviewed by the external auditor. If so, the entity should include the corresponding report as an appendix. If not, it should indicate the reasons.

The ICFR information reported to the markets has been reviewed by the external auditor, since externally reviewing said information would to a certain extent be redundant with the review of the internal control that the external auditor must perform, according to technical audit standards, within the context of the financial audit.

Likewise, said external review is not conducted consistently with the fact that the rest of the information contained in the Annual Corporate Governance Report is only reviewed by the external audit in relation to the accounting information contained therein.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons shall be included so that the shareholders, investors and the market in general have sufficient information to assess the Company's course of action. General explanations will not be accepted.

1. That the bylaws of listed companies should not limit the maximum number of votes that can be cast by a single shareholder, or contain other restrictions to the takeover of the Company by acquiring its shares on the market.

Complies

Explain

2. That when the parent and a subsidiary are listed, they should both publicly and accurately define:

- a) Their respective areas of activity and potential business relationships therebetween, in addition to those between the listed subsidiary and the other group companies.
- b) The mechanisms in place to resolve potential conflicts of interest.

Complies

Partially complies

Explain

Not applicable

3. That during the celebration of the Ordinary Annual General Meeting, supplementing the written disclosure of the Annual Corporate Governance Report, the Chairman of the Board of Directors should verbally report on the most relevant aspects of the Company's corporate governance and, in particular:

a) Of the changes made since the previous Ordinary Annual General Meeting.

b) Of the specific reasons for which the Company does not follow any of the recommendations of the Code of Corporate Governance and, if any, of the alternative related applicable rules.

Complies

Partially complies

Explain

4. That the Company should define a policy for promoting communication and contact with shareholders, institutional investors and vote advisors that is fully compliant with market anti-abuse rules and ensures equal treatment of the shareholders in the same position.

And that the Company should disclose said policy through its website, including information relating to the manner in which it is put into practice and identifying the intermediaries or persons responsible for putting it into practice.

Complies

Partially complies

Explain

5. That the Board of Directors does not present a proposal to the shareholders at the Annual General Meeting for delegating powers to issue shares or convertible securities with exclusion of pre-emption rights for an amount exceeding 20% of the capital on the delegation date.

And that when the Board of Directors approves any issue of convertible shares or securities with exclusion of pre-emption rights, the Company immediately publishes the reports on said exclusion to which reference is made in corporate law on its website.

Complies

Partially complies

Explain

Subsequent to the publication of the new Code of Good Governance of Listed Companies, no proposal was raised to the shareholders at the Annual General Meeting for delegating powers to issue shares or convertible securities for an amount exceeding 20% of the capital.

The delegation currently in force for issuing shares or securities convertible into shares was agreed upon by the shareholders at the Annual General Meeting held on 11 June 2014 and makes it possible to reach up to 50% of the share capital.

The Company's Board of Directors has not adopted any resolution on the issuance of shares or securities convertible into shares under the aforementioned delegation.

The Company's Board of Directors intends to propose rendering the delegation agreed upon on 11 June 2014 null and void to the shareholders at the next Annual General Meeting and adopt a new delegation in line with this recommendation.

6. That the listed companies which prepare the reports listed below, whether mandatorily or voluntarily, should publish them on their website sufficiently in advance of the Ordinary Annual General Meeting, even if the disclosure thereof is not mandatory:

a) Report on the auditor's independence.

b) Reports on the operation of the Audit and Nomination and Remuneration committees.

c) Report of the Audit Committee on related-party transactions.

d) Report on the Corporate Social Responsibility Policy.

Complies

Partially complies

Explain

7. That the Company should broadcast the Annual General Meetings on its website.

Complies

Explain

8. That the Audit Committee should ensure that the Board of Directors presents financial statements to the shareholders at the Annual General Meeting without limitations or qualification in the Auditors' Report and that, in the exceptional cases in which there are qualifications, both the Chairman of the Audit Committee and the auditors clearly explain the content and scope of said limitations or qualifications to the shareholders.

Complies

Partially complies

Explain

9. That the Company should permanently disclose on its website the requirements and procedures that it will accept to accredit the ownership of shares, the right to attend the Annual General Meeting and the exercise or delegation of the voting rights.

And that such requirements and procedures should favour the shareholders' attendance and exercise of their rights and are applied in a non-discriminatory manner.

Complies

Partially complies

Explain

10. That when any legitimated shareholder has exercised, prior to holding the Annual General Meeting, the right to complete the agenda or to present new proposals, provided that the Company:

- a) Immediately discloses said supplementary points and new resolution proposals.
- b) Disclose the attendance card model or proxy voting or remote voting form with the necessary changes for the new points of the agenda and alternative resolution proposals under the same terms as those proposed by the Board of Directors.
- c) Subject all these alternative points or proposals to vote and apply the same voting rules thereto as those formulated by the Board of Directors, including, in particular, assumptions or inferences on the direction of the vote.
- d) Subsequent to the Annual General Meeting, report the breakdown of the vote on said supplementary points or alternative proposals.

Complies

Partially complies

Explain

Not applicable

11. That, should the Company intend to pay attendance premiums to the shareholders attending the Annual General Meeting, it establishes a general policy in relation to such premiums and that said policy is stable.

Complies

Partially complies

Explain

Not applicable

12. That the Board of Directors should discharge its functions with unity of purpose and independent judgement and treating all shareholders with the same category equally. It should be guided at all times by the Company's best interests, understood as the achievement of a profitable and sustainable business in the long term that will promote its continuity and maximise the Company's economic value.

And that in the search for the Company's best interests, in addition to compliance with the laws and regulations and behaviour based on good faith, ethics and the observation of generally accepted uses and good practices, it should endeavour to reconcile its own corporate interest with, as appropriate, the legitimate interests of its employees, its suppliers, its clients and those of the other stakeholders that may be affected, in addition to the impact of the Company's activities on the community as a whole and on the environment.

Complies

Partially complies

Explain

13. That the Board of Directors should comprise the necessary number of members to achieve effective and participatory operation, preferably between five and fifteen.

Complies

Explain

14. That the Board of Directors should approve a director selection policy that:

a) Is specific and verifiable.

b) Ensures that appointment or re-election proposals are based on the previous analysis of the needs of the Board of Directors.

c) Favours diversity of knowledge, experience and gender.

That the result of the preliminary analysis of the Board of Directors' needs should be included in the justifying report of the Nomination Committee published on convening the Annual General Meeting, to which the ratification, appointment or re-election of each director is subjected.

And that the director selection policy should promote the objective that by 2020 the number of directors will represent, at least, 30% of the total members of the Board of Directors.

The Nomination Committee will annually verify the fulfilment of the director selection policy and will inform accordingly in the Annual Corporate Governance Report.

Complies

Partially complies

Explain

The Company fulfils this recommendation with the sole exception of the paragraph relative to the target number of women directors by 2020, since it is currently being evaluated and has not yet been established as such.

15. That proprietary and independent directors should represent an ample majority of Board seats, while the number of executive directors should be the minimum number required, bearing in mind the complexity of the corporate group and the percentage of share capital held by the executive directors.

Complies

Partially complies

Explain

16. That the percentage of proprietary directors with respect to the total number of executive directors should not be greater than the proportion between the share capital represented by said directors and the remaining capital.

This criterion could be attenuated:

a) In large cap companies with scant equity interests legally considered significant.

b) In the case of companies with multiple shareholders represented on the Board of Directors but not otherwise related.

Complies

Explain

17. That the number of independent directors should represent, at least, half of the total number of Board members.

That, however, when the Company is not a large cap company or when, being a large cap company, it has one or more shareholders which jointly control more than 30% of the share capital, the number of independent directors should represent, at least, one-third of the total directors.

Complies

Explain

18. That companies should disclose the following information about their directors on their websites and keep it permanently updated:

- a) Professional and biographic profile.
- b) Other Boards of Directors to which they belong, whether listed or unlisted companies, and about their other remunerated activities regardless of their nature.
- c) Indication of the director category to which they belong, indicating, in the case of proprietary directors, the shareholder which they represent or to which they are associated.
- d) Date when first appointed as director at the Company and subsequent re-elections.
- e) Company shares which they own and options thereon.

Complies

Partially complies

Explain

19. That the corporate governance report should also disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3% of capital and explain any rejection of a formal request for a Board place from shareholders whose ownership interest is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies

Partially complies

Explain

Not applicable

20. That proprietary directors should resign when the shareholder they represent disposes of its ownership interest in its entirety. And that they should also resign, in the corresponding number, when said shareholder reduces its ownership interest to a level that requires a reduction in the number of its proprietary shareholders.

Complies

Partially complies

Explain

Not applicable

21. That the Board of Directors should not propose the removal of independent directors before the expiry of the statutory period for which they were appointed, except where just cause is found by the Board of Directors, based on a report from the Nomination Committee. In particular, just cause shall be deemed to exist when the director occupies new positions or acquires new obligations that may prevent him/her from dedicating the necessary time to discharging the functions inherent to the role of director, nonfulfils the duties inherent to his/her position or is involved in any of the circumstances that may lead to the loss of his/her independent status, pursuant to applicable legislation.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate operations that lead to a change in the Company's capital structure, when said changes in the Board of Directors are facilitated by the proportionality criterion indicated in Recommendation 16.

Complies

Explain

22. That companies should establish rules obliging directors to inform and, where applicable, resign in those cases where the company's name or reputation may be harmed and, in particular, obliging them to inform the Board of Directors of any criminal charges brought against them and of the progress of any subsequent trial.

And that if a director is prosecuted or tried for any of the offences specified in corporation law, the Board of Directors should examine the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should continue in his or her position. And that the Board of Directors should disclose all such matters, in a reasoned manner, in the Annual Corporate Governance Report.

Complies Partially complies Explain

23. That all the directors should clearly express their opposition when they consider that a proposal submitted for the Board's approval might be contrary to the corporate interest. And that, in particular, independents and other directors unaffected by the potential conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

And that when the Board of Directors makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the relevant conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

This recommendation also extends to the Secretary of the Board of Directors, even if he or she does not have director status.

Complies Partially complies Explain Not applicable

24. That when directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all the Board members. And that, regardless of whether such resignation is filed as a significant event, the reason for the resignation shall be explained in the Annual Corporate Governance Report.

Complies Partially complies Explain Not applicable

25. That the Nomination Committee should ensure that non-executive directors have sufficient time available to properly discharge their functions.

And that the Board Regulations should establish the maximum number of Boards of Directors of which its directors may form part.

Complies Partially complies Explain

26. That the Board of Directors should meet with the necessary frequency to properly discharge its functions and, at least eight times a year, following the schedule and agenda set at the beginning of the year, to which each director may individually propose the addition of other points not initially envisaged.

Complies Partially complies Explain

27. That the directors' absences should be minimal and quantified in the Annual Corporate Governance Report. And that, when unavoidable, they should be represented with instructions.

Complies Partially complies Explain

28. That when directors or the Secretary express concerns about a proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the Board meeting, the person expressing them may request that they be recorded in the minutes.

Complies Partially complies Explain Not applicable

29. That the Company should establish the adequate channels for the directors to obtain the necessary assessment to discharge their functions including, should circumstances require it, external assessment with a charge to the Company.

Complies Partially complies Explain

30. That, regardless of the knowledge required of directors to discharge their functions, companies should also offer directors refresher programmes when circumstances so advise.

Complies Explain Not applicable

31. That the agenda of the sessions should clearly indicate those points on which the Board of Directors should adopt a resolution or agreement for the directors to study or gather the necessary information for such purpose.

When, exceptionally, on grounds of emergency, the Chairman wishes to subject the decisions or agreements that do not appear in the agenda to the approval of the Board of Directors, the prior and express consent of the majority of the shareholders attending shall be required and duly reflected in the minutes.

Complies Partially complies Explain

32. That the directors should be regularly informed of changes in the shareholder structure and of the opinion of the significant shareholders, investors and rating agencies of the Company and its group.

Complies Partially complies Explain

33. That the Chairman, as the person responsible for the effective operation of the Board of Directors, in addition to the functions legally and statutorily attributed thereto, should prepare and submit to the Board of the Board of Directors a schedule and agenda; organise and coordinate the periodic evaluation of the Board of Directors and, where applicable, that of the Company's chief executive; be responsible for presiding the Board of Directors and ensuring its effective operation; ensuring that strategic matters are discussed in sufficient depth; and approving and reviewing refresher programmes for each director when circumstances so advise.

Complies Partially complies Explain

34. That when there is a coordinating director, the Bylaws or Board Regulations attributes the following powers, in addition to those legally corresponding thereto: preside the Board of Directors in the absence of the Chairman and of the Deputy Chairmen/women, if any; voice the concerns of non-executive directors; maintain contacts with investors and shareholders to learn their viewpoints for the purpose of forming an opinion on their concerns, particularly in relation to the Company's corporate governance; and coordinate the Chairman's succession plan.

Complies Partially complies Explain Not applicable

35. That the Secretary of the Board of Directors should take special care to ensure that the Board takes into account the good governance recommendations contained in this Code of Good Governance applicable to the Company in its actions and decisions.

Complies

Explain

36. That the Board of Directors in plenary session should evaluate the following points on a yearly basis and adopt, where applicable, an action plan that corrects the deficiencies detected with respect to:

- a) The quality and efficiency of the Board's operation.
- b) The operation and composition of its committees.
- c) The diversity in the composition and competences of the Board of Directors.
- d) The performance of the Chairman of the Board of Directors and of the Company's chief executive.
- e) The performance and contribution of each director, paying special attention to those responsible for the different Board committees.

The evaluation of the various committees will be based on the report submitted by them to the Board of Directors and the evaluation of the Board of Directors will be based on the report submitted thereto by the Nomination Committee.

Every three years, the Board of Directors will be assisted in its evaluation task by an external consultant whose independence will be verified by the Nomination Committee.

The business relationships that the consultant or any company of its group maintain with the Company or any company of its group must be detailed in the Annual Corporate Governance Report.

The process and evaluated areas shall be described in the Annual Corporate Governance Report.

Complies

Partially complies

Explain

37. That when there is an executive committee, the ownership structure of the various director categories should be similar to that of the Board of Directors and its Secretary should be the Secretary of the Board of Directors.

Complies

Partially complies

Explain

Not applicable

38. That the Board should be kept fully informed of the business transacted and the resolutions adopted by the Executive Committee. To this end, all the Board members should receive a copy of the Executive Committee's meeting minutes.

Complies

Partially complies

Explain

Not applicable

39. That the members of the Audit Committee, and particularly its Chairman, should be appointed taking into account their knowledge and experience in accounting, auditing and risk management, and that most of said members should be independent directors.

Complies

Partially complies

Explain

40. That there should be a unit supervised by the Audit Committee with an internal audit function that oversees the proper functioning of the information and internal control systems and that functionally depends on the non-executive Chairman of the Board of Directors or of the Audit Committee.

Complies

Partially complies

Explain

41. That the head of the unit assuming the internal audit function should submit its annual work plan to the Audit Committee, directly report any incidences that arise in the implementation thereof and submit an activities report at the end of each reporting period.

Complies

Partially complies

Explain

Not applicable

42. That, in addition to those envisaged by law, the Audit Committee has the following functions:

1. With respect to internal control and reporting systems:

- a) Supervising the preparation and integrity of the financial information of the Company and, if applicable, of the group, and for checking compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.
- b) Ensuring the independence and efficiency of the internal audit function; proposing the selection, appointment, re-election and removal of the head of internal audit service; proposing the budget for this service; approving the orientation and work plans, ensuring that its activity is focused mainly on the Company's relevant risk; receiving periodic information on its activities; and checking that senior management acts on the findings and recommendations of its reports.
- c) Establishing and monitoring a mechanism whereby employees may report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities within the Company, particularly of a financial and accounting nature.

2. In relation to the external auditors:

- a) In the event of resignation of the external auditor, examining the circumstances that could have motivated it.
- b) Ensure that the remuneration received by the external auditor for its work does not compromise its quality or independence.
- c) Supervise that the Company reports the change of auditor as a significant event to the CNMV, accompanied by a statement on the eventual existence of disagreements with the outgoing auditor and, if any, of their content.
- d) Ensuring that the external auditor annually holds a plenary meeting with the Board of Directors to inform it of the work performed and on the evolution of the Company's accounting and risk situation.
- e) Ensuring that the Company and the external auditor respect the rules in force relative to the provision of services other than audit services, the limits to the concentration of the auditor's business and, in general, the other auditor independence rules.

Complies

Partially complies

Explain

43. That the Audit Committee may call on any Company employee or executive to be present at its meeting, without the presence of any other executive.

Complies

Partially complies

Explain

44. That the Audit Committee should be informed of the structural and corporate modification operations planned by the Company for analysis thereof and for submitting a preliminary report to the Board of Directors relative to the economic conditions and its accounting impact and, in particular, where applicable, on the proposed share exchange.

Complies Partially complies Explain Not applicable

45. That the control and risk management policy should specify, at least:

- a) The different types of risk, financial and non-financial (inter alia: operational, technological, legal, corporate, environmental, political and reputational), to which the Company is exposed, with the inclusion of contingent liabilities and other off-balance sheet risk under financial or economic risk.
- b) The establishment of the risk level that the Company deems acceptable.
- c) The measures envisaged to mitigate the impact of the identified risk, in the event that it is materialised.
- d) The reporting and internal control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Complies Partially complies Explain

46. That, there should be an internal risk control and management function discharged by a unit or internal department of the Company, directly supervised by the Audit Committee or, where applicable, specialised Board committee, to which the following functions have been expressly attributed:

- a) Ensure the proper functioning of the risk control and management systems and, in particular, that all the significant risks to which the Company are exposed are adequately identified, managed and quantified.
- b) Actively participate in the preparation of the risk strategy and in the important decisions relative to the management thereof.
- c) Ensure that the risk control and management systems adequately mitigate the risks within the framework of the policy defined by the Board of Directors.

Complies Partially complies Explain

47. That the members of the Nomination and Remuneration Committee -or of the Nomination Committee and Remuneration Committee, if separate bodies- are appointed ensuring that they have the knowledge, skills and experience adequate to the functions they are required to discharge and that most of said members are independent directors.

Complies Partially complies Explain

48. That large cap companies have a separate Nomination Committee and Remuneration Committee.

Complies Explain Not applicable

49. That the Nomination Committee should consult with the Company's Chairman and chief executive, especially on matters relating to executive directors.

And that any director may request that the Nomination Committee take into consideration, potential candidates it considers suitable for filling vacant director positions.

Complies

Partially complies

Explain

50. That the Remuneration Committee should discharge its functions independently and these include the following, in addition to the functions legally attributed thereto:

- a) Propose the basic conditions of the senior executives contracts.
- b) Verify the fulfilment of the remuneration policy established by the Company.
- c) Periodically review the remuneration policy applied to the directors and senior executives, including the remuneration systems with actions and their application, as well as guaranteeing that their individual remuneration is proportional to that paid to the other directors and senior executives of the Company.
- d) Ensure that eventual conflicts of interest do not adversely affect the independence of the external assessment provided to the Committee.
- e) Verify the information on the remuneration of directors and senior executives contained in the different corporate documents, including the annual report on the remuneration of directors.

Complies

Partially complies

Explain

51. That the Remuneration Committee should consult with the Company's Chairman and chief executive, especially on matters relating to executive directors and senior executives.

Complies

Partially complies

Explain

52. That the rules on the composition and operation of the supervision and control committees appear in the Board Regulations and are consistent with those applicable to the legally mandatory committees in accordance with the preceding recommendations, including:

- a) That they should be composed exclusively by non-executive directors, with a majority of independent directors.
- b) That their chairmen/women are independent directors.
- c) That the Board of Directors should appoint the members of these committees taking into account the knowledge, skills and experience of the directors and the duties of each committee, deliberate on their proposals and reports; and report on their activity and results of the work performed at the first plenary session of the Board of Directors.
- d) That the committees should obtain external assessment when considered necessary to discharge their functions.
- e) That minutes should be taken of each of their meetings, which will be made available to all the directors.

Complies

Partially complies

Explain

Not applicable

53. That the supervision of the fulfilment of the corporate governance rules, internal codes of conduct and corporate social responsibility policy is attributed to one or distributed among various Board committees, which may be the Audit Committee, Nominations Committee, Corporate Social Responsibility Committee, if any, or a specialised committee that the Board of Directors, in the exercise of its self-organisation powers, decides to create for such purpose, to which the following minimum functions are attributed:

- a) The supervision of the fulfilment of the Company's internal codes of conduct and of the corporate governance rules.
- b) The supervision of the communication strategy and relationship with shareholders and investors, including small and medium-sized shareholders.
- c) The periodic evaluation of the adequacy of the Company's corporate governance system in order to ensure that it fulfils its mission of promoting corporate interest and takes into account, accordingly, the legitimate interests of the other stakeholders.
- d) The review of the Company's corporate responsibility policy, ensuring that it is oriented towards value creation.
- e) Monitoring of the corporate social responsibility strategy and practices and the evaluation of their degree of fulfilment.
- f) The supervision and evaluation of the stakeholder relationship processes.
- g) The evaluation of everything relating to the Company's non-financial risk -including operating, technology, legal, corporate, environmental, political and reputational risk-.
- h) The coordination of the process for reporting non-financial and diversity-related information, in accordance with the applicable regulations and with international benchmark standards.

Complies

Partially complies

Explain

54. That the corporate social responsibility policy should include the principles or commitments that the Company voluntarily assumes in its relationship with the different stakeholders and identify, at least:

- a) The objectives of the corporate social responsibility and the development of support instruments.
- b) The corporate strategy related to sustainability, the environment and corporate matters.
- c) The specific practices in matters related to: shareholders, employees, clients, suppliers, corporate matters, environment, diversity, tax obligations, respect for human rights and prevention of illegal practices.
- d) The methods or systems used to monitor the results of applying the specific practices indicated in the preceding letter, the associated risks and their management.
- e) The mechanisms for supervising non-financial risk, ethics and corporate behaviour.
- f) The communication, participation and dialogue channels with the stakeholders.
- g) The responsible communication practices that prevent the manipulation of information and protect integrity and honour.

Complies

Partially complies

Explain

55. That the Company should inform, in a separate document or in the management report, on matters relating to corporate social responsibility using, for such purpose, any of the internationally accepted methodologies.

Complies

Partially complies

Explain

56. That the external directors' remuneration should be sufficient to attract and retain directors with the desired profile and to remunerate the dedication, qualification and responsibility required by the position, but not so much as to compromise the independent judgement of the non-executive directors.

Complies

Explain

57. That the variable remuneration linked to the Company's performance and to personal performance, as well as remuneration in the form of delivery of shares, share options or pre-emption rights or share-based instruments linked to the price of the Company's shares share value and long-term savings systems such as pension plans, retirement systems or other social welfare systems.

Remuneration for non-executive directors in the form of delivery of shares conditional upon maintaining them until their cessation as directors may be considered. The foregoing shall not apply to shares that the direct needs to dispose of, where applicable, in order to pay the costs related with their acquisition.

Complies

Partially complies

Explain

58. In the case of variable remuneration, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the recipients and not simply the general progress of the markets or the company's industry or circumstances of this kind.

And, in particular, that the variable components of the remuneration:

- a) Are linked to performance criteria that are predetermined and measurable and that said criteria consider the risk assumed to obtain a result.
- b) Promote the sustainability of the Company and include non-financial criteria for long-term value creation, such as the fulfilment of the Company's internal rules and procedures and of its risk control and management policies.
- c) Are configured on the basis of a balance between the fulfilment of short-, medium- and long-term objectives that will make it possible to remunerate performance on a continuous basis over a sufficiently long period of time to measure contribution to the sustainable creation of value, such that the measurement elements of this performance are not only based on specific, occasional or extraordinary events.

Complies

Partially complies

Explain

Not applicable

59. That the payment of a significant portion of the variable components of the remuneration should be deferred for a sufficiently long period of time to verify that the previously established performance conditions have been fulfilled.

Complies

Partially complies

Explain

Not applicable

60. That remuneration linked to the Company's earnings should take into account the possible qualifications included in the external auditor's report and that undermine said results.

Complies

Partially complies

Explain

Not applicable

61. That a significant percentage of the variable remuneration of the executive directors is linked to the delivery of shares or of financial instruments tied to its value.

Complies

Partially complies

Explain

Not applicable

62. That, once the shares or share options or pre-emption rights corresponding to the remuneration systems have been attributed, the directors cannot transfer the ownership of a number of shares equivalent to twice their annual fixed remuneration or exercise the share options or pre-emption rights until a period of, at least, three years from the attribution thereof has elapsed.

The foregoing shall not apply to shares that the directors need to dispose of, where applicable, in order to pay the costs related with their acquisition.

Complies Partially complies Explain Not applicable

63. That the contractual arrangements include a clause which allows the Company to claim the reimbursement of the variable components of the remuneration when the payment was not proportional to the performance conditions or when made based on data whose inaccuracy is accredited subsequently.

Complies Partially complies Explain Not applicable

64. That termination benefits should not exceed an established amount equivalent to two years of total annual remuneration and that it should not be paid until the Company has been able to verify that the director has fulfilled the pre-established performance criteria.

Complies Partially complies Explain Not applicable

H OTHER INFORMATION OF INTEREST

1. If there is any relevant aspect relative to corporate governance in the Company or in the group entities not reflected in the other sections of this Report but that must be included to obtain more comprehensive and reasoned information on the governance structure and practices in the entity or its group, detail them briefly.

2. Within this section, any other information, clarification or aspect related to the preceding sections of the report may also be included, insofar as they are relevant and non-reiterative.

Specifically, indicate whether the Company is subject to legislation other than Spanish legislation in relation to corporate governance and, where applicable, include the information that it is obliged to furnish other than that required herein.

3. The Company may also indicate if it has voluntarily adhered itself to other codes of ethical principles or good practices, whether international, sectoral or of another nature. Where applicable, identify the code in question and the adhesion date.

SECTION A.2. BOX ONE

- Banca March, S.A.

The siblings Mr. Juan March Delgado, Mr. Carlos March Delgado, Ms. Leonor March Delgado and Ms. Gloria March Delgado are the owners of all the shares of Banca March, which also holds a significant ownership interest in Corporación Financiera Alba.

On 4 December 2014, the above persons entered into a shareholders agreement in relation to the aforementioned bank which also affects Corporación Financiera Alba, given its shareholder position therein. This agreement is valid until 10 March 2025 and replaces the agreement entered into on 24 May 2004 and amended on 22 December 2009. Reference is made to this Agreement in Section A.6. The aforementioned ownership interest in Banca March, S.A. includes that of Mr. Juan March Delgado and Mr. Carlos March Delgado, which are detailed in Section A.3.

SECTION A.4.

The siblings Mr. Juan March Delgado, Mr. Carlos March Delgado, Ms. Leonor March Delgado and Ms. Gloria March Delgado are the owners of all the shares of Banca March, which also holds a significant ownership interest in Corporación Financiera Alba.

On 4 December 2014, the above persons entered into a shareholders agreement in relation to the aforementioned bank which also affects Corporación Financiera Alba, given its shareholder position therein. This agreement is valid until 10 March 2025 and replaces the agreement entered into on 24 May 2004 and amended on 22 December 2009. Reference is made to this Agreement in Section A.6. The aforementioned ownership interest in Banca March, S.A. includes that of Mr. Juan March Delgado and Mr. Carlos March Delgado, which are detailed in Section A.3.

SECTION A.10.

The Bylaws require the ownership of 25 shares to attend Annual General Meetings.

SECTION C.1.2.

Ms. Amparo Moraleda Martínez was appointed a member of the Board of Directors of Corporación Financiera Alba, S.A. at the Annual General Meeting held on 10 June 2015. However, she did not accept the appointment for professional reasons.

SECTION C.1.3.

Mr. Juan March de la Lastra, Mr. Juan March Juan and Mr. Santos Martínez-Conde Gutierrez-Barquín have executive director status but are also proprietary directors in representation of Banca March, S.A., of which they are also directors.

SECTION C.1.15.

According to the Board Remuneration Policy approved by the shareholders at the Annual General Meeting held on 10 June 2015, the remuneration corresponding to all the directors, regardless of their category, amounted to EUR 65,000 thousand each.

The additional remuneration of the co-Chairmen/women amounted to EUR 78,000 thousand. The additional remuneration of directors who are members of Audit and Operations committees amounted to EUR 15,000 thousand and, in the case of directors who are members of the Nomination and Remuneration Committee, it amounted to EUR 10,000 thousand per annum.

SECTION C.1.16.

There are no "rights accumulated by the directors in terms of pensions." However, the amount of mathematical provisions that would correspond on the report reference date appears as "accumulated funds" in the Annual Report on Directors' Remuneration (Section D.1.a.-iii- Long-term savings systems).

SECTION C.1.22.

Pursuant to Article 529 septies.2 of the Spanish Limited Liability Companies Law, the appointment of a Coordinating Director is only envisaged in those cases where the Chairman of the Board of Directors also has executive director status, which is not the case in Corporación Financiera Alba, S.A.

However, due to being considered a good corporate governance practice and for the purpose of facilitating its actions, the Board of Directors of Corporación Financiera Alba, S.A., at its meeting of 25 January 2016, appointed, with the abstention of the executive directors, a Coordinating Director of the independent directors.

Furthermore, those directors who represent a quarter thereof and all the directors may propose the inclusion of points in the agenda.

SECTION C.1.26.

As a general rule for all the directors, on reaching the age of 70 they shall place their office at the disposal of the Board, which may request that they formalise their resignation.

SECTION C.1.30.

The ample majority of the directors attended the Board meetings in 2015, reaching a global percentage of 91.52% (108 attendances with respect to 118 possible attendances), notwithstanding justified absences. Specifically, of the directors who compose the Board, seven directors attended all the meetings and five missed a single meeting, in which case the absentees delegated their representation for the corresponding meeting. Moreover, it should also be noted that no Board meeting was held without the attendance of the Chairman or Chief Executive Officer.

SECTION C.1.45.

The contracts that must be approved by the Company's bodies are those of the executive directors. The Remuneration Policy of the Board of Directors approved by the shareholders at the Annual General Meeting held on 10 June 2015 includes a section relative to the basic conditions of the contracts of these directors, which includes a section relative to termination benefits or end of the contractual relationship between the Company and the director.

However, pursuant to articles 249 bis.h) and 529 quince.3.e) and g) of the Spanish Limited Liability Companies Law and to articles 5.2.1.h) and 36.e) and g) of the Regulations of the Board of Directors of Corporación Financiera Alba, S.A., the Board of Directors is responsible, based on the report of Nomination and Remuneration Committee, for appointing and removing the directors who Appointment and dismissal of directors who report directly on the Board or to any of its members, and for establishing the basic conditions of their contracts and the remuneration policy applicable thereto. The Board of Directors of Corporación Financiera Alba, S.A. approved the basic conditions of the Directors' Remuneration Policy at its meeting on 26 October 2015.

SECTION D.2.

- Related-party transactions with Banca March, S.A. All the transactions performed with Banca March, S.A. correspond to the

Company's ordinary business and are performed under normal market conditions.

SECTION G, Recommendation 10

In 2015 no situation arose in which this recommendation applied.

SECTION G, Recommendation 17

Taking into account that the "concerted action" mentioned in sections A.4. and A.6. of this Report has an ownership interest of 66.996% of the share capital, as well as the Company's market capitalisation, the number of independent directors must represent at least one-third of the total number of directors, which was the case at Corporación Financiera Alba, S.A. in 2015.

SECTION G, Recommendation 20

In 2015 no situation arose in which this recommendation applied.

SECTION G, Recommendation 23

Article 15.5 of the Board Regulations specifically provides that the directors shall express clear opposition when they consider that a proposal submitted for the Board's approval might be contrary to corporate interest. In particular, independent and other directors unaffected by the potential conflict of interest should challenge any decision that could go against the interests of shareholders not represented on the Board.

In 2015 no situation arose in which this rule was applied.

SECTION G, Recommendation 28

Article 15.6 of the Board Regulations specifically provides that, when directors or the Secretary of the Board express concerns about a proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the meeting, the person expressing them may request that they be recorded in the minutes.

In 2015 no situation arose in which this rule was applied.

SECTION G, Recommendation 31

In 2015 no situation arose in which this recommendation applied.

SECTION G, Recommendation 34

Pursuant to Article 529 septies.2 of the Spanish Limited Liability Companies Law, the appointment of a Coordinating Director is only envisaged in those cases where the Chairman of the Board of Directors also has executive director status, which is not the case in Corporación Financiera Alba, S.A.

However, due to being considered a good corporate governance practice and for the purpose of facilitating its actions, the Board of Directors of Corporación Financiera Alba, S.A., at its meeting of 25 January 2016, appointed, with the abstention of the executive directors, a Coordinating Director of the independent directors.

SECTION G, Recommendation 39

In relation to the evaluation process of the Board of Directors, it should be noted that it was carried out under the coordination of the Chairman of the Board, with the participation of the directors through the completion of questionnaires prepared for such purpose and with the participation of the Nomination and Remuneration Committee.

The areas evaluated were as follows: Corporate Governance in general; Composition and diversity of the Board; Competences of the Board; Periodicity of the Board meetings and Committees; Attendance at meetings of the Board and of its Committees; Dedication of the directors; Information to directors; Course of the meetings; Role of the Chairman; Role of the Chief Executive Officer; Performance of the directors; Role of the Secretary; Board committees; Training of directors and Code of Conduct.

The Board assessment report includes conclusions and proposals for improvement as regards the proper functioning of the Board of Directors.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting held on 30 March 2016.

Indicate whether any directors voted against or abstained in relation to the approval of this Report.

Yes

No