



## **SUSTAINABILITY POLICY** **OF CORPORACIÓN FINANCIERA ALBA, S.A.<sup>1</sup>**

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### **I. Introduction**

The Board of Directors of CORPORACIÓN FINANCIERA ALBA, S.A. (hereinafter, "ALBA") is assigned responsibility for the design, evaluation and review of ALBA's corporate governance system, and the approval of Policies setting out its operational instructions for its directors, executives and employees.

Among the corporate Policies, the Sustainability Policy is intended to foster a culture of good governance, helping to improve people's well-being, protect the environment, and in turn drive the economic and social development of the communities where the company has a presence, while furthermore creating sustainable long-term value for shareholders and investors, employees, clients, suppliers, creditors, and for society at large ("stakeholders").

Sustainable activity has a multiplier effect, resulting in a highly positive contribution for society. The aim of all the above is to help create more transparent and better governed markets, linking financial markets to the real economy and generating opportunities and economic prosperity for society.

Meanwhile, sustainability entails a commitment to stakeholders, with a particular focus on human capital, which is why ALBA aims to forge a positive working environment.

The Board of Directors believes that ALBA must follow best practice in environmental, social and governance terms (ESG), as well as maintaining ethical conduct, convinced of the fundamental role this plays in fulfilling the corporate

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<sup>1</sup> Approved by the Board of Directors at its meeting held on 27 November 2023.

interest and improving its operations and impact on society.

This Sustainability Policy complies with the European Union's sustainability regulation, and will be continuously updated as regulatory requirements evolve. ALBA is likewise a Signatory Member of the Global Compact, and adheres to the Spanish Tax Agency's Code of Good Taxation Practice, promoted by the Big Business Forum.

## **II. Purpose**

The fundamental activity performed by ALBA is to invest in the capital stock of listed and non-listed companies, and in real estate. Its main responsibility in sustainability terms is thus to ensure the utmost diligence and integrity throughout the investment process, covering everything from Investment Policy to the selection of assets and effective engagement in the management of the companies in which it holds a stake.

Likewise, the values governing ALBA have helped to foster culture and art, supporting creativity and talent at the service of the general public.

The purpose of this Policy is to establish sustainability principles and guidelines, so as to steer ALBA activities towards a corporate management model which combines long-term profitability with social justice and environmental protection, furthermore focused on creating value for the different stakeholders, as well as fulfilling strategies and objectives.

Sustainability is of relevance in all ALBA's activities:

- Corporate governance: integration of ESG criteria within the governance and decision-making structure.
- Policies and business strategy: inclusion of ESG criteria in ALBA's policies and guidelines, and also in the development of activity at the corporate level (diversity, equality, accessibility, etc.).
- Risk management: integration of ESG criteria within risk assessment and the adoption of strategic and investment decisions.

## **III. Scope of application**

The scope of application of this Policy comprises ALBA and the groups belonging to its company.

At those investee companies that do not form part of the group, ALBA will dedicate its best efforts to promote, through its representatives on governing bodies, the alignment of their own policies with those of ALBA, to ensure that they follow principles and instructions that are consistent with those established in this

Sustainability Policy.

#### **IV. General principles, commitments and objectives**

The commitments and objectives defining the ALBA sustainability strategy with regard to shareholders, employees, suppliers, social aspects, the environment, diversity, tax responsibility, respect for Human Rights and the prevention of corruption and other illegal practices follow the general principles set out below:

- Excellence in sustainability: act in accordance with the principle of excellence, promoting best practice in the sphere of sustainability (environmental, social and governance).
- Legality: comply with the legislation in force in those locations where it operates, adopting international guidelines and commitments on a supplementary and voluntary basis where there is no adequate or sufficient legal structure. Support free market practices, rejecting any type of illegal or fraudulent practice, and implementing mechanisms for prevention, oversight and the penalisation of irregularities.
- Integrity: adopt best practice in corporate governance, with the aim of fostering transparency, integrity and business ethics, to avoid any involvement in unlawful activities, including corruption, by acting in line with the Code of Ethics and Conduct.
- Human Rights and dignity: respect and promote internationally recognised Human Rights within the sphere of influence of group Companies, following and supporting for these purposes the principles of the United Nations Global Compact, ensuring workers' rights and avoiding any practice that would constitute a violation of individual or collective dignity.

In addition, ALBA will promote adhesion to these principles by any third parties it has dealings with (suppliers, clients, partners, etc.).

ALBA will likewise abide by the following responsible investment principles:

- Long-term vision: ALBA aims in its investments to ensure the creation of sustainable value in the long term.
- Management responsibility: those assets where the ALBA believes that it will have the greatest capacity for influence and transformation are selected.
- Mitigation of non-financial risks: consideration is given to social and environmental aspects, respect for human rights and good governance, based both on their alignment with ALBA values, and also the potential impact on the portfolio.

ALBA has given the following sustainability undertakings, based on the stated principles:

- Apply due diligence procedures to detect, prevent and mitigate existing or potential risks, opportunities and adverse effects in its activities.
- Promote channels for communication and relationships with ALBA's different stakeholders, with the aim of steering its actions so as to offer a response to their needs and expectations, while fostering the creation of shared value.
- Undertake its activities in a transparent and responsible manner at all times.
- Perform its activities in a responsible manner as regards taxation, complying with the applicable regulations, properly cooperating with the tax authorities, reaching business decisions that could have a tax impact with full awareness and in accordance with reasonable interpretations, avoiding the use of opaque or contrived structures for the sole purpose of evading or reducing the tax burden.
- Apply corporate responsibility criteria in management, and foster responsible practices at supplier companies and in real estate operations.
- Ensure accountability vis-à-vis the different stakeholders, by issuing relevant financial and non-financial information that is reliable and rigorous, allowing the commitments given in the sphere of sustainability to be monitored.
- Have bodies of governance in place with sufficient diversity to eliminate possible biases in decision-making.
- Appropriately consider material sustainability risks and opportunities.
- Identify, prevent and correct any possible negative impacts from its actions.

To put these commitments into practice, ALBA establishes the following objectives:

- Provide a safe, healthy and stable working environment, where equal opportunities are respected, no discrimination takes place, fostering diversity and providing training, including in connection with ESG, talent management and work-life balance.
- Contribute to sustainable economic, social and environmental development, by supporting integration within the regions where we have a presence, and contributing to social well-being where group companies

perform their operations.

- Facilitate the conservation and improvement of the natural world, minimising potential negative externalities from its activity, with a particular emphasis on climate change and the preservation of biodiversity. To this end, ALBA's actions will aim to prevent pollution, to promote the sustainable and responsible use of resources, and properly prevent and manage waste.
- Support shareholders and investors in identifying and exercising their rights, promoting their informed participation at General Meetings, and acting with regard to them with loyalty, good faith and transparency, within the context of the corporate interest.
- Ensure the long-term economic sustainability of ALBA, guaranteeing the generation of economic value both for ALBA and for the different stakeholders with which it has dealings.
- Maximise the creation of sustainable, long-term value shared with its shareholders and with other stakeholders, as well as society as a whole.

## **V. Sustainability in investments**

ALBA investment activities are undertaken in accordance with its Investment Policy, which takes ESG matters into account. The criterion for the selection of potential investments thus considers whether they are companies with adequate standards in environmental, social and governance matters, thereby avoiding sectors which are potentially controversial on reputational grounds, for example. In monitoring the investee companies, consideration is not given solely to their financial results, but also to such aspects as these companies' commitment to the long term, absence of conflicts of interest and adhesion to principles of sustainability, social responsibility and good governance.

## **VI. Monitoring and supervision of the Sustainability Policy.**

ALBA has in place compliance models, internal audit activities and a risk management system serving to monitor compliance with this Policy, the associated risks and how they are handled, as well as the supervision of non-financial risk, including elements connected with aspects of ethics and business conduct.

In accordance with ALBA's Bylaws and the Regulation of the Board of Directors, the Board is responsible for approving the sustainability strategy as well as this Policy, with the Audit and Compliance Committee being entrusted with supervision of the monitoring of the Policy, complying with the Recommendations of the Code of Good Governance for Listed Companies, of the Spanish National Securities Market Commission.

The Audit and Compliance Committee likewise reviews non-financial information that includes environmental, social and governance (ESG) matters, respect for human rights, and the fight against corruption and bribery. It likewise supervises and evaluates the process of generating and presenting this non-financial information, which is independently verified where applicable.

## **VII. Information and communication channels**

Information connected with sustainability will be disclosed in a consistent, comparable and reliable manner, comprising retrospective and prospective information, and promoting internationally recognised frameworks of disclosure.

ALBA will ensure that information is communicated responsibly, and fully in accordance with the fundamental rights of individuals.

ALBA will furthermore take it upon itself to foster an understanding of this policy on the part of employees, and will facilitate compliance.

ALBA will each year draw up and publish a report on sustainability-related matters, in accordance with the regulations in force at the time in question.

Aside from this Policy, ALBA has a Code of Ethics and Conduct in place, both of which are published on its corporate website, setting out the ethical principles that are to guide its business conduct, supervision of which is entrusted to the Code of Ethics and Conduct Monitoring Committee, supplemented by a Whistleblowing Channel.

ALBA will use its corporate website as the main instrument for communication with stakeholders, including a Whistleblowing Channel, along with the CNMV website as the official information channel. Relations with stakeholders will likewise be channelled directly via the Investments Department, and via the media, relations with analysts, and also social media, where appropriate.

Madrid, 27 November 2023