



## **POLICY FOR SELECTION OF CANDIDATES FOR DIRECTOR OF CORPORACIÓN FINANCIERA ALBA, S.A.<sup>1</sup>**

### **CONTENTS**

1. Scope of application
2. Objectives and principles of candidate selection
3. Selection process. Collaboration by external consultants
4. Conditions to be met by candidates
5. Limitations on candidates for Director

The Board of Directors of CORPORACIÓN FINANCIERA ALBA, S.A. (the "Company") considers one of the fundamental elements of its corporate governance strategy to be the process of selection of candidates for Director.

As a result, the Board of Directors, through this Policy for Selection of Candidates for Director, aims in a specific and verifiable manner (in accordance with the recommendations of the Code of Good Governance for Listed Companies and the Technical Guide of the Spanish National Exchange Commission on Nomination and Remuneration Committees), to ensure that the proposed appointments of Directors are based on said recommendation, and a prior analysis of the needs of the Board of Directors.

Likewise, with this Policy for selection of candidates for director, the Board of Directors incorporates the legal requirements on non-financial information and diversity. In particular, this Policy aims, among others, to ensure the selection of the best candidates for director by fostering the diversity of the Board of Directors in relation to the age, gender, disability, education and professional experience of its members.

### **1. Scope of application**

The Policy for the Selection of Candidates for Director applies to the selection of candidates for Director who are natural persons.

In the case of candidates for Director that are legal entities, the terms of this Policy for the Selection of Candidates for Director will extend to the natural persons who are to represent them. Without prejudice to the above, efforts will be made to ensure that candidates for Director are natural persons.

### **2. Objectives and principles for the selection of candidates**

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<sup>1</sup> Approved by the Board of Directors at its meeting held on 26 October 2015.

The selection of candidates for Director will be based on an analysis of the needs of the Company and of the Group, to be performed by the Board of Directors with advice and a report from the Appointments and Remunerations Committee.

The process of selection will aim to find individuals who fulfil the conditions set out in subsection 4 below, and the appointment of whom would foster the diversity of competencies, knowledge, experience, gender and age within the Board of Directors.

The size of the Board of Directors must be appropriate in order to achieve effective and participatory functioning, with an appropriate proportion of the different categories of Director, to which end it should ideally comprise between nine and fifteen members.

The number of independent Directors, given the current composition of the shareholding structure of the Company, should account for at least a third of the total Directors.

If the Chairperson has the status of Chief Executive, the Board of Directors will appoint a coordinating Director from among the independent Directors, with the legally established powers.

Proprietary and independent Directors will represent the majority of the Board of Directors.

The percentage of proprietary Directors out of the total number of non-executive Directors will be no greater than the existing proportion between the capital stock of the company represented by said Directors and the remaining capital. (R.16)

For the selection of proprietary Directors, consideration will be given to requests by shareholders that own significant holdings in the capital stock of the Company, and formal requests for representation on the Board from shareholders whose stake is equal to or greater than that of others at whose request proprietary Directors have been appointed.

### **3. Selection process. Collaboration of external consultants**

Any Director may suggest candidates for Director, who must fulfil the requirements set out in this Policy for the Selection of Candidates for Director.

The Company may draw on the collaboration external consultants for the selection or proposal of candidates for Director.

In all cases, the candidate selection process will foster the diversity regarding the age, gender, disability, education and professional experience, avoiding any type of implicit bias that could entail any discrimination, and that in particular would hamper the selection of female Directors in a number that allows a balanced participation of men and women.

Likewise, in the selection process the corporate rules and resolutions held by the Company related to the requirements to be appointed as a director will be specially considered.

#### **4. Conditions to be fulfilled by candidates**

Candidates for Director of the Company must be honourable, suitable persons of established solvency, competency, experience, qualification, training, availability and commitment to their function.

They must in particular be upright professionals whose conduct and professional track record are aligned with the principles set out in the Code of Ethics and Conduct of the Company, and with the vision and values of the Group.

It will furthermore be ensured that in the selection of candidates an appropriate balance is struck on the Board of Directors as a whole, to enrich decision-making and contribute a plurality of perspectives in debating the matters within its purview.

The potential independent directors shall meet the legal requirements established from time to time to said directors' category.

#### **5. Limitations on candidates for Director**

Persons may not be proposed as candidates for Director if they are subject to any legal grounds for prohibition or incompatibility preventing them from holding the position, in addition to the following:

- a) Natural or legal persons that hold the position of Director at a greater number of companies than those permitted according to the Regulation of the Board Directors or in the rules or resolutions held by the Companies on this regard, unless they undertake to comply with the stated number if appointed.
- b) Persons who have held senior positions at Spanish Public Authorities that could be incompatible with the performance of the functions of Director at a listed company, according to Spanish national or regional legislation.
- c) Natural or legal persons subject to any other circumstance of incompatibility or prohibition governed by general provisions.

By way of indication, consideration will be given to the condition that candidates for Director should not in general be aged over 70.

Madrid, 17 June 2019