



## **REPORT BY THE AUDIT AND COMPLIANCE COMMITTEE OF CORPORACION FINANCIERA ALBA, S.A. AS TO THE INDEPENDENCE OF THE EXTERNAL AUDITORS**

### **I. INTRODUCTION**

Law 12/2010, of 30 June 2010, amending, among others, Securities Market Law 24/1988, of 28 July 1988, established in the Fourth Final Provision, subsection 2, item 4, the minimum responsibilities that the Audit Committee must assume. These functions are currently set out in Article 529 quaterdecies of the Capital Companies Law (amended by Accounts Auditing Law 22/2015). They list, in sixth place, the requirement for the Audit Committee to issue a report each year expressing an opinion as to the independence of the accounts auditors, adding that this report must make a pronouncement as to the provision of additional services.

In fulfilment of the aforementioned function, this Committee has drawn up the present report.

### **II. CIRCUMSTANCES DETERMINING THE INDEPENDENCE OF THE EXTERNAL AUDITORS**

#### **1. Accounts Auditing Law**

Article 16 of the Accounts Auditing Law (Law 22/2015, of 20 July 2015) sets out those circumstances which, were they to apply, would lead the accounts auditor to be deemed not to enjoy sufficient independence in performing its functions with regard to a company or entity.

Aside from the grounds for incompatibility set out in other legislation, the circumstances that, were they to apply at the firm KPMG, Auditores, S.L. with regard to Corporación Financiera Alba, S.A., would indicate that it does not enjoy sufficient independence, are as follows:

<b>Circumstances which could apply at the accounts auditor signing the audit report</b>	<b>This circumstance applies</b>
Articles 16 and 18 of the Accounts Auditing Law	
<b>1.</b> Hold the position of member of the governing or executive body, or a legal representative granted general power of attorney by the audited entity, or hold a position of employment at the audited entity. This circumstance will likewise apply with regard to the head of the economic and financial area and the person performing the functions of supervision or internal control at the audited entity, whatever the connection with said entity.	NO
<b>2.</b> Have a significant direct interest in the audited entity as a result of a contract or the ownership of an asset or entitlement to a right.	NO

Such an interest will in any event be deemed to exist if financial instruments are held in the audited entity or an entity related to it, if in the latter case they are significant for any of the parties.	
<b>3.</b> Perform any type of operation connected with financial instruments issued, guaranteed or in some other way backed by the audited entity.	NO
<b>4.</b> Request or accept gifts or favours from the audited entity, unless the value thereof is insignificant or inconsequential.	NO
<b>5.</b> Provision of accounting services or preparation of accounting records or financial statements for the audited entity.	NO
<b>6.</b> Provision of valuation services for the audited entity, unless: (i) They would have no direct effect or would have a relatively insignificant effect on the audited financial statements, either individually or on an aggregate basis, and (ii) The estimation of the effect on the audited financial statements is comprehensively documented in the working papers corresponding to the audit work.	NO
<b>7.</b> Provision of internal audit services for the audited entity, unless the management body of the audited entity is responsible for the overall internal control system, determination of the scope, risk and frequency of internal auditing procedures, consideration and execution of the results, and recommendations provided by internal auditors.	NO
<b>8.</b> Simultaneous provision of advocacy services for the audited entity, unless these services are provided by different legal entities with different boards of directors; they must furthermore not refer to the resolution of litigation regarding the matters that could have a significant impact, measured in terms of relevant substance, on the financial statements corresponding to the period or financial year audited.	NO
<b>9.</b> Provision for the audited entity of services for the design and implementation of internal control or risk management procedures connected with the preparation or control of financial information, or the design or application of the IT systems for financial information used to generate the data comprising the financial statements of the audited entity, unless it bears responsibility for the overall internal control system or the service is provided by following specifications established by said entity, which must likewise bear liability for the design, execution, evaluation and functioning of the system.	NO
<b>10.</b> The accounts auditor or audit firm will be deemed not to enjoy sufficient independence in performing the functions with regard to an audited entity if the relatives of the main auditor or auditors responsible for the audit work referred to in Article 3.6, items (a) and (b) are subject to the circumstances set out in Article 16.	NO

## 2. Regulation of the Board of Directors of Corporación Financiera Alba, S.A.



Article 25(e) of the Regulation of the Board of Directors, entrusts to the Audit Commission functions including:

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

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

Of the actions referred to, it would at present be relevant to highlight subsection (iii) *"Ensure that the Company and the auditor respect the rules in force regarding the provision of non-auditing services, the limits on the concentration of business of the auditor and, in general, all other standards established to ensure the independence of the auditors"*, to point out that during 2021 the only additional services provided by the audit firm were:

- Agreed procedures conducted in connection with the internal control system for financial information (SCIIF): 4,000 euros (plus VAT)
- Translation services: 2,000 euros (plus VAT)
- Half-yearly review: 8,000 euros (plus VAT)

The services connected with the auditing of Annual Accounts contracted during the 2021 financial year with Corporación Financiera Alba, S.A. amounted to 51,000 euros, and with entities controlled by Corporación Financiera Alba, S.A. to 66,150 euros.

The table set out below presents a comparison of the amounts invoiced in the period from January to December of the financial year 2020 and 2021:



ITEM	January to December 2021 (euros)	January to December 2020 (euros)
Amount invoiced for services connected with auditing of annual accounts	51,000	51,000
Amount invoiced for other services	14,000	14,000
<b>TOTAL</b>	<b>65,000</b>	<b>65,000</b>

The amount invoiced in December 2021 for "services connected with auditing of annual accounts" remained in line with the amount for the previous year.

There were no Other services contracted in the financial year 2021 with other entities affiliated to KPMG International.

If we calculate the percentage that the fees received as a result of the provision of auditing and non-auditing services out of the annual income of the accounts auditor (June 2020-June 2021), the result is as follows:

**Million €**

Amount paid in all regards by Corporación Financiera Alba, S.A. to KPMG Auditores, S.L.	0.065
Income of KPMG Auditores, S.L. (September 2019-2020 period)	154
%	0.042

### III. OPINION AS TO INDEPENDENCE

There are no circumstances that would lead to a conclusion that the accounts auditor, KPMG, Auditores, S.L., does not enjoy sufficient independence to perform its functions at Corporación Financiera Alba, S.A."

Madrid, 24 March 2022