



INVESTMENT POLICY OF CORPORACIÓN FINANCIERA ALBA, S.A. AND GROUP COMPANIES¹

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I. INTRODUCTION

This document sets out the investment policy (the "Investment Policy", or simply the "Policy") of Corporación Financiera Alba, SA and the companies belonging to its group (as a whole, "Alba"), approval of the Policy being the responsibility of the Board of Directors, in accordance with the terms of Articles 249 bis and 529 ter of the Capital Companies Act (through application of the amendments made by Act 31/2014, of 3 December 2014). This policy replaces that approved by the Board of Directors of Alba on 23 October 2017.

The Corporate Purpose of Alba (Article 3 of the Corporate Bylaws) provides an extensive definition of its activities. Other than as established in the bylaws, there are no specific legal restrictions limiting its activities, other than those activities that may require prior official authorisation.

In this regard, this Policy is not intended to define requirements as to the precise composition of the portfolio of Alba or the specific assets, sectors or countries in which it should invest, but rather to lay down a general framework within which it is to undertake its investment activity, serving as a stable operational guide, although specific criteria may evolve over time, and their individual application may require an appropriate degree of flexibility, in line with the particular characteristics of each of the investments and the economic and market circumstances within which they are made.

This Policy is divided into the following subsections, which define its fundamental aspects:

¹ Approved by the Board Of Directors on 20 June 2022.

- The values and distinctive factors of Alba, considered to be the key features in defining all other elements of this Policy.
- The purpose of its activities, as the backbone of its strategy.
- General guidelines with regard to the criteria for the selection of potential investments and the composition of the long-term investment portfolio, and
- Identification of medium/long-term objectives.

II. VALUES AND DISTINCTIVE FACTORS OF ALBA

The Code of Ethics and Conduct of Alba establishes a series of values governing its activity, which may be summarised as:

- Integrity, honesty and professionalism.
- Prudence and long-term vision.
- Balance between financial returns and development and impact on the surrounding context and society as a whole, with the utmost respect for the environment and the interests of shareholders, employees and other groups and individuals that have dealings with Alba.

By analysing its identity, track record and experience, and bearing in mind the aforementioned values, Alba has identified a series of factors which are seen as distinctive elements in its role as an investor, and which must steer its investment activities, and be maintained and strengthened over the long term:

- Strong reputation, with a stable and family-based shareholding structure.
- Own capital as a permanent presence, not dependent on third parties, allowing it to be patient and to adopt a long-term view.
- Prudence in undertaking its activities and in taking on risks, maintaining available financial capacity for new investments or to support existing investments.
- Minority stakes and/or co-investments with like-minded partners for significant amounts. Flexibility in working with families, financial groups, etc. and in attracting appropriate partners for each circumstance.
- Active participation in the investments and support for the investee companies.
- Amicable approach to investees, as an engaged, stable partner with a long-term commitment.
- Extensive experience at listed and non-listed companies, with all types of partner, corporate governance, knowledge of the market, etc.
- Geographical flexibility: presence, knowledge and access on the Spanish market, and development of an international presence with potential for growth.
- Agility and flexibility in decision-making and in applying the strategy.
- Experienced team aligned with the Alba culture, values and strategy.

III. PURPOSE OF ALBA

As the purpose of its activities, Alba aspires to be a leading minority shareholder at high-quality companies that are leaders in their business sector and with partners aligned with its interests and objectives, generating value for its shareholders and society as a whole, through investments supporting the development of sound, competitive businesses with long-term sustainability.

This purpose to a great extent determines not only the general economic objective of Alba in its activities - to create long-term value for its shareholders through the investments that it makes, as seen in the long-term increase of the Net Asset Value ("NAV") per share - but also the types of investment on which it focuses and the general framework to achieve the established objective.

IV. GENERAL PRINCIPLES

Most of these principles, many of which are interrelated, follow the approach identified in the previous Investment Policy:

- Need for a high degree of familiarity with the investments.
- Active participation in the investee companies or assets it invests in.
- Credibility and reputation as an asset.
- Prudence and risk control.
- Commitment to sustainability and to the principles of Corporate Social Responsibility and Corporate Governance (in general, "Sustainability").
- Flexibility.

IV.1. Need for a high degree of familiarity with the investments

Alba conducts a rigorous initial analysis of all its investments, along with continuous and detailed subsequent monitoring, both of the company or the specific asset, and of the sector and markets where it operates and the general economic and market conditions that could affect it from time to time.

The aim is ultimately to ensure that Alba has a thorough understanding of its investments and of the surrounding circumstances, on an ongoing and dynamic basis, tailored at all times to the contextual conditions, which will inevitably change. This familiarity covers quantitative and qualitative aspects, the latter being particularly significant given Alba's long-term investment timeframe.

This process must at all times focus on achieving the objectives set, and more specifically, on identifying an aim to mitigate any potential present or future risks which could hamper this goal.

This principle has various significant practical consequences:

- Alba must at all times have in place appropriate human and technical resources in order to successfully perform these tasks, and may draw on specialist external consultancy where necessary.
- There are internal communication mechanisms in place serving to provide the different areas of the organisation with the information that they need as regards the investments so as properly to perform their functions. The information provided must be adequate and sufficient to allow its recipients effectively to perform their activities, maintaining at all times the strictest level of confidentiality, in particular where such information could be considered "inside information" with regard to the securities markets, as set out in the Market Abuse Regulation and the Alba Internal Rules of Conduct in the Sphere of Securities Markets.

IV.2. Active participation in the investee companies or assets it invests in

Alba believes that the best way to protect the interests of its shareholders and to fulfil their objectives, along with all other general principles, and in particular IV.1 above, is to play an active role in the investments it makes, exerting a certain degree of influence.

Given Alba's financial investor profile, this active role means having appropriate representation on the Boards of Directors and their committees (and all other significant bodies of governance) of those companies in which it holds a stake, or directly managing other assets (such as the real estate assets that it owns).

The most significant practical consequences of the application of this principle are as follows:

- Alba will, in general, aim to acquire a level of shareholding in companies (or in the case of assets, a percentage of ownership) that would allow it to have the desired level of influence.
- For such active participation to be effective, the investee companies must aim (and Alba will promote and support the achievement of this) to fulfil the highest standards of transparency, corporate governance, and in general Sustainability, taking into account at all times the size, activities and resources available to them. These aspects are likewise relevant with a view to the above principle ("Need for a high level of familiarity with the investments").
- Alba manages and makes its investments directly, and in principle does not delegate management to third parties, save for certain exceptions which, for example, would allow access to assets, partners or geographical regions of particular interest which it could otherwise not access, or would offer Alba the opportunity to co-invest there.
- A high level of dedication to the portfolio investments is required, and as a result: 1) there must be an appropriate balance between the number of

investments and the resources assigned on the Alba workforce; 2) they must be investments which, given their scale and relative weighting, have a degree of importance within the overall Alba portfolio, avoiding excessive diversification.

The combination of these factors means that in general the Alba portfolio will be made up of a fairly limited number of investments.

IV.3. Credibility and reputation as an asset

As an active investor since 1986, Alba believes that its credibility and market reputation are among its key assets, making a decisive contribution to the achievement of its long-term goals. This high reputation facilitates access to investment opportunities, since many potential partners take a positive view of Alba becoming a stable shareholder at their companies, along with its potential contribution to their successful long-term development.

This credibility and reputation are based not solely and exclusively on obtaining positive financial results in its investments, but also on such aspects as a long-term commitment to its investee companies, the clarity and consistency of its approaches and strategies, the absence of conflict of interest and adherence to the highest possible standards with regard to Sustainability, and ethical conduct in general.

Given all the above, Alba aims as far as possible to avoid any actions or situations that could undermine its market reputation, acknowledging how difficult it could in general be to restore the reputation of an undertaking such as Alba once it has been harmed. From a practical perspective, this results, among other aspects, in the following principles:

- Promote the application of the highest ethical standards at Alba and its investees. This includes aspects regarding the application of best practice in the field of Corporate Governance, as well as the promotion of advanced Sustainability policies in all spheres (environmental, employment, social, taxation, etc.), in line with their scale, activities and human and financial resources.
- Avoid real or potential conflicts of interest between Alba (or its shareholders) and its investees, and among investees themselves.
- Avoid investments which could, for whatever reason, raise objections from significant shareholders and/or managers of the target company ("hostile" investments), and which could jeopardise the achievement of Alba's objective for the application of the investment principles described in this Policy.
- Avoid potentially controversial sectors from a legal or social perspective.

IV.4. Prudence and risk control

Alba's investments may, by definition, register significant fluctuations in their results and market value over time, which means that Alba must, in order to fulfil its objective of generating long-term value, make its investments with a high degree of prudence, aiming as far as possible to mitigate any risks which could affect its activities.

In its investments, Alba focuses in particular on market risk, which may for these purposes be defined as volatility in the market value of the Alba portfolio or the Net Asset Value per share. Other risks which could affect Alba in the achievement of its objectives aim to be mitigated through the actions of the Audit and Compliance Committee and the Internal Audit, Risk Control and Management and Regulatory Compliance functions, as seen in the various internal control systems in place (such as, for example, the Internal Financial Reporting Control Systems), internal behavioural regulations, the generation and periodic review of the Alba risk map, information as to the monitoring of the main risks, etc.

This principle of prudence and risk control has a series of major implications, both in the composition of the Alba portfolio and in its level of debt:

- Portfolio diversification. Alba recognises the need to have in place a diversified portfolio of assets and holdings in different companies, so as to reduce volatility.

This diversification means having in place a minimum number of investments, so that they do not individually represent an excessive percentage of the total portfolio value, and involve diverse activities that are not directly interrelated.

In addition, Alba considers the diversification of its portfolio by investing in assets or companies with differing profiles: high growth versus income generation, stable versus cyclical sectors, etc. One particular case of diversification would be the geographical presence of Alba's investments, as analysed in the following point.

- Internationalisation. Given its origins, history and capabilities, Alba has historically focused the bulk of its investments in Spain. Nonetheless, the previous Investment Policy itself acknowledged the importance of promoting the internationalisation of the Alba portfolio as a way of increasing its diversification, at least partly diluting the exposure to economic, political and social circumstances in Spain. This objective is pursued by: i) in the case of investment in Spanish companies, by favouring investment in companies that already have a significant international presence and/or promoting the overseas expansion of those companies that already belong to the Alba portfolio, through active participation on their governing bodies; and ii), active consideration of investment in companies in other developed countries, placing particular importance on the presence of local partners or experts in the sector, of established standing and with a similar investment philosophy.

- Moderate indebtedness. The aim of long-term value creation demands prudent and reasonable management of financial risks, with an acceptable and sustainable level of debt even in unfavourable economic and financial circumstances, both at Alba and its investee companies.

Alba also places great importance on maintaining a reasonably low level of debt for the following reasons:

- The investments that it makes have a relatively low liquidity, even at listed companies, given the considerable shareholdings required. Liquidity is understood in this case as Alba's capacity to sell the holdings in companies (whether listed or not) or in other assets at short order and for a price similar to the listed price or market value.
 - Alba's recurrent cash flow depends to a great extent on the dividends received from the companies in which it invests, over which it has a relatively limited influence.
 - Investment opportunities are in many cases difficult to plan in advance, and so Alba needs to have the necessary financial flexibility so as to be able to embark on new investments without the need to sell other assets in its portfolio in the short term. Having a moderate level of indebtedness allows Alba to separate investment and divestment decisions, and to be able to choose the best moment at which to sell assets, where applicable.
 - Alba must likewise have sufficient capacity in case it at some time sees it necessary to offer financial support to its investees, within its strategy as a long-term stakeholder.
- Liquidity of its assets. Although this is in part explained under the point above, a significant percentage of Alba's portfolio focuses on assets with a degree of liquidity, such as shares in listed companies. This liquidity allows for relatively swift decision-making as to investment and/or divestment, both from the perspective of a specific listed company and the capacity to adjust the relative composition of the portfolio, where applicable. In addition, a significant weighting towards more liquid assets likewise helps Alba itself to obtain finance, reducing the cost and expanding the sphere of available instruments and potential financing institutions.

Furthermore, by diversifying its portfolio across a moderate number of investments, without any of them individually representing an excessive proportion, Alba directly helps increase the potential liquidity of the portfolio as a whole. In this regard, the growing market importance of investors specialising in different types of asset and sector has de facto increased the liquidity of many non-listed companies.

- Hedging. Alba may consider the arrangement of derivative instruments to hedge financial and market risks, thereby reducing its overall portfolio risk, provided that such hedges are genuinely effective, have a reasonable cost, and would not limit its future operational capacity. Alba could furthermore on an occasional basis consider the use of derivatives in the case of purchases or sales of shares in listed companies, essentially for reasons of flexibility.

IV.5. Commitment to sustainability and principles of Corporate Social Responsibility

As indicated in the Purposes defined in Section III, Alba is committed to investing in and contributing to the development of sound, competitive businesses with long-term sustainability, this last aspect covering all concepts which would in general lie within the scope of what is known as Corporate Social Responsibility, which includes, in general, sound environmental, social and corporate governance practices, as reflected in the Alba Sustainability Policy.

In this regard, Alba will frequently and rigorously evaluate its own position with regard to Sustainability principles as an individual entity, as well as the assets and holdings which make up its portfolio, incorporating specific criteria and objectives in such regards in its daily management and in the process of selecting Alba investments, and promoting effective adoption thereof in its current and future investments.

With regard to the selection of new investments, Alba includes the analysis of Sustainability criteria in its decision-making process, including the possibility of ruling out potential investment if, because of their activities or structure, they do not fulfil these principles, furthermore taking into account regulatory and reputational considerations.

IV.6. Flexibility

This principle is considered from a twofold perspective:

- To begin with, Alba is equipped with agile and flexible decision-making structures and processes allowing it to react swiftly to any changes occurring in the market, and to take advantage of any opportunities that may arise. As indicated previously, its financial structure must likewise contribute to this flexibility.
- Meanwhile, the investment principles and criteria detailed here must be applied with the relevant degree of flexibility, weighing up the relative importance of each of them within the context of a specific investment, and at all times taking into account the objective of creating long-term value, and Alba's purpose.

V. SPECIFIC INVESTMENT SELECTION CRITERIA

The elements described in the above sections are reflected in specific criteria for the selection of potential investments, as detailed below.

V.1. Investment scope

Alba will remain focused on acquiring stakes in the capital of both listed and non-listed companies with appropriate geographical and sectoral diversification. Similarly, its presence in the real estate sector is undertaken in assets positioned in prime locations which offer appropriate returns.

V.1.1. Holdings in company equity

In the case of holdings in company equity, priority will be given to those businesses that fulfil the following characteristics, either initially or through their development or future progression, with Alba aspiring to contribute to achieving these features:

- Leaders in their sector with a sound business model and strong financial position, avoiding companies with compromised finances.
- With shareholders and the management team aligned with Alba's interests.
- With high standards of Corporate Governance and Sustainability, and appropriate systems for the control of the various risks that could affect their business.

V.1.1.1. Sectoral diversification

Alba will maintain appropriate diversification at companies from different sectors, as a way of reducing the overall risk of its portfolio. Those sectors which would in principle be excluded from Alba's investment scope would be as follows:

- For reputational reasons, potentially controversial sectors are avoided (such as gambling and arms), or those with a high degree of public exposure.
- To avoid conflicts of interest with the shareholder Banca March, investments are not considered in the Spanish financial sector, including insurance.
- In terms of diversification, there is a preference for investments in sectors not connected with those represented at the time in question within the portfolio. In this regard, although this is not so much an issue of diversification as to avoid potential conflicts of interest, Alba does not invest in direct competitors of its investees.

V.1.1.2. Geographical diversification

The experience and knowledge built up over the years and its local presence have meant that historically most of Alba's investments have been made in assets located in Spain or companies legally incorporated or with their operational or decision-making headquarters in the country. However, as established in the

previous Investment Policy itself, the volume of Alba's portfolio and its interest in achieving appropriate diversification, make it advisable to invest part of the portfolio in non-Spanish companies, as seen over recent years in various direct investments made outside Spain.

In this regard, this Policy is committed to continuing the same approach, combining investments in assets and companies based in Spain, with investments in other geographical regions:

- On the domestic market, Alba has a thorough understanding of the economic, corporate and legal climate in Spain, a good reputation on the market, where its philosophy, history and capabilities are broadly recognised and valued, making it easier to access potential investment opportunities. Alba has distinctive features in place compared with other types of investor, which may be particularly attractive for certain partners or types of company, such as those with a family-based shareholding structure.
- At the international level, Alba's investment focuses on companies in developed countries with a high degree of stability and legal certainty, identifying the countries of Western Europe and North America as priorities. For investments outside Spain, Alba will preferably seek out partners with a sound reputation and similar investment philosophies to its own, capable of providing an appropriate level of local and/or sectoral knowledge.
- In the case of investments in Spanish companies, a positive view will be taken of those with a substantial and growing international presence.

V.1.2. Real estate

Alba focuses its real estate investment on office buildings, which it manages directly through a specific in-house team, with the perspective of being a property owner generating recurrent rents and increasing their value in the long term.

The interest for the future is that real estate operations should focus on office buildings in prime locations in the main Spanish cities, for reasons of scale, operational efficiency and proximity, and market knowledge.

The general approach is that the proportion of real estate assets should not on a recurrent basis account for more than 10-12% of the total portfolio NAV.

V.2. Types of company investment

Alba has historically maintained a strategy of acquiring non-controlling, long-term interests in both listed and non-listed companies. As detailed in section 5.3, these are minority but significant holdings, both at the investee company (as a proportion of the share capital and as regards the genuine capacity for influence) and at Alba itself, in terms of the size of the investment and the relative proportion of the portfolio which it represents.

In this regard, at listed companies the minimum target stake² would in general be of the level required in order to have a representative on the Board of Directors, while the maximum is set at the legal limit beyond which a mandatory takeover bid must be launched (with a foreseeable range of between 10% and 20%). At listed companies, a positive view will be taken of the existence of a high level of liquidity in their securities.

In the case of investment in non-listed companies, the criteria are similar to those described for listed companies, the only exceptions being that at such enterprises: i) the stake could amount to 50%; and ii) given the lack of liquidity, the aim will be to have agreements in place with the other shareholders to protect Alba's shareholding position by regulating key aspects of corporate governance and the potential future sale of Alba's stake.

The target size for Alba's investment per investee should be between 250 and 500 million euros. This range reflects the position at the time of approval of this Policy, and must therefore be seen as a guideline, since it will evolve with the overall size of the portfolio, exceptions being allowed either upwards or downwards in accordance with long-term potential returns.

In the case of smaller investments, consideration will likewise be given to the expectation of potential additional investments in the future, although in general the approach is that individual investments of under 60 million euros should be avoided, to avoid excessive diversification of the portfolio.

V.3. Investment management model

Alba's fundamental strategy is "direct management" of its investees, and it therefore focuses on acquiring stakes at companies where it can play a significant role and make a difference in their future long-term development, with representation on the Board of Directors and a reasonable influence, proportional to the stake, in decision-making at such companies. In this regard, the preference is for companies where there is no controlling shareholder, except, for example, non-listed companies where there is a shareholder agreement regulating key aspects of corporate governance and the potential future sale of Alba's stake.

In any event, the aim will always be to strike an appropriate balance between direct management and, on occasion, more subordinate management, by acquiring minority stakes through co-investment with other partners, with more limited rights, wherever this would offer some type of option to access markets or partners deemed to be of potential long-term interest.

Accordingly, consideration may as an exception be given to investments through third-party vehicles without voting rights (such as Venture Capital Funds or

² Given their inherent nature, holdings in a listed company are often acquired gradually over time, and the stake allowing Alba to appoint a representative to the Board of Directors should therefore be seen as a medium-term goal, and not necessarily an immediate necessity.

Undertakings, or Funds of Funds), provided that they offer opportunities similar to those referred to in the above paragraph, above all if there is the potential to make a direct co-investment in investee companies through such vehicles.

VI. SUMMARY OF MEDIUM/LONG-TERM OBJECTIVES

In conclusion, a series of specific medium- and long-term objectives are defined:

- Preservation of capital in the long term and pursuit of a minimum annual cumulative target return for Alba's shareholders of a certain percentage above inflation, including the dividends received and appreciation of the NAV. This return is tied to the risk assumed, including the level of debt of Alba and its investments.
- Stable and recurrent distribution of dividends to shareholders, as established in the Alba Dividends Policy.
- Maintenance of financial flexibility in order to: i) engage in investments of interest when they arise; ii) support investees where necessary; and iii) avoid "forced" sales of assets. Although this figure may on occasion be exceeded, the position is that Alba's level of debt should be no more than 10% of its NAV for any lengthy period.
- Recurrent generation of cash from the portfolio allowing additional investments to be made without the need for recourse to additional debt at Alba or to divest: having a portfolio in place which organically generates an average annual cash flow greater than the sum of structural expenses and the dividends distributed to Alba shareholders.
- Evolution and reinforcement of resources and capabilities of the Alba team, in line with the demands and needs derived from the strategy and the evolution of the investees which make up its portfolio.
- Incorporation of specific criteria and objectives regarding Sustainability: i) in the internal management at Alba; ii) in the process of selecting investments; and iii) at the investee companies.
- Pursuit of optimised returns on the Alba portfolio, by investing any available cash in financial assets of appropriate liquidity.

Madrid, 20 June 2022