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**IDENTIFICATION DETAILS OF THE ISSUER**

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End date of the period of reference:

[ 31/12/2019 ]

CIF (Taxpayer's Identification Code):

[ A87093902 ]

Company Name:

[ **SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.** ]

Registered Office:

[ GTA DE CUATRO CAMINOS 6 Y 7 4ª MADRID ]

**A. COMPANY OWNERSHIP STRUCTURE**

A.1. Fill in the following table regarding the share capital of the Company:

Date of last modification	Share capital (€)	Number of Shares	Number of voting rights
15/12/2011	267,577,039.70	4,452,197	4,452,197

Indicate whether there are different shares classes with different associated rights:

- Yes  
 No

A.2. List the direct and indirect holders of significant interests at the end of the financial year, excluding directors:

Shareholder name or company name	% of voting rights attributed to the shares		% of voting rights granted through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
JUAN COLOMER BERROCAL	6.12	0.00	0.00	0.00	6.12
MARCO COLOMER BERROCAL	6.12	0.00	0.00	0.00	6.12
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	0.00	5.00	0.00	0.00	5.00
JAIME COLOMER BERROCAL	6.12	0.00	0.00	0.00	6.12

Details of the indirect shareholding:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% of voting rights attributed to the shares	% of voting rights granted through financial instruments	% of total voting rights
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	MULTIACTIVIDADES REUNIDAS, S.L.	5.00	0.00	5.00

State the most significant movements in the company ownership structure during the year:

Most significant movements

In December 2019, Jaime Colomer Berrocal became a significant shareholder with a 6.116% shareholding as a result of his reaching the age of majority, with the voting rights (272,315) being directly attributable to him instead of indirectly to his father Marco Colomer Barrigón as they had been until now. The corresponding notification of significant shareholdings was sent to the CNMV for both shareholders on 10 January 2020.

A.3. Complete the following tables with information on the members of the company's board of directors who hold voting rights on shares in the company:

Name or company name of director	% of voting rights attributed to the shares		% of voting rights granted through financial instruments		% of total voting rights	% of voting rights that <u>can be transferred</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JUAN CARLOS URETA DOMINGO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS MÓNICA DE QUESADA HERRERO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR JOSE LUIS COLOMER BARRIGÓN	30.72	31.42	0.00	0.00	0.00	0.00	0.00
MR MARCO COLOMER BARRIGÓN	12.40	0.00	0.00	0.00	0.00	0.00	0.00
MS IRENE HERNÁNDEZ ÁLVAREZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% of total voting rights held by the board of directors

74.54

Details of the indirect shareholding:

Name or company name of director	Name or company name of the direct shareholder	% of voting rights attributed to the shares	% of voting rights granted through financial instruments	% of total voting rights	% of voting rights that <u>can be transferred</u> through financial instruments
MR JOSE LUIS COLOMER BARRIGÓN	COGEIN, S.L.	11.63	0.00	11.63	0.00

Name or company name of director	Name or company name of the direct shareholder	% of voting rights attributed to the shares	% of voting rights granted through financial instruments	% of total voting rights	% of voting rights that can be transferred through financial instruments
MR JOSE LUIS COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	11.19	0.00	11.19	0.00
MR JOSE LUIS COLOMER BARRIGÓN	GRAN VIA 34, S.A.	7.69	0.00	7.69	0.00
MR JOSE LUIS COLOMER BARRIGÓN	PER 32, S.L.	0.91	0.00	0.91	0.00

A.4. State, as appropriate, the family, commercial, contractual or corporate relationships existing between significant shareholders, insofar as they are known by the company, unless they have little relevance or stem from the company's ordinary trading, except those reported in section A.6:

Related party name or company name	Relationship type:	Brief description:
MR MARCO COLOMER BARRIGÓN, MR JOSE LUIS COLOMER BARRIGÓN	Family	SIBLINGS
MR MARCO COLOMER BARRIGÓN, MR MARCO COLOMER BERROCAL	Family	FATHER/SON
MR MARCO COLOMER BARRIGÓN, MR JUAN COLOMER BERROCAL	Family	FATHER/SON
MR MARCO COLOMER BARRIGÓN, MR JAIME COLOMER BERROCAL	Family	FATHER/SON

A.5. State, as appropriate, the commercial, contractual or corporate relationships existing between significant shareholders, and the company and/or its group, unless they have little relevance or stem from the company's ordinary trading:

Related party name or company name	Relationship type:	Brief description:
No data available		

- A.6. Describe the relationships, unless they are of little relevance to both parties, that exist between significant shareholders or shareholders represented on the board and the directors, or their representatives, in the case of directors that are legal persons.

Explain, where appropriate, how significant shareholders are represented. Specifically, indicate those directors that have been appointed on behalf of significant shareholders, those whose appointment has been promoted by significant shareholders, or that are linked to significant shareholders and/or entities in their group, specifying the nature of such relationships. In particular, mention shall be made, where appropriate, of the existence, identity and position of members of the board, or representatives of directors, of the listed company, that are, in turn, members of the management body, or their representatives, in companies which hold significant shareholdings in the listed company or in entities of the group of such significant shareholders:

Name or company name of the related director or representative:	Name or company name of the related significant shareholder:	Company name of the group company of the significant shareholder:	Description of relationship/position:
MS MÓNICA DE QUESADA HERRERO	MULTIACTIVIDADES REUNIDAS, S.L.	COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	MONICA DE QUESADA HERRERO IS A DIRECTOR OF MULTIACTIVIDADES REUNIDAS, S.L., HAVING AUTHORITY TO REPRESENT THAT COMPANY ACTING ALONE
MR MARCO COLOMER BERROCAL	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	MARCO COLOMER BERROCAL IS A DIRECTOR OF PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.
MR JOSE LUIS COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	JOSE LUIS COLOMER BARRIGÓN IS THE REPRESENTATIVE OF THE DIRECTOR OF GESTORA DE PROMOCIONES AGROPECUARIAS, S.A. ON THE BOARD OF PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.
MR JOSE LUIS COLOMER BARRIGÓN	PER 32, S.L.	PER 32, S.L.	SOLE DIRECTOR
MR MARCO COLOMER BARRIGÓN	COGEIN, S.L.	COGEIN, S.L.	MARCO COLOMER BARRIGÓN IS THE REPRESENTATIVE OF THE SOLE DIRECTOR

Name or company name of the related director or representative:	Name or company name of the related significant shareholder:	Company name of the group company of the significant shareholder:	Description of relationship/position:
			OF COGEIN, S.L., WHICH IS PER 32., S.L.
MR MARCO COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	MARCO COLOMER BARRIGÓN IS CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A. AND REPRESENTATIVE OF THE DIRECTOR OF PER 32, S.L.
MR MARCO COLOMER BARRIGÓN	GRAN VIA 34, S.A.	GRAN VIA 34, S.A.	MARCO COLOMER BARRIGÓN IS THE REPRESENTATIVE OF THE SOLE DIRECTOR OF GRAN VÍA 34, S.A., WHICH IS PER 32, S.L.
MR MARCO COLOMER BARRIGÓN	PER 32, S.L.	PER 32, S.L.	SOLE DIRECTOR

**A.7.** State whether the company has been informed of shareholders' agreements which affect it, as set forth under Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes  
 No

State whether the company is aware of the existence of any concerted actions among its shareholders. If so, give a brief description:

Yes  
 No

If any amendments to or breaches of the aforementioned agreements or concerted actions have occurred during the year, state this explicitly:

**A.8.** State whether any natural or legal person exercises or could exercise control over the company as per the provisions of Article 5 of the Securities Market Law (LMV). If so, identify them:

Yes  
 No

Name or company name
JOSE LUIS COLOMER BARRIGÓN

Despite Jose Luis Colomer Barrigón holding 62.14% of all of the shares in the Company and being Vice-Chairman of the Board, he does not exert any influence over the decisions adopted at Board level, given that they are taken by the Board itself, which is made up of four other members who discharge their responsibilities with complete freedom.

**A.9.** Complete the following tables on the company's treasury stock:

At year end:

Number of direct shares	Number of indirect shares(*)	% of total share capital
		0.00

(\*) Through:

Name or company name of the direct shareholder	Number of direct shares
No data available	

**A.10.** Describe the conditions and the term of the current mandate of the board of directors to issue, repurchase or transfer treasury shares, as conferred by the General Shareholders' Meeting:

THERE ARE NONE

**A.11.** Estimated floating capital:

	%
Estimated floating capital	2.10

**A.12.** State whether there is any constraint (statutory, legislative or of any kind) on the transferability of securities and/or any restriction on voting rights. In particular, the existence of any type of restrictions that may hinder the taking of control of the company by means of the acquisition of its shares in the market, as well as those systems of prior authorisation or communication that, regarding the acquisitions or transfers of the company's financial instruments, are applicable to it under sectoral regulations, shall be indicated.

Yes  
 No

**A.13.** State whether the general meeting has resolved to adopt any measures to neutralise take-over bids pursuant to the provisions set forth in Law 6/2007.

Yes  
 No

If so, explain the measures that have been approved and the terms under which the constraints would be ineffective:

**A.14.** State whether the company has issued securities which are not traded on a regulated EU market.

Yes  
 No

If so, indicate the different classes of shares and, for each class of shares, the rights and obligations conferred by them:

## **B. GENERAL SHAREHOLDERS MEETING**

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**B.1.** State whether differences exist between the minimum quorum established in the Spanish Corporate Enterprises Act (LSC) and the quorum needed to convene the general meeting. If so, explain these differences:

Yes  
 No

**B.2.** State whether there are differences with the methods laid down in the Spanish Corporate Enterprises Act (LSC) to adopt corporate resolutions. If so, explain these differences:

Yes  
 No



- B.3.** State the regulations which apply to the amendment of the company's Articles of Association. More specifically, report the majorities stipulated for amending the Articles of Association and, where applicable, the rules laid down to safeguard shareholders' rights when the Articles of Association are amended.

In accordance with Articles 2.3 and 7.1.c of the General Shareholders' Meeting Regulations, the general meeting holds the power to amend the Articles of Association and the general meeting's own regulations at the instigation of, and after receiving a report from, the board of directors. The system of majorities established for the amendment of the Articles of Association and protection of members rights, where applicable, is regulated pursuant to the provisions of the Spanish Companies Act (*Ley de Sociedades de Capital*).

- B.4.** Provide the attendance data for the general meetings held during the year to which this report refers and the data for the two preceding years:

Date of general meeting	Attendance data				Total
	% in person	% by proxy	% remote voting		
			Electronic voting	Others	
01/04/2016	74.64	18.34	0.00	0.00	92.98
Of which floating capital	1.92	1.03	0.00	0.00	2.95
19/05/2016	75.56	19.38	0.00	0.00	94.94
Of which floating capital	1.92	1.03	0.00	0.00	2.95
29/06/2017	80.55	19.39	0.00	0.00	99.94
Of which floating capital	1.92	1.03	0.00	0.00	2.95
26/04/2018	80.60	19.39	0.00	0.00	99.99
Of which floating capital	1.92	1.03	0.00	0.00	2.95
28/06/2018	92.83	6.12	0.00	0.00	98.95
Of which floating capital	1.92	1.03	0.00	0.00	2.95
25/04/2019	80.60	13.27	0.00	0.00	93.87
Of which floating capital	1.05	1.03	0.00	0.00	2.08

- B.5.** State whether there have been any agenda items in the General Shareholders' Meetings held during the year that, for any reason, have not been approved by the shareholders:

Yes  
 No

- B.6.** State whether there are any statutory restrictions that establish the minimum number of shares required to attend the General Shareholders' Meeting or to vote remotely:

Yes  
 No

**B.7.** State whether certain decisions, other than those established by law, involving an acquisition, disposal, transfer of essential assets to another company or other similar corporate operations must be submitted to the General Shareholders' Meeting for approval:

- Yes  
 No

**B.8.** Indicate the URL and way to gain access to information on corporate governance and other information on general meetings which must be made available to shareholders on the Company website:

The URL of the Company's website is: [www.saintcroixhi.com](http://www.saintcroixhi.com). Information on Corporate Governance, Shareholders Meetings and other information that has to be made available to Company shareholders can be found under the "Shareholders and Investors" menu.

**C. STRUCTURE OF THE COMPANY'S ADMINISTRATION**

**C.1. Board of Directors**

C.1.1 Maximum and minimum numbers of directors stipulated in the articles of association and the number set by the General Shareholders' Meeting:

Maximum number of directors	11
Minimum number of directors	3
Number of directors set by the general meeting	5

C.1.2 Complete the following table with details on the board members:

Name or company name of director	Representative	Director category	Office on the board	Date of first appointment	Date of last appointment	Appointment procedure
MR JUAN CARLOS URETA DOMINGO		Independent	DIRECTOR	02/12/2014	26/04/2018	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MS MÓNICA DE QUESADA HERRERO		Proprietary	DIRECTOR	29/06/2017	29/06/2017	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MR JOSE LUIS COLOMER BARRIGÓN		Proprietary	VICE-CHAIRMAN	10/06/2014	20/04/2018	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MR MARCO COLOMER BARRIGÓN		Executive	CHAIRMAN - CHIEF EXECUTIVE OFFICER	10/06/2014	26/04/2018	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MS IRENE HERNÁNDEZ ÁLVAREZ		Independent	INDEPENDENT COORDINATING DIRECTORS	28/02/2018	28/02/2018	CO-OPTION

Total number of directors	5
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State any departures, either due to resignations, dismissals or any other cause, that have occurred on the Board of Directors during the reporting period:

Name or company name of director	Category of director at the time of removal	Date of last appointment	Departure date	Special committees of which they were a member	State whether the departure took place before the end of the term of office
MR CELESTINO MARTÍN BARRIGÓN	Other External	26/04/2018	23/01/2019	NONE	YES

C.1.3 Complete the following tables about the different types of board members:

EXECUTIVE DIRECTORS		
Name or company name of director	Office in the company's organisation chart	Profile
MR MARCO COLOMER BARRIGÓN	CHAIRMAN AND CHIEF EXECUTIVE OFFICER	<p>Marco Colomer Barrigón is Chairman and Chairman and Chief Executive Officer of Grupo Pryconsa, a group of companies operating in the real estate and construction sectors since 1965. Grupo Pryconsa is one of the sector's benchmark Groups with a significant position in the management of real estate assets for rent as well as urban management, the comprehensive provision of all types of real estate services and management of cooperatives and is developing renewable energy activities inside and outside Spain. In addition, he is Chairman of the Coivisa Group, which is also a group of companies which engages in real estate development and construction activities, as well as the management of rental real estate assets. Furthermore, he is Chairman and CEO of Isla Canela, S.A., a company specialising in real estate development in the tourism and urban management sector. He has a degree in Law and Business Administration from ICADE and is a member of the Regional Advisory Council of Banco Bilbao Vizcaya Argentaria, S.A. He has been a Director of other companies within other sectors such as food (from 1985 to 1990) like Jamones de Montánchez (Jamosa), Icomost and Vegajardin, Director of Banco Popular Español from 1989 to 1991 and Member of the Global Advisory Council for investors of Chase Manhattan Private Bank, today J. P. Morgan.</p>

Total number of executive directors	1
% of the board as a whole	20.00

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name or company name of director	Name or company name of the significant shareholder whom he/she represents or who has proposed his/her appointment	Profile
MS MÓNICA DE QUESADA HERRERO	MULTIACTIVIDADES REUNIDAS, S.L.	Mónica de Quesada Herrero is CEO of the Pavasal Group, a company mainly dedicated to the construction sector based in Valencia and incorporated in 1947. She is a director at various companies that make up the business group, such as Edifesa Obras y Proyectos S.A, Edificación Logística e Industrial S.L and others. She holds a degree in Business Administration from the University of Valencia (1997). She later obtained a degree in Economics from the same University (2000). She holds a Master's Degree in Economics, Finance and Management (GPEFM) from the Universidad Pompeu Fabra university in Barcelona (2005). She has taught as a lecturer in the Department of Applied Economics and Mathematics at the Faculty of Economics of the Universidad Pompeu Fabra university in Barcelona as well as in the Department of Mathematics at the School of Civil Engineering of the Polytechnic University of Valencia. She is a member of the Board of Trustees of various Valencian Foundations such as the Foundation for Stock Market and Financial Studies, the University of Valencia-Companies Foundation (ADEIT) and the Cañada Blanch Foundation. She is a member of the Círculo de Empresarios (Entrepreneurs' Association) of Madrid.
MR JOSE LUIS COLOMER BARRIGÓN	MR JOSE LUIS COLOMER BARRIGÓN	José Luis Colomer Barrigón has a degree in Hispanic Studies from the University of Salamanca, a doctorate in Comparative Literature from the University of Bologna and a degree in Art History from the Sorbonne. He has been a research fellow at the Collège de France in Paris, the Warburg Institute in London and the Institute for Advanced Study in Princeton. After teaching Spanish literature and history as a tenured lecturer at the University of Lyon II (1993-1998), he was a member of the Casa de Velázquez in Madrid (2000-2002) and participated in projects of the State Association for Cultural Action Abroad (SEACEX). Since 2005 he has directed the Centro de Estudios Europa Hispánica (Hispanic Europe Studies Centre, CEEH), a private entity that promotes cultural initiatives - publications, documentaries, congresses and exhibitions - to foster international Hispanicism. His publications focus, among other things, on the Spanish presence in Europe during the 17th century and the cultural relations between Spain and Italy. This research has seen him decorated by the Italian Republic. José Luis Colomer is chairman of the Pryconsa Foundation, which, on its own initiative or in collaboration with other entities, carries out social and cultural projects in Spain. In addition, José Luis Colomer Barrigón, in his capacity as director of a large number of companies, has developed knowledge and skills and has

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name or company name of director	Name or company name of the significant shareholder whom he/she represents or who has proposed his/her appointment	Profile
		sufficient experience in accounting, administration and the preparation of annual accounts.

Total number of proprietary directors	2
% of the board as a whole	40.00

NON-EXECUTIVE INDEPENDENT DIRECTORS	
Name or company name of director	Profile
MR JUAN CARLOS URETA DOMINGO	<p>Juan Carlos Ureta is the Chairman of Renta 4 Banco S.A., specialising in asset management, capital markets and business financing. Renta 4 Banco is the only bank specialising in asset management to be traded on the Spanish Stock Exchange. He holds a Diploma in Financial Law from the University of Deusto (Bilbao). He qualified as a Public Prosecutor, currently non-practising, in 1980 and as a stockbroker at the Madrid Stock Exchange in 1986, graduating top of his class. Chairman of the Spanish Institute of Financial Analysts, Chairman of the Financial Studies Foundation, Member of the Board of Directors and the Permanent Committee of the Governing Body of the Madrid Stock Exchange since 1989. He was a member of the Board of Directors of the Securities Clearing and Settlement Service (Iberclear) from 1996 to 2003. He was also Chairman of Iberclear in 2002. Member of the Board of Directors of BME (Bolsas y Mercados Españoles), the holding company covering all Spanish stock exchanges and clearing and settlement systems, from 2002 to 2006. Member of the Board of Directors of Indra Sistemas from 1998 to 2007. Member of the Advisory Board of Lucent Technologies in Spain from 1996 to 2001. Member of the Advisory Board of ING Direct. Consultant for several Spanish and foreign business groups and the author of numerous specialist publications on legal and financial matters. He is also a director of Bolsas y Mercados Españoles, S.A.</p>
MS IRENE HERNÁNDEZ ÁLVAREZ	<p>Irene Hernández Álvarez is a founding partner of Impulsa Capital, a company specialising in providing corporate financial advisory services in the private equity/venture capital sector. Impulsa Capital advises companies and/or their shareholders in capital increase transactions, replacement of investors, MBOs, obtaining subordinated debt and in the sale of companies; it also advises private equity/venture capital funds in the search for investment commitments, as well as in investments and disinvestments. In addition, Impulsa Capital is an MAB Registered Advisor, and is able to advise companies to become listed on that market. Previously, she worked at JP Morgan from 1987 to 2001 in the area of investment banking; from 1995, she worked in the IPO department, firstly for Latin American companies, from New York, and later managing the unit in Spain. With a degree in business administration from ICADE, she was awarded an extraordinary final project prize and the second national prize in economics. She is a founding member of Club Empresarial ICADE (ICADE Entrepreneurial Club) and has been on</p>

**NON-EXECUTIVE INDEPENDENT DIRECTORS**

Name or company name of director	Profile
	its executive committee since its foundation and participates in various educational activities aimed at promoting entrepreneurship. She is also an independent director of Elecnor, S.A. and Ence, S.A. as well as a member of the audit committee for both.

Total number of independent directors	2
% of the board as a whole	40.00

State whether any director classified as an independent receives from the company, or any group company, any amounts or benefits for an item other than the director's remuneration, or whether any director maintains or has maintained a business relationship with the company or any company in the group in the last year, whether in his own name or as a major shareholder, director or senior manager of an entity maintaining, or which has maintained, such a relationship.

If so, include a reasoned statement by the board on the reasons why it considers that such director may perform his duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
MR JUAN CARLOS URETA DOMINGO	DOES NOT EXIST	NOT APPLICABLE
MS IRENE HERNÁNDEZ ÁLVAREZ	DOES NOT EXIST	NOT APPLICABLE

**OTHER NON-EXECUTIVE DIRECTORS**

Identify the other non-executive directors and state the reasons why they cannot be considered proprietary or independent directors, and their relationship with the company, its directors or shareholders:

Name or company name of director	Reasons:	Company, director or shareholder with whom the link is held:	Profile
No data available			

Total number of other external directors	N.A.
% of the board as a whole	N.A.

State the changes, if any, that have come about in the types of directors during the period:

Name or company name of director	Date of change	Previous category	Current category
No data available			

C.1.4 Complete the table below with information on the number of female directors at the end of the last four financial years, and their type:

	Number of female directors				% of total number of directors of each type			
	2019	2018	2017	2016	2019	2018	2017	2016
Female Executives					0.00	0.00	0.00	0.00
Proprietary	1	1	1		50.00	50.00	50.00	0.00
Independent	1	1	1	1	50.00	50.00	50.00	50.00
Other Non-Executive Female Executives					0.00	0.00	0.00	0.00
Total	2	2	2	1	40.00	33.33	33.33	20.00

C.1.5 Indicate whether the company has diversity policies in relation to the company's board of directors with respect to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition contained in the Spanish Audit Act (*Ley de Auditoría de Cuentas*), will have to report, at a minimum, on the policy they have established in relation to gender diversity.

- Yes  
 No  
 Partial policies

If yes, describe these diversity policies, their objectives, the measures and how they have been implemented, as well as their results for the year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors must also be indicated.

If the company does not implement a diversity policy, explain the reasons why it does not do so.

Description of policies, objectives, measures and the way in which they have been applied, as well as the results obtained.

Pursuant to Article 14.7.g of the Board of Directors Regulations, the Appointments and Remuneration Committee has to inform the board about diversity and gender-related issues. It may suggest to the board of directors the appointment of one or several female directors to bring before the General Shareholders Meeting. The director recruitment procedure is not affected by any kind of bias which may hinder or obstruct the election of women as members of the Board of Directors. The Board of Directors currently has two female directors (one proprietary and one independent), representing 40% of the total number of Board members.

The Company does not have diversity policies in place in relation to the Board of Directors of the company with regard to matters such as age or disability, but circumstances of this nature may not be an exclusive reason for ruling out possible candidates who might be able to join the Board of Directors.



- C.1.6 Explain the measures agreed, if any, by the appointments committee to ensure that the selection procedures are not affected by any implicit biases against selecting female directors and to make sure that the company deliberately seeks to include, among potential candidates, women who meet the professional profile required, allowing a balanced presence of women and men to be achieved:

Explanation of the measures

See Section C.1.5. above.

Where the number of female directors is few or none, despite the measures taken, if any, explain the reasons to justify this fact:

Explanation of the reasons

As previously stated, the number of female directors currently represents 40% of the total number of board members.

- C.1.7 Explain the conclusions of the appointments committee regarding the verification of compliance with the policy on director selection. In particular, explain how this policy promotes the objective that by 2020 the number of female directors is at least 30% of the total number of members of the board of directors.

The Company currently has no approved director selection policy. However, the procedures to select directors favour gender diversity in accordance with the provisions of article 529 bis of the Spanish Corporate Enterprises Act and are therefore aligned with the goal that in 2020 the number of female directors will represent at least 30% of the total number of directors. In this regard, at the end of 2019, 40% of the Company's directors were already female.

- C.1.8 Explain, should it be the case, the reasons why proprietary directors have been appointed at the request of shareholders whose shareholding is below 3% of share capital:

Shareholder name or company name	Justification
No data available	

State whether any formal requests have been rejected for a seat on the board by shareholders whose shareholding is equivalent to or exceeds that of others at whose request proprietary directors have been appointed. If so, explain the reasons why such requests have been turned down:

Yes  
 No

- C.1.9 Indicate, if any, the powers and faculties delegated by the board of directors to directors or to board committees:

Name or company name of the director or committee	Brief description:
MARCO COLOMER BARRIGÓN	In accordance with the Article 20.6 of the Articles of Association, the board may appoint one or more Chief Executive Officers, notwithstanding the powers of attorney it may grant to any person and determine the powers of attorney to be granted in each case. The permanent delegation of any of the board of directors' powers to one or several Chief Executive Officers and the

Name or company name of the director or committee	Brief description:
	<p>appointment of the director(s) who are to hold such offices shall require a vote in favour from two-thirds of the board members to be effective and shall not enter into effect until it is duly registered at the Companies Registry. Under no circumstances may the purpose of such delegation be accountability or the bringing of balances before the General Meeting, nor may the powers that the latter may confer upon the board be delegated, unless expressly authorised by it. In accordance with Article 4.3 of the Board Regulations, the board of directors shall hold responsibility for all the powers which cannot be delegated and are legally reserved for its deliberation, as well as any others that are necessary to responsibly exercise its general oversight duty. It may delegate the remaining powers to one or several Chief Executive Officers. At the board meeting held on 26 April 2018, it was agreed to re-appoint Marco Colomer Barrigón as the Company's Chief Executive Officer, to whom all the powers of the board of directors were delegated, with the exception of those that cannot be delegated by law.</p>

C.1.10 Identify, as applicable, the members of the board who hold office as directors, representatives of directors or executives in other companies that form part of the listed company's group:

Name or company name of director	Company name of group company	Position	Do they have executive duties?
No data available			

C.1.11 For your company, give details, where applicable, of any directors, or representatives of directors that are legal persons, who are members of the board of directors, or representatives of directors that are legal persons, of other entities listed on official stock exchanges, other than companies in your group, of which the company has been notified:

Name or company name of director	Company name of listed company	Position
MR JUAN CARLOS URETA DOMINGO	RENTA 4 BANCO, S.A.	CHAIRMAN
MR MARCO COLOMER BARRIGÓN	RANK INVERSIONES SIL, S.A.	CHAIRMAN
MS IRENE HERNÁNDEZ ÁLVAREZ	ELEC NOR, S.A.	DIRECTOR
MS IRENE HERNÁNDEZ ÁLVAREZ	ENERGÍA Y CELUSOSA, S.A.	DIRECTOR
MR JUAN CARLOS URETA DOMINGO	BOLSAS Y MERCADOS, S.A.	DIRECTOR

C.1.12 State and, if necessary, explain whether the company has any rules concerning the maximum number of boards of companies of which its directors may form part, identifying, if applicable, where it is regulated:

- Yes  
 No

C.1.13 Indicate the amounts of the following items relating to the total remuneration of the Board of Directors:

Remuneration accrued in the year by the board of directors (€ thousands)	51
Amount of pension rights accumulated by the current Directors (€ thousands)	
Amount of pension rights accumulated by the ex-Directors (€ thousands)	

C.1.14 Identify the members of senior management that are not simultaneously executive directors and state the total remuneration accruing to them in the year:

Name or company name	Position(s)
No data available	

C.1.15 State whether any amendments have been made to the Board Regulations during the financial year:

- Yes  
 No

C.1.16 State the procedures used to select, appoint, re-elect and remove board members. Name the competent bodies, the procedures to be followed and the criteria used in each procedure.

**Selection:**

The Board of Directors and the Appointments and Remuneration Committee, within the scope of their responsibilities, strive to ensure that candidates of renowned solvency, competence and experience are chosen, taking particular care in the case of independent directors. In this sense, the Appointments and Remuneration Committee is responsible for assessing the skills, knowledge and experience required on the Board of Directors in order to define the skills and capabilities required by candidates to cover each vacancy, and to assess the time and dedication required to properly carry out their duties.

**Appointment:**

Being a shareholder is not a requirement for appointment to the board and both natural and legal persons may be members, though in the latter case a natural person must be appointed to represent the legal person and to hold office. People who have been legally disqualified may not be directors; nor may those who have been declared incompatible according to legislation on senior executives and other specific general or regional provisions.

Directors are appointed by the General Shareholders' Meeting or, in the event of co-opted nomination to cover vacancies, by the Board of Directors according to the provisions set forth in applicable law.

Proposals for the appointment of independent directors are made by the Appointments and Remuneration Committee. Any proposals for the appointment of non-independent directors the board brings before the General Meeting for its deliberation and any appointment decisions the board adopts by virtue of the powers of co-option legally attributed to it shall be preceded by the relevant non-binding report issued by the Appointments and Remuneration Committee. Should the board reject the recommendations made by the Appointments and Remuneration Committee, it shall state the reasons thereof and record its reasons in the minutes of the meeting.

**Re-election:**

Directors hold office for a term of four years and may be re-elected once or more times for periods of equivalent duration. Once the term has expired, the appointment shall expire when the following General Meeting is held or the legal time limit for holding the General Shareholders' Meeting which has to resolve on the application of the previous year's accounts has elapsed.

Any proposals for the reappointment of directors which the board of directors decides to bring before the General Shareholders' Meeting should have been previously reported on by the Appointments and Remuneration Committee, which shall assess in its recommendation the quality of the work and the dedication to the office during their mandate. Likewise, the board of directors ensures that any independent directors who are re-elected do not remain on the same committee, except where the tasks in progress or other reasons suggest they should continue on the same committee.

**Assessment:**

Annually, the Board of Directors carries out an assessment of its functioning and that of its committees. Based on the outcome of this assessment, the Board of Directors proposes an action plan aimed at correcting the deficiencies detected.

**Removal:**

Directors leave office once the term for which they were appointed has elapsed, where they tender their resignation to the Company or where the General Shareholders' Meeting so decides, in exercise of the powers conferred on it, either by law or by the Articles of Association. Directors place their office at the disposal of the board of directors and tender their resignation, where the board may see fit, in any of the following circumstances:

- a) where they stand down from executive offices linked to their appointment as a director;
- b) where they are involved in any of the circumstances of incompatibility or legal prohibition laid down;
- c) where they are issued a serious admonishment by the Audit and Compliance Committee for having failed to fulfil their obligations as a director; and
- d) where their remaining on the board may place the company's interests at risk or negatively affect its good standing and reputation or where the reasons why they were appointed cease to exist (for example, when a proprietary director sells his interest in the company).

Where, due to resignation or for other reasons, a director relinquishes office before the end of their term of office, they should explain the reasons in a letter sent to every member of the Board of Directors, notice of which should be given as a relevant fact and explained in the Annual Corporate Governance Report.

**C.1.17 Explain how far the annual assessment of the board has led to important changes in its internal organisation, and on the procedures applicable to its activities:**

**Description of changes**

The board meeting held on 25 July 2019 approved the ANNUAL ASSESSMENT OF THE PERFORMANCE OF THE BOARD OF DIRECTORS, ITS AUDIT COMMITTEE AND THE APPOINTMENTS AND COMPENSATION COMMITTEE, produced by the Appointments and Compensation Committee at the Company, concluding that the board of directors operates in an appropriate and efficient manner, pursuant to the provisions of the Articles of Association and the General Meeting's own regulations. Furthermore, it concluded that during 2018, the members of the board of directors performed their duties with diligence and loyalty to the company's corporate interests, without proposing the adoption of any corrective measure, as no deficiency was identified in the Board's performance.

Describe the assessment process and the areas evaluated carried out by the board of directors, aided where appropriate by an external consultant, with respect to the operation and composition of the board and its committees and any other area or aspect that has been subject to evaluation.

**Description of the assessment process and areas evaluated**

The process to assess the Board of Directors, its Committees and its Chairman and Chief Executive Officer for 2018 was overseen by the Appointments and Compensation Committee. This process concluded with the Board of Director's approving the assessment's results in its meeting of 25 July 2019.

The main areas assessed were the following:

- The composition, meetings, functioning and most relevant agreements of the Board of Directors;
- Attendance of directors to Board meetings;
- Relationship of the Board of Directors with its committees;
- Performance of the Board Chairman and Chief Executive Officer, as well as the Secretary; and
- Performance of the Board of Directors Committees.

The Board of Directors was not assisted by any external consultant in carrying out this assessment.

C.1.18 Break down, in those years in which the evaluation has been assisted by an external consultant, the business relationship that the consultant or any company within its group maintains with the company or any company in its group.

[ No services have been required from an external consultant. ]

C.1.19 State the cases in which directors are obliged to resign.

Article 21 of the Board of Directors Regulations. Removal of directors:

1. Directors shall leave office once the term for which they have been appointed has elapsed, where they tender their resignation to the Company or where the General Meeting so decides, in exercise of the powers conferred on it, either by law or by the Articles of Association.

2. Directors shall place their office at the disposal of the board of directors and tender their resignation, where the board may see fit, in any of the following circumstances:

- a) where they stand down from executive offices linked to their appointment as a director;
- b) where they are involved in any of the circumstances of incompatibility or legal prohibition laid down;
- c) where they are issued a serious admonishment by the Audit and Compliance Committee for having failed to fulfil their obligations as a director; and
- d) where their remaining on the board may place the company's interests at risk or negatively affect its good standing and reputation or where the reasons why they were appointed cease to exist (for example, when a proprietary director sells his interest in the company).

C.1.20 Are reinforced majorities other than legal majorities required for any type of decision?

- [ ] Yes  
[ v ] No

If so, describe the differences.

C.1.21 Explain if there are any specific requirements to be appointed as chairman of the board of directors other than those which apply to directors.

- [ ] Yes  
[ v ] No

C.1.22 State whether the Articles of Association or the Board Regulations establish any age limit for directors:

- [ ] Yes  
[ v ] No

C.1.23 State whether the Articles of Association or the Board Regulations establish a limited mandate or other stricter requirements in addition to those legally established for independent directors, other than as set forth in the legal regulations:

- [ ] Yes  
[ v ] No

C.1.24 Indicate whether the Articles of Association or the Regulations of the Board of Directors establish specific rules for delegating votes to the board of directors, to other directors, how this should be done, and in particular, the maximum number of delegations any Director may have, and whether there is any limit as to the director category to which votes may be delegated, other than the limitations imposed by law. If so, give a brief summary of these rules.

Article 16.1 of the Board Regulations provides that directors must make every effort to attend board meetings and, when they cannot do so in person, they may delegate another director to act as their proxy. Non-executive directors may only grant proxy to another non-executive director. They shall endeavour to appoint that proxy by means of a letter addressed to the Chairman and, on an exceptional basis, to another board member, containing the relevant instructions, provided the agenda for the meeting permits it.

C.1.25 State the number of board meetings held during the financial year. Also indicate, as applicable, the number of times that the Board has met without its Chairman attending. The calculation of attendance includes instances of representation with specific instructions.

Number of board meetings	4
Number of board meetings held without the chairman in attendance	0

Indicate the number of meetings held by the coordinating director with the other directors, without the attendance or representation of any executive directors:

Number of meetings	0
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State the number of meetings held by the board's various committees during the year:

Number of AUDIT COMMITTEE meetings	5
Number of APPOINTMENTS AND COMPENSATION COMMITTEE meetings	3

C.1.26 State the number of board meetings held during the year and the attendance data of its members:

Number of meetings attended in person by at least 80% of the directors	4
Attendance in person as a percentage of total votes during the year	100.00
Number of meetings attended by all directors in person or by proxies with specific instructions	4
% of votes cast in person and by proxies with specific instructions	100.00

on the total votes during the year	
---------------------------------------	--

C.1.27 State whether the individual and consolidated financial statements that are submitted to the Board to be issued are certified in advance:

- Yes  
 No

Identify, as applicable, the person(s) who has/have certified the Company's separate and consolidated financial statements to be drawn up by the board:

C.1.28 Explain, where applicable, the mechanisms established by the board of directors to prevent the separate and consolidated financial statements drawn up by it from being submitted to the General Shareholder's Meeting with audit report qualifications.

Pursuant to Article 13.9 of the Board Regulations, the following, among others, are the Audit and Compliance Committee's responsibilities:

- To issue a report on an annual basis expressing an opinion of the auditor of accounts' independence prior to the audit report being issued. Said report shall, in any case, state the provision of additional services; in other words, any services provided by the auditor other than auditing services;
- To oversee the auditing agreement is fulfilled, endeavouring to ensure that the opinion on the annual accounts and the audit report's main contents are clearly and accurately worded, in addition to assessing the results of each audit;
- To act as a communications channel between the board of directors and the auditors, assessing the results of each audit and the management team's responses to their recommendations and mediating in the event of discrepancies between them regarding the principles and criteria applicable to drawing up the financial statements;
- To oversee the efficacy of the Company's internal controls, internal auditing, as applicable, and its risk management systems, and to verify their integrity by reviewing them periodically in order to identify risks, manage them and make them known, as well as discussing with the auditors of accounts or auditing firms any significant weaknesses detected in the internal control system during the performance of an audit;
- To review the Company's annual accounts and the periodic financial reporting the board has to provide to the markets and their supervisory bodies, and to safeguard the fulfilment of legal requirements and the proper application of generally accepted accounting standards;
- To inform the board of directors of any significant changes in accounting principles and in- and off-balance sheet risks.

C.1.29 Is the secretary of the board also a director?

- Yes  
 No

If the secretary is not a director, complete the following table:

Name or company name of secretary	Representative
JOSE JUAN CANO RESINA	

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, the mechanisms to preserve the independence of financial analysts, investment banks and ratings agencies, including how the legal provisions have been implemented in practice.

Pursuant to Article 13.9 of the Board Regulations, the following, among others, are the Audit and Compliance Committee's responsibilities:

- To propose the appointment of the external auditors of accounts to the board of directors for submission to the General Shareholders Meeting's consideration. Likewise, to propose engagement conditions to the board of directors, the scope of professional mandates and, if applicable, the renewal thereof or not;
- To maintain relationships with the external auditors to receive information on any matters that could jeopardise their independence and regarding any other matters related to the account auditing process, as well as on any other disclosures

laid down by account auditing legislation and technical auditing standards;

- To issue a report on an annual basis expressing an opinion of the auditor of accounts' independence prior to the audit report being issued. Said report shall, in any case, state the provision of additional services; in other words, any services provided by the auditor other than auditing services;

- To oversee the auditing agreement is fulfilled, endeavouring to ensure that the opinion on the annual accounts and the audit report's main contents are clearly and accurately worded, in addition to assessing the results of each audit;

- To act as a communications channel between the board of directors and the auditors, assessing the results of each audit and the management team's responses to their recommendations and mediating in the event of discrepancies between them regarding the principles and criteria applicable to drawing up the financial statements;

- To oversee the efficacy of the Company's internal controls, internal auditing, as applicable, and its risk management systems, and to verify their integrity by reviewing them periodically in order to identify risks, manage them and make them known, as well as discussing with the auditors of accounts or auditing firms any significant weaknesses detected in the internal control system during the performance of an audit;

C.1.31 State whether the Company has changed its external auditor during the year. If so, please identify the incoming and outgoing auditors:

- Yes  
 No

In case there were any disagreements with the outgoing auditor, explain the content of same:

- Yes  
 No

C.1.32 State whether the auditing firm carries out other work for the company and/or its group, other than auditing work, and, if so, state the total fees received for such work and the percentage this represents of the fees billed to the company and/or its business group:

- Yes  
 No

C.1.33 State whether the audit report on the financial statements for the previous year includes any qualifications or reservations. If so, state the reasons given to shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of these qualifications or reservations.

- Yes  
 No

C.1.34 State the number of consecutive years that the current auditing firm has audited the company's individual and/or consolidated annual accounts without interruption. Also, indicate how many years the current audit firm has been auditing the accounts as a percentage of the total number of years over which the annual accounts have been audited.

	Individual	Consolidated
Number of consecutive years	3	

	Individual	Consolidated
Number of years audited by the current audit firm / Number of years that the company or its group has been audited (%)	33.33	0.00



C.1.35 State whether there is a procedure to enable directors to gain access to the information they need to prepare for meetings of governing bodies with sufficient time:

- Yes  
 No

Details of the procedure

Pursuant to Article 8.2 a) and c) of the Board Regulations:

2.The Chairman has ultimate responsibility for the effective functioning of the board of directors. In addition to carrying out the duties that are legally and statutorily attributed to the board of directors, he shall be responsible for:

- a) Convening and presiding over meetings of the board of directors, setting the agenda of meetings and leading discussions and debates.
- c) Ensuring that directors receive sufficient information in advance in order to deliberate the items on the agenda.

C.1.36 State whether the company has established rules that require directors to report on and, as applicable, resign in cases where the company's good standing and reputation may be harmed. If so, describe said rules:

- Yes  
 No

Explain the rules

Pursuant to Article 21.2.d) of the Board Regulations:

Directors shall place their office at the disposal of the board of directors and tender their resignation, where the board may see fit, in any of the following circumstances:

- d) where their remaining on the board may place the company's interests at risk or negatively affect its good standing and reputation or where the reasons why they were appointed cease to exist (for example, when a proprietary director sells his interest in the company).

C.1.37 State whether any member of the board of directors has reported to the company that he has been tried or that legal proceedings have been brought against him for any of the offences set forth in Article 213 of the Corporate Enterprises Act:

- Yes  
 No

C.1.38 List the significant agreements signed by the company and that come into force, are modified or are terminated in the case of a change in control of the company resulting from a take-over bid, and their effects.

None

C.1.39 Identify on an individual basis, when it refers to directors, and on an aggregated basis in all other cases, and state, in detail, any agreements between the company and its directors, executives or employees that provide for severance payments or contain guarantee or bailout clauses, where such individuals resign or are unfairly dismissed, or on termination of the contractual relationship due to a take-over bid or a transaction of some other kind.

Number of beneficiaries	0
Type of beneficiary	Description of agreement:
NONE	THERE ARE NO AGREEMENTS ON THIS ISSUE

State whether, in addition to the cases provided for by law, the company or group's corporate governance bodies have to be informed of such contracts. If so, specify the procedures, cases and the nature of the bodies responsible for approving or communicating them:

	Board of Directors	General Shareholders Meeting
Body that authorises the clauses	√	

	Yes	No
Is the General Meeting informed about the clauses?	√	

## C.2. Board of Directors Committees

C.2.1 List all the committees of the board of directors, their members and the proportion of Executive, Proprietary, Independent and other non-executive Directors thereon:

AUDIT COMMITTEE		
Name	Position	Category
MR JUAN CARLOS URETA DOMINGO	SECRETARY	Independent
MR JOSE LUIS COLOMER BARRIGÓN	MEMBER	Proprietary
MS IRENE HERNÁNDEZ ÁLVAREZ	CHAIRMAN	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other non-executive directors	0.00

Explain the functions, including, where appropriate, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules for its organisation and operation. For each of these functions, indicate the most important actions carried out during the year and how each of the functions attributed to it has performed out in practice, whether in law or in the articles of association or other corporate resolutions.

Article 13.9 of the Board of Director's Regulations states that:

Without prejudice to the other tasks assigned under the applicable regulations, the Articles of Association or by the Board, the Audit Committee shall have the following basic responsibilities:

- a) To report through its chairman and/or secretary on the issues shareholders may raise at General Shareholders Meetings connected with the Committee's area of responsibility;
- b) To propose the appointment of the external auditors of accounts to the board of directors for submission to the General Shareholders Meeting's consideration. Likewise, to propose engagement conditions to the board of directors, the scope of professional mandates and, if applicable, the renewal thereof or not;
- c) To maintain relationships with the external auditors to receive information on any matters that could jeopardise their independence and regarding any other matters related to the account auditing process, as well as on any other disclosures laid down by account auditing legislation and technical auditing standards;
- d) To issue a report on an annual basis expressing an opinion of the auditor of accounts' independence prior to the audit report being issued. Said report shall, in any case, state the provision of additional services; in other words, any services provided by the auditor other than auditing services;
- e) To oversee the auditing agreement is fulfilled, endeavouring to ensure that the opinion on the annual accounts and the audit report's main contents are clearly and accurately worded, in addition to assessing the results of each audit;
- f) To act as a communications channel between the board of directors and the auditors, assessing the results of each audit and the management team's responses to their recommendations and mediating in the event of discrepancies between them regarding the principles and criteria applicable to drawing up the financial statements;
- g) To oversee the efficacy of the Company's internal controls, internal auditing, as applicable, and its risk management systems, and to verify their integrity by reviewing them periodically in order to identify risks, manage them and make them known, as well as discussing with the auditors of accounts or auditing firms any significant weaknesses detected in the internal control system during the performance of an audit;
- h) To review the Company's annual accounts and review the periodic financial reporting the Company has to provide to the markets and their supervisory bodies, and to safeguard the fulfilment of legal requirements and the proper application of generally accepted accounting principles;
- i) To inform the board of directors of any significant changes in accounting criteria and in- and off-balance sheet risks, as well as overseeing the process of preparing and presenting the mandatory financial information and submitting recommendations or proposals to the management body, aimed at safeguarding its integrity.
- j) To receive information and, as necessary, issue reports on the disciplinary measures that are to be imposed on the Company's senior management;
- k) To draw up and bring an Annual Corporate Governance Report before the board of directors for its approval;
- l) To draw up an annual report on the Audit and Control Committee's activities;
- m) To supervise the way in which the Company's website runs concerning the availability of corporate governance information;
- n) To review issue prospectuses to be provided to the markets and supervisory bodies;
- o) To report on the creation or acquisition of any interests in special purpose vehicles and companies registered in tax havens, as well as any other transactions or operations of a similar nature that could compromise the group's transparency due to their complexity, and also transactions with related parties.

Identify the directors appointed as members of the audit committee taking into account their knowledge and experience of accountancy, auditing, or both, and report on the date of appointment of the chairman of this committee to the post.

Name of the experienced director	MR JUAN CARLOS URETA DOMINGO / MR JOSE LUIS COLOMER BARRIGÓN / MS IRENE HERNÁNDEZ ÁLVAREZ
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Date of appointment of the chairman to the post	26/04/2018
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THE APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
MR JUAN CARLOS URETA DOMINGO	CHAIRMAN	Independent
MR JOSE LUIS COLOMER BARRIGÓN	MEMBER	Proprietary
MS IRENE HERNÁNDEZ ÁLVAREZ	SECRETARY	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other non-executive directors	0.00

Explain the functions, including, where appropriate, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules for its organisation and operation. For each of these functions, indicate the most important actions carried out during the year and how each of the functions attributed to it has performed out in practice, whether in law or in the articles of association or other corporate resolutions.

Article 14.7 of the Board of Director's Regulations states that:

Without prejudice to the other tasks assigned under the applicable regulations, the Articles of Association or by the Board, the Appointments and Remuneration Committee shall be appointed the following basic responsibilities:

- a) To assess the skills, knowledge and experience required on the board, in order to define the skills and capabilities required by candidates to cover each vacancy, and to assess the time and dedication required to properly carry out their duties;
- b) To examine or organise, in the manner deemed most appropriate, the chairman and the chief executive's succession, and to bring proposals before the board, if necessary, so that such successions come about in an orderly, well-planned fashion;
- c) To report on the appointment and removal of senior executives the chief executive brings before the Board and any who report directly to the Company's chief executive;
- d) To make proposals on the remuneration of the members of the board of directors, as well as in the case of the executive directors, any additional remuneration for their executive functions and other terms which apply that their contracts should respect as part of the remuneration policy approved by the General Meeting;
- e) To issue preliminary reports on appointment or reappointment proposals of any non-independent director;
- f) To make proposals on the appointment or re-election of any non-independent director;
- g) To report to the Board about gender equality matters.
- h) To establish a representation goal for the less represented gender on the Board of Directors and prepare guidelines on how to achieve this objective.

C.2.2 Complete the table below with information on the number of female directors on the board of directors' committees at the end of the last four financial years:

	Number of female directors							
	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	1	33.33	1	33.33	0	0.00	0	0.00
THE APPOINTMENTS AND REMUNERATION COMMITTEE	1	33.33	1	33.33	1	33.33	1	33.33

C.2.3 State, as applicable, whether regulations governing the board's committees exist, where they are available for consultation and any amendments that have been made to them during the year. Also state whether an annual report on the activities of each committee has been voluntarily drafted.

The Board's committees are governed by the Board of Directors' Regulations, which are available on the Company's website and notice of which has been given to the (CNMV) and duly registered at the Madrid Companies Registry pursuant to Article 529 of the Spanish Corporate Enterprises Act (L.S.C.).

The Audit Committee and Appointments and Compensation Committee modified their composition and complemented their functions (Articles 13 and 14) during 2017 to adapt to the CNMV requirement of 18 August 2017, such that all its members were non-executive directors as provided for in the Board Regulations. This amendment was approved by the board meeting held on 26 October 2017.

The board meeting held on 25 July 2019 approved the ANNUAL ASSESSMENT OF THE PERFORMANCE OF THE BOARD OF DIRECTORS, ITS AUDIT COMMITTEE AND THE APPOINTMENTS AND COMPENSATION COMMITTEE, produced by the Appointments and Compensation Committee at the Company.

**D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS**

**D.1. Explain the procedure and competent bodies, if any, to approve transactions with related parties and parties within the group.**

Pursuant to Article 4.3.t) of the Board Regulations, the board of directors is responsible for:

t) The approval, subject to a report from the Audit Committee, of transactions that the company or group companies execute(s) with its directors, under the terms provided for in Articles 229 and 230, or with shareholders, either on an individual or joint basis, who retain a significant interest, including shareholders represented on the board of directors at the Company or at other Companies that form part of the same group or individuals related thereto.

The affected Directors or those representing or associated to affected shareholders must abstain from participating in the debate and vote on the agreement in question. Only transactions that simultaneously satisfy the three following conditions shall be exempt from the aforementioned approval:

1. Those that are carried out under agreements with standardised conditions and are applied in a general way to numerous clients;
2. Those that are carried out at rates or prices established on a general basis by the person acting as the supplier of the goods or service in question; and
3. Their amount does not exceed 1% of the company's annual revenues.

Furthermore, Article 35 of the Board Regulations (Business Opportunities), establishes that:

1. Directors may not use the name of the Company nor cite their position as directors in order to carry out transactions on their own behalf or on behalf of parties related to them.
2. Directors may not make investments or carry out any transactions associated with the Company's assets, of which they have knowledge through the performance of their duties, for their own benefit or for the benefit of those related to them, when such an investment or transaction has been offered to the Company, or in which the Company has an interest, unless the Company has rejected the investment or transaction without the involvement of the director.

**D.2. List transactions which are significant for their amount or relevant due to their subject matter, carried out between the company or entities in its group and significant shareholders of the company:**

Name or company name of significant shareholder	Name or company name of the company or group company	Relationship type	Type of transaction	Amount (thousand of euros)
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	SAINT CROIX HOLDING IMMOBILIER SOCIMI, S.A.	Contractual	Interest charged	791
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	SAINT CROIX HOLDING IMMOBILIER SOCIMI, S.A.	Contractual	Operating lease agreements	22
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	SAINT CROIX HOLDING IMMOBILIER SOCIMI, S.A.	Contractual	Management contracts	516

- D.3. List transactions which are significant for their amount or relevant due to their subject matter, carried out between the company or entities in its group and directors or executives of the company:

Name or company name of the directors or executives	Name or company name of the related party	Relationship	Nature of the transaction	Amount (thousand of euros)
No data available				N.A.

- D.4. Report the significant transactions carried out by the company with other entities belonging to the same group, provided they are not eliminated in the process of drawing up the consolidated financial statements and do not form part of the company's normal business in relation to its purpose and conditions.

In any event, information is to be provided about any intragroup transactions carried out with entities established in countries or territories regarded as tax havens:

Company name of group company	Brief description of transaction	Amount (thousand of euros)
No data available		N.A.

- D.5. Give details of any significant transactions between the company or entities in its group and other related parties that have not been disclosed under the foregoing headings:

Company name of the related party	Brief description of transaction	Amount (thousand of euros)
ISLA CANELA, S.A.	Service Provision Agreement with Mortgage Guarantee	15
ISLA CANELA, S.A.	Technical Services Contract	107
ISLA CANELA, S.A.	Property lease agreement	104

D.6. List any mechanisms set up to detect, identify and resolve possible conflicts of interest between the company and/or its group and its board members, executives and significant shareholders.

Transactions with related and/or Group companies are dealt with by the board of directors and the Audit Committee, with each and every contract signed and in force with related and/or Group companies expressly mentioned in the financial statements for each year.

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

- Yes  
 No



## **E. RISK MANAGEMENT AND CONTROL SYSTEMS**

### **E.1. Explain the scope of the company's Risk Management and Control System, including tax risks.**

The main aim of internal control for the Company's board of directors is to offer a reasonable degree of security that the Company will attain its targets. In this regard, it is deemed that the Risk Management System should act to avoid any deviations from coming about with respect of the targets set and to detect such deviations as soon as possible.

To control risks inherent to its operations, the Company has established a variety of risk control and assessment systems, which is led and supervised directly by the board of directors; as set out in Article 4.3 of its Regulations, the Board is responsible for:

- supervising the effective functioning of the committees set up.
- establishing general strategies and policies of the company.
- preparing financial statements and submitting them to the General Shareholders' Meeting, decisions relating to the remuneration of directors, within the framework of the Articles of Association and, where applicable, the remuneration policy approved by the General Shareholders' Meeting.
- policy regarding treasury shares.
- approving the strategic or business plan, the yearly budget and management objectives, investment and financing policy, corporate social responsibility policy and dividend policy.
- establishing risk management and control policy, including tax policy, and supervising internal information and control systems.
- establishing the corporate governance policy for the company and the group of which it is the parent company; its organisation and functioning and, specifically, the approval or amendment of its own regulations.
- approving financial reports that the company, as a listed company, must periodically publish.
- defining the structure of the group of which the company is the parent company.
- approving investments or operations that, due to their significant value or special characteristics, are considered strategic or involve a particular tax risk, except those that are approved by the General Shareholders' Meeting.
- approving the creation or acquisition of shareholdings in special-purpose entities or those domiciled in countries or territories

regarded as tax havens, as well as any other similar transaction or operation that, due to its complexity, could undermine the transparency of the company and its group.

- approving, subject to a report submitted by the audit committee, related-party or intragroup transactions.
- establishing the company's tax strategy.

The powers which the Board performs directly and which have not been delegated to date allow it to control and oversee all of the Company's significant risks connected with:

- Investments and disposals.
- Borrowing levels for all items.
- Control and monitoring of Strategic Plans and Budget compliance.
- Investment limits on property fixed assets for renting out.

The Audit Committee's duties:

Within the scope of its responsibilities, the Audit Committee reviews the suitability and integrity of the Company's internal control systems aimed at mitigating the Company's risk exposure. Its duties include analysing, controlling and monitoring business risks.

Other executive departments involved in risk control and assessment: There are executive departments within the organisation of the Company and the Group to which it belongs that have important risk control and assessment responsibilities which follow the criteria laid down by the board of directors:

- Investment Department: This department is responsible for informing the board about any strategic decisions, investments and disposals which are relevant to the Company or the Group, as well as their suitability for the Budget and Strategic Plans before the board adopts any resolutions on them. The department currently comprises five people, one of whom is the director, who meet with the Chairman and Chief Executive Officer as often as is necessary to study all investment transactions involving real estate acquisitions, disposals, credits and loans, as well as any other relevant transactions which could involve risks to the Company's operations and solvency.
- Finance department, which provides the board with all the economic and financial reporting on a quarterly basis in order to control and assess risks. The finance department prepares and provides the audit committee with the information it requires and analyses business risk monitoring and control as part of its duty to identify them in addition to drafting the individual and consolidated Group financial statements.

- Technical Department, which oversees all building, refurbishment or corrective or preventive maintenance works carried out directly or by contracting third parties in order to ensure they are properly executed in all phases. It also supervises suppliers.

**E.2. Identify the company's bodies responsible for setting up and implementing the Risk Management and Control System:**

The Risk Management System is the responsibility of the board of directors, which has delegated its supervision and maintenance responsibilities to the Audit Committee.

The finance department for the business group with which the Company is linked prepares and provides the audit committee with the information the latter requires and analyses as part of its duty to identify, control and monitor risks to the business.

**E.3. Indicate the main risks, including tax risks and, insofar as they are significant, those relating to corruption (the latter being understood within the scope of Royal Decree-Law 18/2017), which may affect the achievement of business objectives:**

The main risks identified by the Group in relation to the attainment of its objectives are:

**RISKS SPECIFIC TO THE COMPANY AND ITS BUSINESS SECTOR**

Company operations, transactions and results are subject to risks linked to the business sector in which it operates, in addition to risks specific to the Company. Risks may materialise or get worse as a result of changes in competitive, economic, political, legal, regulatory, social, business or financial conditions and, therefore, all shareholders and investors must bear them in mind.

Below are the most relevant risks that may affect the Company, divided into 2 categories:

- risks specific to the Company's business sector;
- risks specific to the Company.

**A) RISKS SPECIFIC TO THE BUSINESS SECTOR**

- Risks deriving from the cyclical nature of the real-estate business.
- High levels of competition in the real-estate business in Spain may affect the Company's capacity to invest appropriately.
- Risks inherent to the management of real estate assets.
- Risks deriving from the solvency and liquidity of lessees.
- The real-estate sector is regulated and, therefore, any substantial change to the applicable regulations may adversely affect the Company.
- Property investments are relatively illiquid, which could make it difficult to embark upon disinvestments.
- The Company may undertake divestments at an inopportune time in terms of maximising their value and could even experience losses.
- Any cost associated with a potential investment that ultimately remains unrealised may negatively affect the Company.
- Due diligence undertaken concerning an investment may fail to detect all risks and responsibilities resulting therefrom.
- In the renovation or remodelling of its properties, the Company will often rely on the actions of third parties hired and may be exposed to liability deriving from their actions.
- The Company may be exposed to liabilities and/or obligations in the future relating to properties sold.
- Any forced expropriation of a Company asset may have an adverse impact.
- The Company applies a wide-ranging investment policy, which may be subject to change and, therefore, the composition of the Company's asset portfolio may vary.
- Any investment made by the Company as part of a joint venture carries associated risks that may have an adverse impact on the Company.

**B) RISKS SPECIFIC TO THE COMPANY**

- The Company is managed externally by the management of Grupo Pryconsa and, therefore, is dependent on its capacity, experience and criteria.
- Concentration of the Company's investment activity in Spain.
- A significant part of the Company's assets are hotels and therefore, are connected to the tourism industry.
- Risks deriving from the indebtedness of the Company.
- A significant part of total invoicing from income at the Company is linked to a limited number of large customers and assets.
- The Company may be adversely affected by any change in tax legislation, including the Real Estate Investment Trust (REIT) system, which could negatively impact the Company.
- The requirements for retaining its status as a REIT may limit the capacity and flexibility of the Company to make investments or repay its debts.

- h) Some property transfers may lead to negative repercussions on the Company in accordance with the REIT system.
- i) The assessment of the Company's real estate assets portfolio may not accurately and precisely reflect their actual value.
- j) Risk of fluctuation in interest rates
- k) Inability to precisely foresee the market prices of real estate assets and rents.
- l) Risk of damage to real estate assets and losses deriving from events not covered by insurance policies.
- m) A decrease in the Company's credit rating may negatively affect it.
- n) Shareholders and Directors at the Company may experience a conflict of interest with any of the companies that form the Company or a direct or indirect significant interest in a transaction that the Company is considering.
- o) Risk of conflicts of interest in transactions with related parties.
- p) Concentration of the Company's body of shareholders in the Colomer family, which has a very significant and decisive influence thereon.
  
- q) Judicial and extra-judicial actions.
- r) Dependence on certain key individuals in terms of management at the Company.
- s) The Company's cash reserves may be insufficient to satisfy its obligations.

**E.4. State whether the entity has risk tolerance levels, including for tax risk.**

No risk tolerance level has been established on a formal basis. Notwithstanding the size of the Company and the characteristics and manner in which it goes about its business, all investment, divestment and financing activities can be analysed on an individual basis by the board of directors and the corresponding Committees, meaning that the risk level assumed is constantly assessed by the board of directors.

**E.5. State which risks, including tax risks, have had an impact over the year:**

No significant risks arose in 2019.

**E.6. Explain the response and oversight plans for the company's major risks, including fiscal risks, as well as the procedures that it follows to ensure that the board of directors addresses new challenges:**

See sections E.1 and E.4.

**F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING SYSTEM (ICFR)**

Describe the mechanisms which comprise the company's risk control and management systems in relation to the financial reporting process (ICFR).

**F.1. The company's control environment.**

Report at least the following, highlighting their main features:

F.1.1 What bodies and/or areas are responsible for:(i) the existence and maintenance of an adequate and effective internal control over financial reporting system (ICFR); (ii) its implementation, and (iii) its supervision.

The Board Regulations establish, inter alia, the power of the board to set risk management and control policy, which includes the ICFR, as well as periodically monitoring internal reporting and control systems. Furthermore, the audit committee is defined as the committee and body entrusted with assisting the board of directors in its duty of supervising financial statements and the periodic disclosures made to regulatory bodies. Supervising the efficacy of the company's internal control system and supervising the process of preparing and filing mandatory financial reporting are identified as being among its responsibilities.

F.1.2 State whether the following elements exist, especially with regard to the process of preparing financial reports:

- Departments and/or mechanisms responsible for:(i) designing and reviewing the organisational structure; (ii) clearly defining areas of responsibility and authority, with a suitable distribution of tasks and functions; and (iii) the existence of sufficient procedures for these to be properly disseminated within the entity:

The board of directors has set up a general framework to approve transactions and powers of attorney in order to ensure that all transactions are carried out with a suitable level of control designed to achieve the greatest efficiency and security for the Company's activity.

- Code of conduct, body responsible for its approval, degree of dissemination and training, principles and values included therein (indicating if any specific mention is made of the booking of transactions and financial reporting), body in charge of analysing non-compliance and proposing corrective actions and penalties:

On 28 April 2016, the Board of Directors approved the Internal Securities Market Conduct Regulations created by the audit committee, in compliance with the provisions of Article 225.2 of Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Spanish Securities Market Act (*Ley del Mercado de Valores*: "TRLMV").

For its part, on 25 July 2019, the Board of Directors approved the new Internal Code of Conduct, adapted to the LSC as amended by RDL 19/2018, which was duly communicated to the CNMV and published on the Company's website.

The objective of the regulations is to align the behaviour of the Company, its governing bodies, employees and representatives with the rules of conduct that, in the course of activities relating to the securities market, must be complied with by the aforementioned parties.

As a listed company, it is the duty and intention of the Company (including the aforementioned parties) to act with maximum diligence and transparency in all its undertakings, reducing the risk of conflicts of interest to a minimum and ensuring, in short, proper and timely information for investors, all of the foregoing in the interests of market integrity.

Furthermore, the Company's corporate culture and values are conveyed effectively on a daily basis. Given the size of the Company, which only employs five people, this way of conveying them is perfectly adequate.

- Whistle-blowing channel, which allows financial and accounting irregularities to be reported to the audit committee, along with any possible infringements of the code of conduct and irregular activities within the organisation. State whether it is confidential, as applicable:

At the same time as the Code of Conduct is approved and published, a whistle-blowing mailbox will be set up that will be formalised through a procedure that is awaiting the board of directors' approval. That procedure will state that the whistle-blowing channel is a direct, efficient and confidential means of reporting, which allows employees or third parties (suppliers, clients, public administrations, shareholders, etc.) to report any employees, executives or directors of the Company involved in breaking the law, internal regulations or the Code of Conduct, or committing financial or accounting irregularities or any other event of a similar nature.

The procedure, which is currently in the review stage and pending approval, sets forth that reports may be submitted through two channels:

- Whistle-blowing mailbox: by using the application enabled for such purpose on the Company's website and the Intranet.
- Written reports: sent confidentially in an envelope for the attention of the audit committee members.

- Regular training and refresher courses on, at least, accounting standards, audits, internal control and risk management for staff involved in preparing and reviewing financial reports and evaluating the ICFR:

The finance department for the Group to which the Company is linked is continually updating internal procedures to create the ICFR at both a personal as well as at a corporate level and is in constant communication with the Group's external auditors, so that any regulatory change on this issue is identified and implemented immediately.

## **F.2. Financial reporting risk assessment.**

Report, at least:

F.2.1 Indicate the main features of the risk identification process, including error or fraud identification, with regard to:

- Whether the process exists and is documented:

The Group to which the Company is related, and by which it is run, is equipped with a procedures manual which includes a specific procedure for the accounting treatment of both routine transactions and less frequent and potentially complex transactions. It covers all financial reporting aims and is updated whenever any transactions that require it are detected. The introduction of a specific real estate management ERP and the segregation of review and supervisory duties and controls relating both to the processes for generating financial information and to internal and market reporting, make it possible to ensure its reliability and integrity. Furthermore, any information which is based on judgements or estimates is specifically analysed by the Group's Finance Department with the support of independent experts or under the supervision of the Audit Committee.

- Whether the process covers all financial reporting objectives (existence and occurrence; completeness; evaluation; presentation, itemisation and comparability; and rights and obligations), whether it is updated and how often:

As part of the activities aimed at improving the ICFR, the operational control activities already in place to cover all financial reporting objectives are being documented. Hence, the risk and control matrices will include a column setting out the financial reporting objectives being covered by the control activities and another column stating whether there is a risk of fraud.

- The existence of a process to identify the consolidation perimeter, taking into account the possible existence of complex corporate structures and specific or special purpose vehicles, among other matters:

The procedures manual of the Group to which the company is related includes a section on setting and reviewing the consolidation perimeter, which is reviewed annually and whenever legislative changes affecting it come about. The scope of critical processes and transactions having a significant impact on the Company's financial statements has been analysed in the design stage of the ICFR. In order to do so, risks have been assessed, taking quantitative (materiality in financial statements and/or number of transactions) and qualitative criteria into consideration, such as error or fraud risks, the complexity of the calculations, estimates or judgements, including any relevant provisioning, accounts closure and financial reporting processes.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental risks, etc.) and the extent to which they affect financial statements:

The scope of critical processes and transactions having a significant impact on the Company's financial statements has been analysed in the design stage of the ICFR. In order to do so, risks have been assessed, taking quantitative (materiality in financial statements and/or number of transactions) and qualitative criteria into consideration, such as error or fraud risks, the complexity of the calculations, estimates or judgements, including any relevant provisioning, accounts closure and financial reporting processes.

- Which governing body of the company supervises the process:

The audit committee in conjunction with the Group's finance department.

### **F.3. Control activities.**

Report whether your company has at least the following, highlighting their main features:

- F.3.1** Financial reporting review and authorisation procedures and a description of the ICFR for the financial reports to be published on the securities markets, indicating who is responsible for them, as well as descriptive documents on the flows of activities and controls (including those on fraud risks) for the different kinds of activities that could materially affect the financial statements, including the accounts closure process and the specific review of relevant judgements, estimates, valuations and forecasts

The Company has an accounts closure procedure, which is covered in the procedures manual. Its aim is to set out internal review and approval practices for the financial reports to be provided to the markets (including the annual accounts, quarterly and half-yearly reports, the Annual Corporate Governance Report and the Board Member Remuneration Report), which are to be carried out by the audit committee and subsequently by the board of directors.

The procedure sets out the relevance which certain judgements, estimates and forecasts subject to a greater or lesser degree of uncertainty, or the choice of certain accounting criteria, could have for financial reporting. As regards these issues, the procedures which should exist internally are covered, including those performed by the board of directors to review and approve judgements, estimates and provisions. A risk map has been created, as part of which the processes set out below were identified, since they are deemed to have a significant impact on the Group's financial reporting:

- Real Estate Investment Cycle
- Procurement and Accounts Payable Cycle
- Budget and Business Plan Cycle
- Cash Flow and Financing Cycle
- Asset Valuation Cycle
- Procurement Cycle
- Tax Cycle
- Consolidation and Reporting Cycle

It is expected that the activity and control flows that materially affect the financial statements will be described for these cycles, and risk matrices and controls summarising the risks identified and the controls implemented to mitigate them will be designed. The departments of the Company that forms part of the Group identified in the cycles will hold responsibility for abiding by the processes and for notifying any changes made to the processes that could affect the design and fulfilment of the controls identified in the processes. The risk matrices and controls will include the frequency of control activities – stating whether these are for prevention or detection purposes, manual or automatic – the financial reporting aims covered and whether fraud risks exist.

All the risk descriptions, matrices and controls will be validated by the people holding responsibility for the processes. The areas and departments identified in them will be responsible for abiding by them and for notifying any changes made to the processes that could affect the design and fulfilment of the controls identified in the processes.

The section on closing accounts in the Company's procedures manual describes the review and authorisation procedures for the financial reporting to be published on the securities markets, indicating who is responsible for it (finance department, audit committee and board of directors), its frequency (Q1, H1, Q3 and H2), the official formats of the National Securities Market Commission (CNMV) for the reporting and a description of the documents to be sent to regulators.

- F.3.2 Internal control policies and procedures regarding information systems (including secure access, change tracking, operation, operational continuity and separation of duties) which support the company's processes relating to the preparation and publication of financial reports.

The Corporate Rules include two rules connected with the internal control of information systems, which are set out below:

1. Corporate Rule on Information System Management. This rule sets out all aspects of physical security (backup copies, server maintenance and access, contingency and disaster recovery plan), software security (access control, registration and de-registration procedure, firewalls, etc.), duty segregation policy, information record and traceability policy, privacy policy, development policy, maintenance policy (incident management and user help desk) and training.
2. Corporate Rule on the Spanish Data Protection Act (*Ley de Protección de Datos*: LOPD) and Media. This rule aims to set out the action framework for compliance with existing personal data protection legislation and also covers Internet and e-mail use policy, as well as security and control aspects relating to the use of IT tools provided by the Company. The security measures set out in the Rule cover both the data processing of automated or computer files and paper records.

- F.3.3 Internal control policies and procedures aimed at supervising the management of activities outsourced to third parties, as well as any assessment, calculation or valuation aspects entrusted to independent experts, which could materially affect the financial statements.

The activities outsourced to third parties having the greatest impact on the financial statements are asset valuation processes and legal/tax contingencies. There is a specific section in the Company's procedures manual which describes the criteria and selection process for appraisers/valuation experts, lawyers/legal advisers and tax advisers. It also sets out the controls which have been put in place to assess litigation and valuation methods, as well as the monitoring, billing and accounting for these services.

#### **F.4. Reporting and Communications.**

Report whether your company has at least the following, highlighting their main features:

- F.4.1 A specific area responsible for defining and updating accounting policies (accounting policy area or department) and resolving queries or conflicts arising from their interpretation, maintaining constant communication with those responsible for operations in the organisation, and an updated manual of accounting policies communicated to the units through which the entity operates.

The audit committee, in coordination with the Group's finance director, is responsible for defining and keeping the Group's accounting policies up to date, as set forth in the Company's procedures manual.

The Financial Manager is also in charge of resolving any doubts and conflicts that may arise from their interpretation with the support of the department's staff and, if needed, external experts. The Company continuously updates its accounting policies manual. The aim of the Manual is to define the criteria to be followed for drawing up separate financial statements according to the Spanish New General Accounting Plan (NPGC).

- F.4.2 Mechanisms to generate and prepare financial reports with standard formats, which are being applied and used in all units of the company or group and which support the main financial statements and notes, as well as the information provided on the internal financial reporting control system (ICFR).

The Company is equipped with an Enterprise Resource Planning (ERP) system which records transactions and prepares all Group companies' financial reports. The Quality Management System includes a series of indicators that have been defined to exercise control over the finance area and to ensure the ERP system runs properly, thereby guaranteeing the integrity of financial reporting.

**F.5. Supervision of the system.**

Report, stating its main features, including at least:

- F.5.1 The internal financial reporting control system (ICFR) supervision activities performed by the audit committee and whether the company has an internal audit function whose responsibilities cover supporting the committee in supervising the internal control system, including the ICFR. Information should also be provided on ICFR assessment during the year and the procedure whereby those responsible for the assessment report its results, whether the entity is equipped with an action plan setting out any possible corrective measures, and whether its impact on financial reporting has been taken into consideration.

In 2019, a variety of actions have continued to be carried out in connection with the ICFR, the development of relevant documents (corporate rules, risk matrices and controls, policies and procedures) and the design of the control activities needed to comply with current legislation.

Pursuant to its Regulations, the Audit Committee holds the following responsibilities:

- To oversee the process of preparing and filing mandatory financial reports.
- To oversee the efficacy of the Company's internal controls and its management systems, as well as discussing with the auditors of accounts any significant weaknesses detected in the internal control system during the performance of an audit.

In addition, the Committee held meetings with the external auditors to review and monitor these activities, as well as any weaknesses detected in them and the recommendations made by the auditors in the review of the ICFR.

- F.5.2 State whether the company is equipped with a procedure whereby the auditor of accounts (in accordance with the provisions of the Technical Auditing Standards), the internal audit function and other experts can report to senior management and the audit committee or directors any significant weaknesses in internal control identified during the process of reviewing the annual accounts or any other reviews they may have been entrusted with. Likewise, state whether there is an action plan to correct or mitigate any weaknesses observed.

The Board Regulations state that the board should establish, either directly or through the audit committee, an objective, professional and ongoing relationship with the Company's external auditors appointed by the General Meeting, respect their independence and ensure that they are provided with all the necessary information. The Board Regulations establish that it is the responsibility of the audit committee to discuss any significant weaknesses detected in the internal control system during the course of the audit with the auditors. The audit committee may request additional information and request the clarifications it deems necessary in order to set its own criteria and issue its corresponding report to the Board of Directors.

For the external audit, the audit committee meets with the external auditors in January of every year to carry out a complete review of the annual accounts subject to the audit.

**F.6. Other relevant information.**

It has not been considered necessary to provide further information.



**F.7. External auditor report.**

Report on:

F.7.1 Whether the ICFR reports submitted to the markets have been reviewed by the external auditor, in which case the company must include the corresponding report as an appendix. Otherwise, provide information on the reasons why.

[ The annual financial information (annual financial audit) has been reviewed by an external auditor before being communicated to the market. ]

**G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the Company's degree of compliance with the recommendations of the Code of Good Governance for listed companies.

If any recommendation is not followed, or is partially followed, a detailed explanation of the reasons why is to be included, in order for shareholders, investors and the market in general to have sufficient information to assess the company's performance. General explanations are not acceptable.

1. The articles of association of listed companies should not limit the maximum number of votes that a single shareholder may cast, nor contain other restrictions that stand in the way of a company take-over through the acquisition of its shares in the market.

Complies [ X ]      Explain [ ]

2. Where the parent company and a subsidiary company are listed, both should accurately and publicly define the following:

- a) Their respective areas of activity and any possible business relationships between them, as well as those of the listed subsidiary with other group companies;
- b) The mechanisms established to resolve any possible conflicts of interest that may arise.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

3. That during the ordinary general meeting, in addition to circulating the annual corporate governance report in writing, the chairman of the board of directors verbally informs the shareholders, in sufficient detail, of the most important aspects of the company's corporate governance and, in particular:

- a) About changes that have occurred since the last ordinary general meeting.
- b) About specific reasons why the company does not follow any of the recommendations in the Corporate Governance Code and, if any, alternative rules applicable in this area.

Complies [ X ]      Partially complies [ ]      Explain [ ]

4. That the company defines and promotes a policy of communication and contact with shareholders, institutional investors and voting advisers which fully respects regulations against market abuse and gives similar treatment to shareholders who are in the same position.

And that the company publishes the policy on its website, including information relating to the way in which it is put into practice and identifying the contact persons or those responsible for carrying it out.

Complies [ ]      Partially complies [ ]      Explain [ X ]

At year end 2019, there is no policy regarding communication and contact with shareholders or with institutional investors or formally approved voting advisers. However, the Company considers that the communication with its shareholders is adequate, and, to date, has not considered the formal approval of a policy in this regard to be essential.

5. That the board of directors does not bring a proposal to the general meeting for delegation of powers to issue shares or convertible securities which exclude preferential subscription rights for more than 20% of the company's capital at the time of delegation.

And that when the board of directors approves any issue of shares or convertible securities excluding preferential subscription rights, the company immediately publishes reports on its website about this exclusion as referred to under company law.

Complies [ X ]      Partially complies [ ]      Explain [ ]

6. That listed companies drawing up the reports listed below, whether on a compulsory or voluntary basis, publish them on their website sufficiently in advance of the ordinary general meeting being held, even if their circulation is not mandatory:

- a) Report on the independence of the auditor.
- b) Reports on the work of the audit and appointments and remuneration committees.
- c) Audit committee report on related-party transactions.
- d) Report on the corporate social responsibility policy.

Complies [ ]      Partially complies [ ]      Explain [ X ]

The Company believes that said reports form part of the internal scope of management at the company and does not believe it is appropriate for the board of directors to disseminate them.

7. That the company transmits General Shareholders' Meetings live on its website.

Complies [ ]      Explain [ X ]

The Company does not believe that their live broadcasting is mandatory, nor has the board of directors received any suggestion to this effect from any of the Company's shareholders.

8. That the audit committee ensures that the board of directors makes every effort to present financial statements to the General Shareholders Meeting that are free from limitations or qualifications in the audit report and, in exceptional circumstances where they may exist, both the Chairman of the Audit Committee and the auditors shall provide the shareholders with a clear explanation of the content and scope of such limitations or qualifications.

Complies [ X ]      Partially complies [ ]      Explain [ ]

9. That the company permanently publishes the requirements and procedures that it will accept to prove ownership of shares, the right to attend the General Shareholders Meeting and the exercise or delegation of the voting rights.

And that such requirements and procedures facilitate the shareholders' attendance and the exercise of their right to vote and that they are applied in a non-discriminatory manner.

Complies  Partially complies  Explain

10. That where any legitimate shareholder has, prior to the General Shareholders Meeting being held, exercised the right to supplement the agenda or submit new proposals for resolution, the company:

- a) Immediately circulates such supplementary points and new proposals for resolution.
- b) Publicises the attendance card form or vote delegation or remote voting form with the amendments needed so that the new points on the agenda and alternative proposals for resolution may be voted on under the same terms as those proposed by the board of directors.
- c) Puts all such points or alternative proposals to the vote and applies the same voting rules as those for the points made by the board of directors including, in particular, the assumptions or deductions on the outcome of the vote.
- d) Report, after the General Shareholders Meeting, the breakdown of the vote on such supplementary points or alternative proposals.

Complies  Partially complies  Explain  Not applicable

11. That, in the event that the company foresees payment of fees for attendance at the General Shareholders Meeting, it sets up a general policy on such fees beforehand and that said policy is stable.

Complies  Partially complies  Explain  Not applicable

12. That the board of directors performs its duties with a unity of purpose and independence of judgement, gives the same treatment to all shareholders who are in the same position and is guided by company interest, understood to be the achievement of a profitable business that is sustainable in the long term, that promotes its continuity and the maximisation of the company's financial value.

And that in pursuing company interests, apart from respecting the laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted uses and good practice, it seeks to reconcile company interest with, as appropriate, the legitimate interests of its employees, suppliers, customers and other stakeholders who may be affected, along with the impact of the company's activities on the community as a whole and the environment.

Complies  Partially complies  Explain

13. That, in the interests of effectiveness and participation, the board of directors should comprise no fewer than five and no more than 15 members.

Complies  Explain

14. That the board of directors approves a policy for selecting directors that:

- a) Is specific and verifiable.
- b) Ensures that proposals for appointment or re-election are based on prior analysis of the board of directors' needs.
- c) Encourages diversity of knowledge, experience and gender.

That the result of prior analysis of the board of directors' needs is included in an explanatory report from the appointments committee which is published when calling the General Shareholders Meeting to which it is submitted for ratification, appointment or re-election of each director.

And that the policy for selecting directors promotes the objective that by 2020 the number of female directors is at least 30% of the total number of members of the board of directors.

The appointments committee will verify compliance with the policy for selecting directors annually and will report on it in the annual corporate governance report.

Complies  Partially complies  Explain

At year end 2019 there is no formally approved director selection policy. The Company bases its appointment proposals based on a prior analysis of the needs of the Board of Directors and selects its directors based on high standards of knowledge, experience, merit and gender diversity, among other aspects.

To date, the formal approval of a director selection policy has not been considered essential.

15. Non-executive proprietary directors and independent directors should comprise a significant majority of the board of directors, and the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage shareholdings of the executive directors in the company.

Complies  Partially complies  Explain

16. That the ratio of proprietary directors to the total number of non-executive directors should not be greater than the existing ratio between the capital of the company represented by such directors and the remaining capital.

These criteria may be flexible:

- a) In companies with high capitalisation where shareholdings that are legally considered to be significant are scarce.
- b) In companies in which there are numerous shareholders represented on the board of directors and these shareholders have no links between them.

Complies [ X ]      Explain [ ]

17. That independent directors represent at least half of all the directors.

Nevertheless, where the company does not have high capitalisation or where, even if it does, it has one shareholder, or several acting jointly, who control more than 30% of the share capital, the number of independent directors represents, at least, one-third of all the directors.

Complies [ X ]      Explain [ ]

18. That companies publish and update the following information about their directors on their web site:

- a) Professional and biographical profile.
- b) Other boards of directors to which they belong, whether or not they are listed companies, along with information about their other remunerated activities, whatever they may be.
- c) Indication of the director's category stating, in the case of proprietary directors, the shareholder that they represent or with whom they have ties.
- d) Date of their first appointment as a director in the company as well as the date of subsequent re-appointments.
- e) Shares and share options held by the director.

Complies [ X ]      Partially complies [ ]      Explain [ ]

19. That the annual corporate governance report, after verification by the appointments committee, explains the reasons why proprietary directors have been appointed on behalf of shareholders with shareholdings of less than 3% in the company capital and the reasons for ignoring, if applicable, formal requests for presence on the Board from shareholders with shareholdings equal to or greater than others who have successfully proposed proprietary directors.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

20. Proprietary directors should tender their resignation once the shareholder they represent transfers its entire interest in the company. They should also do so in the relevant number where such a shareholder reduces its interest in the company down to a level that would require a reduction in the number of proprietary directors.

Complies [ X ]

Partially complies [ ]

Explain [ ]

Not applicable [ ]

21. The board of directors does not propose the removal of any independent director before the statutory period for which the director has been appointed concludes, unless the board of directors has just cause, based on a report by the appointments committee. In particular, it will be understood that just cause exists where the director takes up new posts or undertakes new obligations which prevent him/her from dedicating the time needed to perform the duties of the post of director, or failing to carry out the duties inherent to the post or he/she falls into any of the circumstances which cause him/her to lose his/her independent status, in accordance with the provisions of applicable law.

The removal of independent directors may also be proposed as a result of mergers, take-overs or other similar corporate actions that change the structure of the company's capital when such changes in the structure of the board of directors obey the criteria of proportionality indicated in Recommendation 16.

Complies [ X ]

Explain [ ]

22. Companies should establish rules that require directors to inform and, as applicable, resign when circumstances arise that could damage the company's good standing and reputation, and in particular they should be obliged to notify the board of any criminal proceedings in which they are involved and of subsequent developments in the proceedings.

If a director is indicted or sent for trial for any of the offences provided for in company law, the board of directors shall examine the case as soon as possible and, based on the specific circumstances, decide whether the director should continue in their post. The board of directors reports and explains all such occurrences in the annual corporate governance report.

Complies [ X ]

Partially complies [ ]

Explain [ ]

23. All of the directors should clearly state their opposition if they consider that a proposed decision submitted to the board of directors may be contrary to the company's interests. In particular, independent and other directors who are not affected by any potential conflict of interest should oppose decisions that may be detrimental to shareholders not represented on the board of directors.

Where the board of directors passes significant or repeated decisions regarding which a director has expressed serious reservations, that director should draw his/her conclusions and, if he/she chooses to resign, he/she should explain the reasons for doing so in the letter mentioned in the following recommendation.

This recommendation also applies to the secretary of the board of directors, even though they may not be a director.

Complies  Partially complies  Explain  Not applicable

24. Where a director relinquishes office before the end of his term, either through resignation or for any other reason, he should explain the reasons thereof in a letter to be sent to all of the members of the board of directors. And, notwithstanding the fact that this departure is reported as a significant event, the reason for the departure is reported in the annual corporate governance report.

Complies  Partially complies  Explain  Not applicable

25. That the appointments committee ensures that non-executive directors have sufficient time available to perform their duties properly.

That the company rules set out the maximum number of company boards that its directors may belong to:

Complies  Partially complies  Explain

Although the Appointments and Remuneration Committee periodically reviews the temporary availability of the Company's non-executive directors, at year end 2019 there was no provision in the Board Regulations limiting the number of boards of other companies on which they can sit.

The Company considers that limiting the number of boards of other companies on which they can sit could be an obstacle when it comes to attracting highly qualified directors with sufficient experience. That is why, to date, the Company has not considered it appropriate to include a provision in the Board Regulations in this respect, and assesses the temporary availability of each candidate to form part of the Company's Board of Directors on a case by case basis.

26. The board of directors is to meet as frequently as required to efficiently perform its functions, at least eight times a year, following the schedule of dates and matters established at the start of the year, and each director, individually, may propose other items not initially included on the agenda.

Complies  Partially complies  Explain

The Company considers that the Board of Directors meets with the necessary frequency to effectively perform its functions and, in any case, it does so following the schedule of dates and matters established prior to the start of each year, and the directors may propose any points in addition to those initially included in the agenda.



However, in 2019, the Board of Directors met four times instead of the eight referred to in this recommendation. For the time being, and given the Company's particular characteristics and size, it does not believe it necessary to increase the number of Board meetings to a minimum of eight, notwithstanding the fact that, should circumstances so prevail, the number of meetings could be greater.

27. Directors may only be absent when it is essential and the number of absences should be included in the annual corporate governance report. When non-attendance is inevitable, the absent director may nominate a proxy and provide instructions.

Complies [ X ]      Partially complies [ ]      Explain [ ]

28. When directors or the secretary raise concerns about a proposal or, in the case of directors, about the performance of the company, and such concerns are not resolved by the board of directors, those concerns are recorded in the minutes at the request of the director raising them.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

29. The company sets up appropriate channels so that directors may obtain the advice needed to perform their duties, including, if deemed fit in the circumstances, external advice payable by the company.

Complies [ X ]      Partially complies [ ]      Explain [ ]

30. Independently of the knowledge demanded from the directors to carry out their duties, the companies also offer directors with the opportunity to participate in knowledge refresher programmes where the circumstances so require.

Complies [ X ]      Explain [ ]      Not applicable [ ]

31. The agenda at meetings clearly shows the points regarding which the board of directors must make a decision or adopt a resolution so that the directors can study them or gather the information needed for their adoption beforehand.

Where, exceptionally, for reasons of urgency, the chairman wishes to submit decisions or resolutions for the board of directors' approval which do not appear on the agenda, prior, express, consent will be required from the majority of directors present, which will be duly recorded in the minutes.

Complies [ X ]      Partially complies [ ]      Explain [ ]

32. Directors are periodically informed about changes in shareholdings and the opinion that significant shareholders, investors and ratings agencies have about the company and its group.

Complies [ X ]      Partially complies [ ]      Explain [ ]

33. The chairman, being responsible for the effective functioning of the board of directors, in addition to carrying out the functions assigned to him by law and by the articles of association, prepares and submits a programme of dates and matters to be addressed to the board of directors; organises and coordinates the periodic assessment of the board and, if necessary, the company's Chief Executive Officer; ensures that sufficient time is given to the discussion of strategic matters; and agrees and reviews knowledge refresher programmes for each director, where the circumstances so require.

Complies [ X ]      Partially complies [ ]      Explain [ ]

34. Where there is a coordinating director, the articles of association or board of directors' regulations offer him/her the following powers, in addition to the powers provided by the law: chair the board of directors in the absence of the chairman and vice-chairmen, if any; speak up for non-executive directors concerns; maintain contact with investors and shareholders to establish their points of view for the purposes of forming an opinion on their concerns, particularly in relation to the company's corporate governance; and coordinate the chairman's succession plan.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

35. That the secretary of the board of directors takes particular care so that, in their actions and decisions, the board of directors are aware of the recommendations on good governance contained in this Code of Good Governance applicable to the company.

Complies [ X ]      Explain [ ]

36. Once a year the board of directors, at a plenary session, assesses and adopts, as necessary, an action plan correcting shortcomings detected in relation to:
- The quality and efficiency of the board of directors' work.
  - The operation and composition of its committees.
  - The diversity of the composition and powers of the board of directors.
  - The performance of the Chairman of the board of directors and the Chief Executive Officer of the company.
  - The performance and contribution of each director, paying particular attention to those responsible for the various committees of the board.

Assessment of the various committees will be based on the report that they submit to the board of directors and, with respect to the board, the report submitted by the appointments committee.

Every three years, the board of directors will be aided in carrying out the assessment by an external consultant, whose independence will be verified by the appointments committee.

The business relationship of the consultant, or any company in its group, with the company, or any company in its group, must be broken down in the annual corporate governance report.

The process and the areas assessed will be described in the annual corporate governance report.

Complies [  ]      Partially complies [  ]      Explain [  ]

Although the Board of Directors carries out an annual assessment as set out in the recommendation, there is no external consultant to assist the Company in this task every three years. In this regard, the Company has not considered it necessary to outsource this task to an external consultant.

37. When there is an executive committee, the participation structure of the different director categories is similar to that of the main board of directors and its secretary is the Secretary of the Board.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

38. The board of directors is always aware of the issues discussed and the decisions adopted by the executive committee and each member of the board of directors receives a copy of the minutes of the executive committee's meetings.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

39. Members of the audit committee, particularly its chairman, are appointed on the basis of their knowledge and experience in accountancy, auditing or risk management and the majority of its members are independent directors.

Complies [  ]      Partially complies [  ]      Explain [  ]

40. Under supervision of the audit committee, there is a unit that carries out the internal audit function, tasked with ensuring the proper functioning of the information and internal control systems and that functionally comes under the non-executive chairman of the board or of the audit committee.

Complies [  ]

Partially complies [  ]

Explain [  ]

At year end 2019, the Company did not have a unit which could assume the internal audit function. The Company has a very small number of employees, none of whom are qualified to perform internal audit tasks. As a result, implementation of this measure would imply hiring at least one new employee, which the Company does not currently consider necessary.

41. The manager of the unit responsible for the internal audit function submits his/her annual work plan to the audit committee, directly reports incidents occurring in the course of the year and submits an activity report to the committee at the end of every year.

Complies [  ]

Partially complies [  ]

Explain [  ]

Not applicable [  ]

42. In addition to those provided for by the law, the audit committee is responsible for the following functions:

1. In connection with reporting and internal control systems:
  - a) Supervising the drafting process and integrity of the financial reporting relating to the Company and, as applicable, to the group, reviewing compliance with regulatory requirements, the appropriate scope of consolidation and the correct application of accounting principles.
  - b) Safeguarding the independence and effectiveness of the unit responsible for the internal audit function; proposing the selection, appointment, re-election and removal of the manager of the internal audit service; proposing the budget for this service; approving its focus and work plans, ensuring that its activity is mainly focused on relevant risks for the company; receiving periodic information about its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
  - c) Establishing and supervising a mechanism that allows employees to report, confidentially and, if possible and considered appropriate, anonymously, any potentially significant irregularities, particularly financial and accounting irregularities, which they discover within the Company.
2. In relation to the external auditor:
  - a) If the external auditor resigns, examining the circumstances leading up to the resignation.
  - b) Ensuring that the external auditor's remuneration for their work does not compromise their quality or independence.
  - c) Making sure the company notifies a change of auditor as a relevant fact to the CNMV, attaching thereto a statement on any disagreements, if any, with the outgoing auditor and their content.
  - d) Ensuring that the external auditor has an annual meeting with the board of directors in plenary to report on the work carried out and on the evolution of the accounting position and risks to the company.
  - e) Ensuring that the company and the external auditor follow prevailing regulations on the provision of services other than audit services, the limits on the concentration of business with the auditor and, in general, any other regulations on the independence of the auditors;

Complies [ ]

Partially complies [ X ]

Explain [ ]

These provisions are not expressly established in full in Article 13 of the Board Regulations; however, they are carried out de facto by the Audit Committee.

43. The Audit Committee may summon any employee or executive of the company and may require the appearance of the same without the presence of any other executive.

Complies [ X ]

Partially complies [ ]

Explain [ ]

44. The audit committee is informed about any transactions involving structural or corporate changes which the company plans to carry out, so that it can analyse and report on them beforehand to the Board of Directors, as regards their financial terms and their accounting impact and, in particular, where appropriate, the proposed swap ratio.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

45. The risk management and control policy should identify at least:

- a) The different types of risk, either financial or non-financial (inter alia, operational, technological, legal, social, environmental, political and reputational), to which the company is exposed, including, among financial and economic risks, contingent liabilities and other off-balance sheet risks.
- b) The level of risk that the company considers acceptable.
- c) The measures planned to mitigate the impact of identified risks should they materialise.
- d) The internal control and information systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies [ ]      Partially complies [ ]      Explain [ X ]

The Company does not have a formally approved risk management and control policy. However, the various types of risk faced by the Company and the measures planned to mitigate their impact are identified, and the Company has not thus far considered the formal approval of a risk management and control policy, which includes the aspects indicated in this recommendation, to be essential.

46. Under the direct supervision of the audit committee or, as appropriate, a specialist committee of the board of directors, there is an internal risk control and management system run by an internal unit or department at the company which is expressly given the following functions:

- a) Ensuring the proper functioning of the risk control and management systems and, in particular, that all significant risks that may affect the company are adequately identified, managed and quantified.
- b) Actively taking part in drawing up risk strategy and in important decisions on its management.
- c) Ensuring that risk control and management systems suitably mitigate risks within the framework of the policy defined by the board of directors.

Complies [ ]      Partially complies [ ]      Explain [ X ]

At year end 2019, the Company did not have a unit which could assume the internal risk management and control function. The Company has a very small number of employees, none of whom are qualified to perform internal risk management and control tasks. In addition, given that the Company is not of a significant size, it does not consider the creation of a specific internal unit absolutely necessary.

47. The members of the Appointments and Remuneration committee (or the Appointments Committee and Remuneration Committee, if they are separate) are appointed endeavouring to ensure that they have suitable knowledge, skills and experience for the functions that they are called to perform and that the majority of such members are independent directors.

Complies  Partially complies  Explain

48. Companies with high capitalisation have separate Appointments and Remuneration Committees.

Complies  Explain  Not applicable

49. The appointments committee consults the Chairman of the board of directors and the Chief Executive Officer of the company, particularly regarding issues concerning executive directors.

And that any director can request the appointments committee to take into consideration potential candidates to cover any director vacancies, if, in their opinion, they deem the candidate appropriate.

Complies  Partially complies  Explain

50. The compensation committee carries out its functions independently and, apart from the functions allotted to it by the law, also carries out the following:

- a) Proposing the basic conditions of contracts for senior management to the board of directors.
- b) Monitoring compliance with the remuneration policy established by the company.
- c) Periodically reviewing the remuneration policy applicable to directors and senior management, including systems of remuneration with shares and their application, in addition to ensuring that individual remuneration is proportionate to that paid to the company's other directors and senior management.
- d) Ensuring that possible conflicts of interest do not affect the independence of the external advice given to the committee.
- e) Verifying the information regarding directors' and senior management's remuneration contained in the various corporate documents, including the annual report on directors' remuneration.

Complies  Partially complies  Explain

51. The Remuneration Committee consults the chairman and the Chief Executive Director of the company, particularly regarding issues concerning executive directors.

Complies  Partially complies  Explain

52. The rules on the composition and functioning of the supervision and control committees are contained in the board of directors' rules and are consistent with those applicable to the committees that are legally mandatory in accordance with the above-mentioned recommendations, including:
- a) That they are exclusively made up of non-executive directors, with a majority of independent directors.
  - b) The chairmen are independent directors.
  - c) The board of directors appoints the members of these committees taking into account the knowledge, skills and experience of the directors and the tasks of each committee; it discusses their proposals and reports, and during the first plenary session following their meetings, gives account of their activities which responds to the work carried out;
  - d) The committees should be able to seek external advice whenever they see fit to perform their duties.
  - e) Minutes of their meetings are drawn up and made available to all the directors.

Complies [  ]

Partially complies [  ]

Explain [  ]

Not applicable [  ]



53. Supervision of compliance with the corporate governance rules, internal rules of conduct and corporate social responsibility policy is the responsibility of one committee or distributed among several committees of the board of directors, which may include the audit, appointment or corporate social responsibility committee, if there is one, or a specialist committee that the board of directors, exercising its powers of self-organisation, decides to create for that purpose, to which the following functions are given, at a minimum:
- a) Supervising compliance and internal codes of conduct, as well as the company's rules of corporate governance
  - b) Supervising the communications strategy and relationship with shareholders and investors, including small and medium shareholders.
  - c) Periodically assessing the adequacy of the company's corporate governance system, so that it complies with its mission to promote company interests and takes into account, as appropriate, the legitimate interests of other stakeholders.
  - d) Reviewing the company's corporate responsibility policy, ensuring that it is directed at creating value.
  - e) Monitoring corporate social responsibility strategy and practices and assessing the level of compliance therewith.
  - f) Supervising and assessing relationship processes with the various stakeholders.
  - g) Assessing all matters relating to the company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks.
  - h) Coordinating the process for non-financial and diversity information reporting, in accordance with applicable regulations and international reference standards.

Complies [  ]

Partially complies [  ]

Explain [  ]

At year end 2019, the Company had not expressly assigned the functions indicated in the recommendation to any of the Board of Directors' committees. The audit committee is responsible for this however. In that regard, it was the audit committee that proposed the new Internal Code of Conduct that was approved by the Board of Directors on 25 July 2019. It is the audit committee that periodically assesses the adequacy of the corporate governance system.

54. The corporate social responsibility policy includes the principles or undertakings that the company assumes voluntarily in its relationships with the various stakeholders and identifies, at a minimum:
- a) The aims of the corporate social responsibility policy and the development of support tools.
  - b) Corporate strategy in relation to sustainability, the environment and social matters.
  - c) Specific practices in matters related to: shareholders, employees, customers, suppliers, social matters, the environment, diversity, tax responsibility, respect for human rights and the prevention of illegal behaviour.
  - d) The methods or systems for monitoring the results of the application of specific practices listed under the previous letter, associated risks and their management.
  - e) Mechanisms for supervising non-financial risk, company ethics and behaviour.
  - f) Channels for communication, participation and dialogue with stakeholders.
  - g) Responsible communication practices that avoid the manipulation of information and safeguard integrity and honour.

Complies [  ]      Partially complies [  ]      Explain [  ]

At year end 2019, the Company did not have a corporate social responsibility policy. Given the size of the Company and its limited number of employees, for the time being, the Board of Directors has not considered producing a corporate social responsibility policy to be necessary.

55. The company reports, in a separate document or in the management report, on matters related to corporate social responsibility, using one of the internationally accepted methodologies to do so.

Complies [  ]      Partially complies [  ]      Explain [  ]

The Company does not produce a corporate social responsibility report nor report on this matter in the annual corporate governance report. This is due to the fact that, at year-end 2019, the Company had not established a corporate social responsibility policy and had not carried out any actions in this area during 2019.

56. Directors' remuneration is sufficient to attract and retain directors with the desired profile and to remunerate the dedication, qualification and responsibility that the post demands, but not so high as to compromise the independent opinion of non-executive directors.

Complies [  ]      Explain [  ]

57. Variable remuneration linked to company and personal performance is limited to executive directors, in addition to remuneration with shares, options or rights over shares or instruments referenced to share value and long-term savings systems such as pension plans, retirement plans or other social benefits systems.

Giving shares by way of remuneration to non-executive directors may be contemplated when this is conditional on said shares being retained until they cease to be directors. The foregoing will not be applicable to shares that a director needs to dispose of, as appropriate, to pay for the costs related to their acquisition.

Complies [ ]

Partially complies [ ]

Explain [ X ]

Article 21 of the Articles of Association does not state that variable remuneration may only be offered to Executive Directors: Article 21.3 establishes that in addition to the remuneration system set out in the preceding sections (allowances, fixed and variable remuneration), directors may be remunerated in the form of shares, or by option rights over shares, in addition to remuneration linked to the value of shares, provided that the application of any of these systems is approved in advance by the General Shareholders' Meeting. Said approval shall establish, as appropriate, the number of shares to be provided to each Director, the strike price of the option, the value of shares taken as a reference and the duration of the remuneration system.

58. In the case of variable remuneration, payment policies incorporate the limits and technical safeguards required to ensure that such remuneration is in line with the professional performance of the beneficiaries and is not solely derived from the general developments in the markets or the business sector of the company or from other similar circumstances.

In particular, the variable components of remuneration:

- a) Are bound to performance criteria that are predefined and measurable and that such criteria consider the risk assumed to obtain a result.
- b) Promote the company's sustainability and include non-financial criteria that are appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its policies for risk control and management.
- c) Are set up on the basis of a balance between fulfilling objectives in the short, medium and long term that make it possible to reward continuous performance during a period of time that is sufficient to appreciate the contribution to sustainable creation of value, in such a way that the elements for measuring this performance are not solely based around one-off, occasional or extraordinary events.

Complies [ ]

Partially complies [ ]

Explain [ X ]

Not applicable [ ]

The Company's remuneration policy does not expressly incorporate any of the specific elements indicated in this recommendation in terms of setting the variable component of director remuneration. The setting of the variable component of remuneration is performed by the Board of Directors in response to criteria such as the responsibilities assumed, the performance or the dedication employed by each director, so some of these criteria are taken into account in practice. The Company did not consider it necessary to expressly include these elements in the current remuneration policy, approved in June 2015 and renewed in April 2018, giving greater discretion to the Board of Directors. However, the Company will assess its inclusion in the preparation of the new remuneration policy when the current one expires.

59. Payment of a significant part of variable components of remuneration is deferred for a sufficient minimum period of time to verify that the remuneration terms previously set up have been fulfilled.

Complies  Partially complies  Explain  Not applicable

60. Remuneration linked to the company's results should take into consideration any possible qualifications in the auditor's report that might reduce such results.

Complies  Partially complies  Explain  Not applicable

61. A significant percentage of the executive directors' variable remuneration is linked to the handover of shares or financial instruments referenced to their value.

Complies  Partially complies  Explain  Not applicable

In 2019, there was no percentage of variable remuneration linked to the handover of shares or financial instruments referenced to the share's value.

The CEO is also a significant shareholder in the Company, so his interests as an executive director are fully aligned with that of the shareholders. That is why the Company does not consider it necessary to include these components in their variable remuneration.

62. Once the shares or options or rights over shares relating to the remuneration system have been allocated, the directors may not transfer ownership of a number of shares equivalent to twice their annual fixed remuneration, nor may they exercise the options or rights until a period of, at least, three years has passed since their allocation.

The foregoing will not be applicable to shares that a director needs to dispose of, as appropriate, to pay for the costs related to their acquisition.

Complies  Partially complies  Explain  Not applicable

63. Contractual agreements include a clause that allows the company to claim repayment of the variable components of remuneration where the payment has not been adjusted to the terms for performance or where they were paid in the light of data which is later proven to be inaccurate.

Complies  Partially complies  Explain  Not applicable

The Company's contract with the CEO does not include a clawback clause on the variable components of his remuneration. The Company has not considered including a clause of this type necessary given the insignificant nature of the variable components of his remuneration.

64. Payments for termination of contract do not exceed an amount established as the equivalent of two years total annual remuneration and they are not paid until the company has been able to prove that the director fulfilled the performance criteria set up beforehand.

Complies [  ]

Partially complies [  ]

Explain [  ]

Not applicable [  ]

**H. OTHER INFORMATION OF INTEREST**

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1. If there are any other relevant aspects concerning the company's corporate governance or that of the group's entities not covered in the other sections of this report, but which should be included to provide more comprehensive and reasoned information on the structure and governance practices of the company or of its group, please provide brief details thereof.
2. Any other information, clarification or further details concerning previous sections of the report may also be included in this section in so far as they are relevant and not reiterative.

More specifically, state whether the company is subject to legislation other than Spanish legislation on corporate governance matters and, as applicable, include any information it is obliged to provide which is different from the information required in this report.

3. The company may also state if it has voluntarily joined other international, industry-specific or any other kind of codes on ethical principles or best practice. If so, state the code in question and the date the company joined it. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010:

- [
1. - There is no relevant additional aspect concerning corporate governance that has not been covered in this annual report.
  2. - The Company is not subject to any legislation on corporate governance matters other than Spanish legislation.
  3. - The Company has not voluntarily adhered to any of the aforementioned codes.
- ]

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This Annual Corporate Governance Report was approved by the company's board of directors at its meeting held on

[ 21/02/2020 ]

State whether any directors either voted against or abstained from voting with regard to the approval of this Report.

- [ ] Yes  
[ v ] No