

## ANNEX I

### ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED PUBLIC LIMITED COMPANIES

#### IDENTIFICATION DETAILS OF THE ISSUER

<b>END DATE OF 12-MONTH PERIOD OF REFERENCE</b>	31/12/2016
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<b>TAX ID CODE (CIF)</b>	A87093902
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<b>COMPANY NAME</b>
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SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
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<b>REGISTERED OFFICE</b>
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GLORIETA DE CUATRO CAMINOS 6 AND 7, 4TH FLOOR, MADRID
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## ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED PUBLIC LIMITED COMPANIES

### 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 in your company at end of the financial year, excluding directors:

Shareholder name or company name	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR JUAN COLOMER BERROCAL	272,314	0	6.12%
MR MARCO COLOMER BERROCAL	272,315	0	6.12%
COGEIN, S.L.	517,819	342,305	19.32%
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	0	222,610	5.00%

Name or company name of the indirect shareholder	Via: Name or company name of the direct shareholder	Number of voting rights
COGEIN, S.L.	GRAN VIA 34, S.A.	342,305
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	MULTIACTIVIDADES REUNIDAS, S.L.	222,610

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

Shareholder name or company name	Date of transaction	Description of transaction
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	14/12/2016	Exceeded 5% of share capital
COGEIN, S.L.	14/12/2016	Fell below 15% of share capital
JP MORGAN CHASE & CO.	16/12/2016	Fell below 3% of share capital
COGEIN, S.L.	16/12/2016	Exceeded 15% of share capital

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

Name or company name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR CELESTINO MARTÍN BARRIGÓN	20	0	0.00%
MR JUAN CARLOS URETA DOMINGO	0	0	0.00%
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN	0	0	0.00%
MR JOSE LUIS COLOMER BARRIGÓN	1,367,732	498,360	41.91%
MR MARCO COLOMER BARRIGÓN	551,886	272,315	18.51%

Name or company name of the indirect shareholder	Via: Name or company name of the direct shareholder	Number of voting rights
MR JOSE LUIS COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	498,360
MR MARCO COLOMER BARRIGÓN	MR JAIME COLOMER BERROCAL	272,315

<b>% of total voting rights held by the board of directors</b>	60.43%
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Complete the following tables with information on the members of the company's board of directors who hold rights on shares in the company:

Name or company name of director	Number of direct voting rights	Number of indirect voting rights	Number of equivalent shares	% of total voting rights
MR MARCO COLOMER BARRIGÓN	551,886	272,315	551,886	18.51%
MR JOSE LUIS COLOMER BARRIGÓN	1,367,732	498,360	1,367,732	41.91%
MR CELESTINO MARTÍN BARRIGÓN	20	0	20	0.00%
MR JUAN CARLOS URETA DOMINGO	0	0	0	0.00%
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN	0	0	0	0.00%

Name or company name of the indirect shareholder	Via: Name or company name of the direct shareholder	Number of voting rights
MR MARCO COLOMER BARRIGÓN	MR JAIME COLOMER BERROCAL	272,315
MR JOSE LUIS COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	498,360

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

Related party name or company name
MR MARCO COLOMER BARRIGÓN
MR JOSE LUIS COLOMER BARRIGÓN

**Relationship type:** Family

**Brief description:**

SIBLINGS

Related party name or company name
MR JOSE LUIS COLOMER BARRIGÓN
MR CELESTINO MARTÍN BARRIGÓN

**Relationship type:** Family

**Brief description:**

COUSINS

Related party name or company name
MR MARCO COLOMER BARRIGÓN
MR CELESTINO MARTÍN BARRIGÓN

**Relationship type:** Family

**Brief description:**

COUSINS

Related party name or company name
MR MARCO COLOMER BARRIGÓN
MR JUAN COLOMER BERROCAL

**Relationship type:** Family

**Brief description:**

FATHER/SON

Related party name or company name
MR MARCO COLOMER BARRIGÓN
MR MARCO COLOMER BERROCAL

**Relationship type:** Family

**Brief description:**

FATHER/SON

Related party name or company name
MR MARCO COLOMER BARRIGÓN
COGEIN, S.L.

**Relationship type:** Corporate

**Brief description:**

MARCO COLOMER BARRIGÓN IS THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF COGEIN, S.L. AND HAS A 26.15% SHAREHOLDING

Related party name or company name
MR JOSE LUIS COLOMER BARRIGÓN
COGEIN, S.L.

**Relationship type:** Corporate

**Brief description:**

JOSE LUIS COLOMER BARRIGÓN IS A BOARD MEMBER OF COGEIN, S.L. AND HAS A 33.12% SHAREHOLDING

Related party name or company name
MR MARCO COLOMER BERROCAL
COGEIN, S.L.

**Relationship type:** Corporate

**Brief description:**

MARCO COLOMER BERROCAL HAS A 2.34% SHAREHOLDING

Related party name or company name
MR JUAN COLOMER BERROCAL
COGEIN, S.L.

**Relationship type:** Corporate

**Brief description:**

JUAN COLOMER BERROCAL HAS A 2.34% SHAREHOLDING IN COGEIN, S.L.

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:

A.6 State whether the company has been informed of shareholders' agreements which affect it, as set forth under Articles 530 and 531 of the 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:

NONE

A.7 State whether any natural or legal person exercises or could exercise control over the company as per the provisions of Article 4 of the Securities Market Law (LMV). If so, identify them:

Yes  No

Remarks
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A.8 Complete the following tables on the company's treasury stock:

At year end:

Number of direct shares	Number of indirect shares (*)	% total of capital social
0	0	0.00%

(\*) Through:

Describe any significant changes that occurred during the year pursuant to the provisions of Royal Decree 1362/2007:

Explain the significant changes
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NONE

A.9 Describe the conditions and the term of the current mandate of the board of directors to issue, repurchase or transfer treasury stock, as conferred by the General Shareholders Meeting.

THEY DO NOT EXIST

A.9.bis Estimated floating capital:

	%
Estimated floating capital	15.00

A.10 State whether there is any constraint on the transferability of securities and/or any restriction on voting rights. More specifically, report the existence of any kind of constraints that could hinder control of the company being taken over through the acquisition of its shares on the market.

Yes

No

A.11 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.12 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**

B.1 State whether differences exist between the minimum quorum established in the 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 Corporate Enterprises Act (LSC) to adopt corporate resolutions. If so, explain these differences:

Yes

No

Describe how it differs from the scheme set forth in the Corporate Enterprises Act (LSC).

B.3 State the regulations which apply to the amendment of the company's Articles of Association. More specifically, report the majorities set forth to amend the Articles of Association and, as 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 proposal and after received a report from the board of directors. The system of majorities set forth to amend the Articles of Association and protection of members rights, where applicable, is regulated pursuant to the provisions of the Corporate Enterprises Act.

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

Date of general meeting	Attendance data				
	% in person	% by proxy	% remote voting		Total
			Electronic voting	Others	
29/06/2015	75.56%	18.35%	0.00%	0.00%	93.91%
01/04/2016	74.64%	18.34%	0.00%	0.00%	92.98%
19/05/2016	75.56%	19.38%	0.00%	0.00%	94.94%

B.5 State whether there are any statutory restrictions that establish the minimum number of shares required to attend the General Shareholder's Meeting:

Yes

No

B.6 Paragraph repealed.

B.7 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 CORPORATE ADMINISTRATION

### C.1 Board of Directors

C.1.1 Maximum and minimum number of directors set forth in the company's Articles of Association:

Maximum number of directors	11
Minimum number of directors	3

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 CELESTINO MARTÍN BARRIGÓN		Independent	DIRECTOR	10/06/2014	10/06/2014	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MR JUAN CARLOS URETA DOMINGO		Independent	DIRECTOR	02/12/2014	02/12/2014	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN		Independent	DIRECTOR	02/12/2014	02/12/2014	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MR JOSE LUIS COLOMER BARRIGÓN		Proprietary	DIRECTOR	10/06/2014	10/06/2014	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MR MARCO COLOMER BARRIGÓN		Executive	CHAIRMAN - CHIEF EXECUTIVE OFFICER	10/06/2014	10/06/2014	AGREEMENT BY GENERAL SHAREHOLDERS MEETING

Total number of directors	5
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Indicate the directors who have left the board of directors during the reporting period:

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
MR MARCO COLOMER BARRIGÓN	CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

### **NON-EXECUTIVE PROPRIETARY DIRECTORS**

### **NON-EXECUTIVE INDEPENDENT DIRECTORS**

Name or company name of director:

MR JUAN CARLOS URETA DOMINGO

Profile:

Juan Carlos Ureta is the Chairman of Renta 4 Banco, specialising in asset management, capital markets and business funding. 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.

**Name or company name of director:**

MS OFELIA MARÍA MARÍN-LOZANO MONTÓN

**Profile:**

Ofelia Marín-Lozano Montón is currently the Managing Director of 1962 CAPITAL SICAV, an investment company dedicated to investment management and active commercialisation for new investors outside the core business of this variable share capital UCITS. She holds a Bachelor's degrees in Law (1992) and Economics and Business Studies from ICADE, Madrid (1993), and took doctorate courses in business studies at ICADE from 1995 to 1997. She has been a lecturer at ICADE since 1998 and a Member of the National Management Board of the Spanish Institute of Financial Analysts since 2011 (Member of the Organisation, Members, Appointments and Remuneration, and Communications and Institutional Relations Committees).

She was the Director of Economics at Círculo de Empresarios from 2012 to 2013, Director of Analysis at BANCA MARCH from 2000 to 2012, and the head of Spanish Equity Analysis and Consulting at Banco Santander Negocios (now "BANIF") for the private banking offices in Spain and some abroad, from 1993 to 2000. Since 2009 she has given a number of lectures in Spain and abroad, and has written and published many articles on economics.

Total number of independent directors	2
% of board total	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.

No.

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.

**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:

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

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

	Number of female directors				% of total number of directors of each type			
	2016	2015	2014	2013	2016	2015	2014	2013
<b>Female Executive</b>	0	0	0	N.A.	0.00%	0.00%	0.00%	N.A.
<b>Proprietary</b>	0	0	0	N.A.	0.00%	0.00%	0.00%	N.A.
<b>Independent</b>	1	1	1	N.A.	50.00%	50.00%	50.00%	N.A.
<b>Other Non-Executive Female Executives</b>	0	0	0	N.A.	0.00%	0.00%	0.00%	N.A.
<b>Total:</b>	1	1	1	N.A.	20.00%	20.00%	20.00%	N.A.

C.1.5 Explain the measures taken, if any, to seek to include a number of women on the board of directors which would permit a balanced presence of women and men.

**Explanation of the measures**

According to Article 14.7.g of the Board of Directors Regulations, the Appointments and Compensation 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 and it does not hinder or obstruct the election of women as members of 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 women among potential candidates who meet the professional profile required:

**Explanation of the measures**

See Section C.1.5. above.

Where the number of female directors is scarce or non-existent despite the measures taken, if any, explain the reasons to justify this fact:

**Explanation of the reasons**

See paragraphs C.1.5, C.1.6 and G.14 of this report.

C.1.6 bis 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.

**Explanation of the conclusions**

The Appointments and Compensation Committee meeting held on 28 July 2016 approved the ANNUAL ASSESSMENT ON THE PERFORMANCE OF THE BOARD OF DIRECTORS, ITS AUDIT COMMITTEE AND THE APPOINTMENTS AND COMPENSATION COMMITTEE of 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 Board Regulations. Furthermore, it concluded that during 2015, 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, without any specific mention to promote the objective that by 2020, the number of female Directors represents at least 30% of all members of the board of directors, given that currently, the number of female directors on the board already represents 20%.

C.1.7 Explain how shareholders holding significant interests are represented on the board.

Pursuant to Article 19 of the Articles of Association, being a director is not a requirement for appointment to the board and both natural and legal persons may be members, although in the latter case a natural person must be appointed to represent the legal person and office.

The way shareholders holding significant interests are represented on the board is not explicitly governed in either the Articles of Association or the Board Regulations, Articles 17 and 18 of which refer to the appointment of directors under the following terms:

Article 17.- Appointment of directors: 1 - Directors shall be appointed by the General Meeting or by the board of directors according to the provisions set forth in applicable law. 2 - 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 Compensation Committee. Should the board reject the recommendations made by the Appointments and Compensation Committee, it shall state the reasons thereof and record its reasons in the minutes of the meeting. Proposals for the appointment of independent directors shall be made by Appointments and Compensation Committee.

Article 18. Appointment of non-executive directors: The board of directors and the Appointments and Compensation Committee shall endeavour within the scope of their responsibilities to ensure that candidates of renowned solvency, competence and experience are chosen, taking particular care in the case of Independent Directors.

Furthermore, Article 21 of said Regulations explicitly provides for the resignation of proprietary directors who dispose of their interests in the Company.

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:

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 State whether any director has left office prior to the completion of their term of office, whether said director has explained his reasons to the board, and by what means; and, if written notice thereof was give to the entire board, at least explain the reasons said director has given:

C.1.10 State the powers that have been delegated to the Chief Executive Officer(s), if such authorisations exist:

**Name or company name of director:**

MR MARCO COLOMER BARRIGÓN

**Brief description:**

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 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 of directors meeting held on 10 June 2014, an agreement was reached to appoint Mr Marco Colomer Barrigón as the Company's Chief Executive Office, to whom all the board of directors' powers were delegated with the exception of those that cannot be delegated by Law.

C.1.11 Identify, as applicable, the members of the board who hold office as directors or executives in other companies that form part of the listed company's group:

C.1.12 State, as applicable, the directors of your company that are members of the board of directors 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 group company	Position
MR JUAN CARLOS URETA DOMINGO	RENTA 4 BANCO, S.A.	CHAIRMAN
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN	1962 CAPITAL SICAV, S.A.	CHIEF EXECUTIVE OFFICER
MR MARCO COLOMER BARRIGÓN	RANK INVERSIONES, SICAV, S.A.	CHAIRMAN

C.1.13 State and, if necessary, explain whether the company has laid down any rules concerning the number of boards on which its directors may sit:

Yes

No

C.1.14 Paragraph repealed.

C.1.15 State the overall remuneration of the board of directors:

Remuneration of the board of directors (thousand euros)	54
Amount of pension rights accumulated by the current Directors (€ thousands)	0
Amount of pension rights accumulated by the ex-Directors (€ thousands)	0

C.1.16 Identify the members of senior management that are not simultaneously executive directors and state their total remuneration due in the year:

C.1.17 State, where applicable, the identity of board members who are also members of the board of directors of companies of significant shareholders and/or entities belonging to their group:

Name or company name of director	Company name of significant shareholder	Position
MR JOSE LUIS COLOMER BARRIGÓN	COGEIN, S.L.	DIRECTOR

Name or company name of director	Company name of significant shareholder	Position
MR MARCO COLOMER BARRIGÓN	COGEIN, S.L.	CHAIRMAN - CHIEF EXECUTIVE OFFICER

State, where applicable, any relevant relationships, other than those set out in the point above, of members of the board of directors which link them to significant shareholders and/or to entities belonging to the group:

**Name or company name of the related director:**

MR JOSE LUIS COLOMER BARRIGÓN

**Name or company name of the related significant shareholder:**

COGEIN, S.L.

**Description of relationship:**

Shareholder with a 33.12% interest

**Name or company name of the related director:**

MR MARCO COLOMER BARRIGÓN

**Name or company name of the related significant shareholder:**

COGEIN, S.L.

**Description of relationship:**

Shareholder with a 26.15% interest

C.1.18 State whether any amendments have been made to the Board Regulations during the financial year:

Yes

No

C.1.19 State the procedures used to select, appoint, re-elect, assess and remove board members. Name the competent bodies, the procedures to be followed and the criteria used in each procedure.

Article 19 of the Articles of Association - Directors: 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 as incompatible according to legislation on senior executives and other general or regional specific implementing provisions.

Article 22 of the Articles of Association. Term of office: Directors shall hold office for a term of six 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 has been held or the legal time limit has elapsed for holding the General Meeting that has to resolve on the application of the previous year's accounts.

Article 7 of the General Shareholders Meeting Regulations: The appointment and removal of directors is the responsibility of the General Shareholders Meeting, liquidators and, where appropriate, the auditors of accounts, or where any corporate liability actions are brought against any of them.

Articles 17 and 22 of the Board of Directors Regulations: TITLE V APPOINTMENT AND REMOVAL OF DIRECTORS

Article 17. Appointment of directors:

1 - Directors shall be appointed by the General Meeting or by the board of directors according to the provisions set forth in applicable law.

2 - 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 Compensation Committee. Should the board reject the recommendations made by the Appointments and Compensation Committee, it shall state the reasons thereof and record its reasons in the minutes of the meeting. Proposals for the appointment of independent directors shall be made by Appointments and Compensation Committee.

Article 18.- Appointment of non-executive directors: The board of directors and the Appointments and Compensation Committee shall endeavour within the scope of their responsibilities to ensure that candidates of renowned solvency, competence and experience are chosen, taking particular care in the case of Independent Directors.

Article 19.- Re-election of directors:

1. Any proposals for the reappointment of directors which the board of directors decides to bring before the General Meeting shall have to have been previously reported on by the Appointments and Compensation Committee, which shall assess in its recommendation the quality of the work and the dedication to the office during their mandate.

2. The board of directors shall endeavour to ensure that any independent directors who are reappointed do not remain on the same committee, except where the tasks in progress or other reasons suggest they should continue on the same committee.

Article 20. Term of office:

1. Directors shall hold office for a term of four (4) years and may be re-elected once or more times for periods of equivalent duration.

2. Directors appointed by co-option shall hold office until the date of the first General Meeting at which the ratification of their appointment is, as applicable, submitted or until the legal time limit to hold the General Meeting which has to resolve on the approval of the accounts of the previous year has expired.

3. Any director whose mandate ends or who ceases to hold office for any other reason may not provide services to another entity having a corporate purpose which is analogous to the Company's during two (2) years where the board of directors justifiably deems that it would place the company's interests at risk.

Article 21. Removal of Directors:

1. Directors shall stand down from 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 should so resolve, making use of the responsibilities with which it has been attributed, either legally or in the Articles.

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).

Article 22. Expressing the reasons of removal from office as a director:

Where, due to resignation or for other reasons, a director relinquishes office before the end of his term of office, he shall explain the reasons thereof in a letter sent to every member of the board, notice of which shall be given as a relevant fact and explained in the Annual Corporate Governance Report.

**C.1.20 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
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The board of directors meeting held on 28 July 2016 approved the ANNUAL ASSESSMENT ON 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 2015, 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.
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**C.1.20.bis Describe the assessment process and the areas that have been assessed by the board of directors aided, as appropriate, by an external consultant, with respect to the diversity of its composition and duties, the functioning and composition of its committees, performance of the Chairman of the board of directors and the Chief Executive of the company and the performance and contribution of each director.**

The board of directors meeting held on 28 July 2016 approved the ANNUAL ASSESSMENT ON 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, in which the assessment process and areas assessed are described (without assistance from an external consultant). Said report contains all the details of the assessment process and areas assessed by the board of directors with respect to the diversity of its composition and duties, working and composition of its committees, performance of the Chairman of the board of directors and the Chief Executive of the company and the performance and contribution of each director.

C.1.20.ter Break down, as appropriate, 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.1.21 State the cases in which directors are obliged to resign.

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

1. Directors shall stand down from 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 should so resolve, making use of the responsibilities with which it has been attributed, either legally or in the Articles.

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.1.22 Paragraph repealed.

C.1.23 Are reinforced majorities other than legal majorities required for any type of decision?

Yes

No

If so, describe the differences.

C.1.24 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

No

C.1.25 Indicate whether the Chairman has the casting vote:

Yes

No

**Matters for which there is a casting vote**

According to Articles 20.4 of the Articles of Association and 16.3 of the Board Regulations, resolutions are adopted by an absolute majority of the directors in attendance, either in person or by proxy. In the event of a tied vote, the Chairman shall hold the casting vote.

C.1.26 State whether the Articles of Association or the Board Regulations establish any age limit for directors:

Yes  No

C.1.27 State whether the Articles of Association or the Board Regulations establish a limited mandate for independent directors, other than as set forth in the legal regulations:

Yes  No

C.1.28 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, 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 sets forth that Directors shall make every effort to attend board meetings and, when they cannot do so in person, they may grant proxy to another Director. Non-executive directors may only grant proxy to another non-executive director. They shall endeavour to grant proxy through a letter sent to the Chairman, and on an exceptional basis to another board member, along with the relevant instructions, provided the wording of the agenda permits this.

C.1.29 State the number of board of directors 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 representations made with specific instructions.

<b>Number of board meetings</b>	5
<b>Number of board meetings held without the chairman in attendance</b>	0

If the Chairman is an executive director, indicate the number of meetings held with no attendance or representation of any executive director and under the chairmanship of the coordinating director.

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

<b>Committe</b>	<b>No. of Meetings</b>
AUDIT COMMITTEE	5
APPOINTMENTS AND COMPENSATION COMMITTEE	3

C.1.30 State the number of board of directors meetings held during the year with all of its members in attendance. The calculation of attendance includes representations made with specific instructions.

<b>Number of meetings attended by all the directors</b>	5
<b>Attendance as a percentage of total votes during the year</b>	100.00%

C.1.31 State whether the individual and consolidated financial statements that are presented to the Board to be approved 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.1.32 Explain, if 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.

According 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 applicable principles and criteria to draw 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 principle and in- and off-the-balance-sheet risks.

C.1.33 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
MR JOSE JUAN CANO RESINA	

C.1.34 Paragraph repealed.

C.1.35 State the mechanisms established by the Company, if any, to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

According 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 event, state the provision of additional services; in other words, any services provided by the auditor other than auditing services.

C.1.36 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:

C.1.37 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.1.38 State whether the audit report on the financial statements for the previous year includes any qualifications or reservations. If so, state the reasons given by the chairman of the Audit Committee to explain the content and scope of these qualifications or reservations.

Yes  No

C.1.39 State the number of consecutive years that the current auditing firm has audited the financial statements of the company and/or its group 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.

	Company	Group
<b>Number of consecutive years</b>	3	2
<b>Number of years audited by the current audit firm / Number of years that the company has been audited (%)</b>	50.00%	33.00%

C.1.40 Indicate and, if applicable, provide details of whether there is a procedure whereby directors can receive external advice:

Yes  No

**Details of the procedure**

Article 16.2 of the Board Regulations sets forth that:

- The Chairman shall organise debates and endeavour to ensure all directors take part in the deliberations, ensuring that the board is duly informed. For such purpose, the chairman may invite any external experts and the Company's executives and technical staff he may deem appropriate to attend meetings, who may voice an opinion but not vote.

C.141 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 is the maximum authority in terms of 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) Ensure that Directors receive sufficient information in advance to deliberate on matters in the agenda.

C.142 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 jeopardise the company's interests 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.143 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

State whether the board of directors has studied the case. If so, give a reasoned explanation of the decision taken as to whether the director involved should remain in office or not, or, as applicable, describe the actions taken by the board of directors up to the date of this report or those it intends to take.

C.144 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.145 Identify in general terms and state in detail any agreements between the company and its directors, executives or employees that set forth severance or guarantee clauses where these stand down or are unfairly dismissed, or upon termination of the contractual relationship due to a take-over bid.

**Number of beneficiaries: 0**

**Type of beneficiary:** None

**Description of Agreement:**

There are no agreements on this issue.

State whether the company or group's corporate governance bodies have to be informed of such contracts:

	<b>Board of Directors</b>	<b>General Shareholders Meeting</b>
<b>Body that authorises the clauses</b>	<b>Yes</b>	<b>No</b>

	<b>Yes</b>	<b>No</b>
Is the General Meeting informed about the clauses?	<b>X</b>	

## 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

<b>Name</b>	<b>Position</b>	<b>Category</b>
MR JUAN CARLOS URETA DOMINGO	CHAIRMAN	Independent
MR CELESTINO MARTÍN BARRIGÓN	SECRETARY	Independent
MR JOSE LUIS COLOMER BARRIGÓN	MEMBER	Proprietary

<b>% of proprietary directors</b>	33.33%
<b>% of independent directors</b>	66.67%
<b>% other non-executive directors</b>	0.00%

Explain the functions of this committee, describe its organisational and working procedures and rules and summarise its most important activities during the financial year.

The functions assigned to this Committee, in addition to its working procedures and rules are provided for in Article 13 of the Board Regulations (Audit Committee); the Committee met 4 times in 2015 to carry out the tasks entrusted to this body in section 9 of the aforementioned article, as set out below:

- 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;
- 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;

- 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 applicable principles and criteria to draw 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 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;
- i) To inform the board of directors of any significant changes in accounting principle and in- and off-the-balance-sheet risks;
- 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 about any other transactions or operations of a similar nature that could compromise the group's transparency due to their complexity, in addition to transactions with related parties.

Identify the director appointed as member of the audit committee taking into account their knowledge and experience of accountancy, auditing, or both, and report on how many years the chairman of this committee has held the post.

<b>Name of the experienced director</b>	MR JOSE LUIS COLOMER BARRIGÓN
<b>No. of years chairman in post</b>	2

### **APPOINTMENTS AND COMPENSATION COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Category</b>
MR CELESTINO MARTÍN BARRIGÓN	MEMBER	Independent
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN	CHAIRMAN	Independent
MR JOSE LUIS COLOMER BARRIGÓN	SECRETARY	Proprietary

<b>% of proprietary directors</b>	33.33%
<b>% of independent directors</b>	66.67%
<b>% other non-executive directors</b>	0.00%

Explain the functions of this committee, describe its organisational and working procedures and rules and summarise its most important activities during the financial year.

The functions assigned to this Committee, in addition to its working procedures and rules are provided for in Article 14 of the Board Regulations (Appointments and Compensation Committee); the Committee met 3 times in 2015 to carry out the tasks entrusted to this body in section 7 of the aforementioned article, as set out below:

Without prejudice to the other tasks assigned under the applicable regulations, the Articles of Association or by the Board, the Appointments and Compensation 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, as 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.

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

	Number of female directors							
	2016		2015		2014		2013	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
APPOINTMENTS AND COMPENSATION COMMITTEE	1	33.00%	1	33.00%	1	33.00%	0	0.00%

C.2.3 Paragraph repealed

C.2.4 Paragraph repealed.

C.2.5 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 National Securities Market Commission (CNMV) and duly registered at the Madrid Companies Registry pursuant to Article 529 of the Corporate Enterprises Act (L.S.C.).

The composition of the Audit Committee was amended in 2015 to adapt to the legal requirement that all its members are non-executive Directors, as provided for in Article 13.1 of the Board Regulations. This amendment was approved by the board of directors meeting held on 24 February 2015.

The board of directors meeting held on 28 July 2016 approved the ANNUAL ASSESSMENT ON 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. During 2016, no changes have been made to this committee.

C.2.6 Paragraph repealed.

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

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

### **Procedure for reporting approval of related party transactions**

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 established rates or prices, which in general are set by the supplier of the good or service; 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 between the company or entities in its group and significant shareholders of the company:**

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

**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 made with entities established in countries or territories deemed as tax havens:

**D.5 State the amount of the transactions carried out with other related parties.**

249 (in thousand euros).

**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 (subsidiaries) expressly mentioned in the financial statements for each year.

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

Yes

No

Identify subsidiaries that are listed in Spain:

### **Listed subsidiary company**

State whether the respective areas of activity and any possible business relationships between them have been publicly and accurately defined, as well as those of the listed subsidiary with the rest of group companies;

**State any possible business relationships between the parent company and the listed subsidiary, and between the latter and other group companies**

State the mechanisms created for resolving any conflicts of interest between the listed subsidiary and the other companies in the Group:

**Mechanisms to resolve any possible conflicts of interest**

## E.1 Explain the scope of the company's Risk Management 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.
- drafting 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 disclose.
- 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.
- approval of the creation or acquisition of stakes in special-purpose entities or those domiciled in countries or territories deemed to be tax havens, as well as any other transactions or operations of an analogous nature which could erode the transparency of the company or group due to their complexity.
- 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 fixed-asset elements allocated to leases. 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 one person, who meets as often as is necessary with the Chairman and Chief Executive Officer 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 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 Group's Financial Department 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 State the main risks, including tax risks, which may affect business goal achievement.

The main risks identified by the Group in 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

- a) Risks deriving from the cyclical nature of the real-estate business.
- b) High levels of competition in the real-estate business in Spain may affect the Company's capacity to invest appropriately.
- c) Risks inherent to the management of real estate assets.
- d) Risks deriving from the solvency and liquidity of lessees.
- e) The real-estate sector is regulated and, therefore, any substantial change to the applicable regulations may adversely affect the Company.
- f) Property investments are relatively illiquid, which could make it difficult to embark upon disinvestments.
- g) The Company may undertake divestments at an inopportune time in terms of maximising their value and could even experience losses.
- h) Any cost associated with a potential investment that ultimately remains unrealised may negatively affect Saint Croix as a Company.
- i) Due diligence undertaken concerning an investment may fail to detect all risks and responsibilities resulting therefrom.
- j) 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.
- k) The Company may be exposed to liabilities and/or obligations in the future relating to properties sold.
- l) Any forced expropriation of a Company asset may have an adverse impact.
- m) 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.
- n) 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

- a) The Company is managed externally by the management of Grupo Pryconsa and, therefore, is dependent on its capacity, experience and criteria.
- b) Concentration of the Company's investment activity in Spain.
- c) A significant part of the Company's assets are hotels and therefore, are connected to the tourism industry.
- d) Risks deriving from the indebtedness of Saint Croix as a Company.
- e) A significant part of total invoicing from income at the Company is linked to a limited number of large customers and assets.
- f) The Company may be adversely affected by any change in tax legislation, including the Real Estate Investment Trust (SOCIMI) system, which could negatively impact the Company.
- g) The requirements for preserving the status of SOCIMI may limit the capacity and flexibility of Saint Croix as a Company to make investments or repay its debts.
- h) Some property transfers may lead to negative repercussions on Saint Croix as a Company in accordance with the SOCIMI 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 credit rating of Saint Croix may negatively affect the Company.
- n) Shareholders and Directors at the Company may experience a conflict of interests with any of the companies that form Saint Croix or a direct or indirect significant interest in a transaction that the Company is considering.
- o) Risk of a conflict of interests 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 a risk tolerance level, including for tax risk.

No risk tolerance level has been set 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 materialised in 2016.

#### E.6 Explain the response and supervision plans for the entity's main risks, including tax risks.

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 internal control and risk management systems related to the internal control over financial reporting system (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 Regulation of the board of directors establishes, among other powers, the power of the board to set the 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 supplied to regulatory bodies. "To supervise the efficacy of the company's internal control system" and "to supervise the process of drawing up and filing mandatory financial reporting" are included among the responsibilities set forth for its control duty.

F.1.2. State whether the following elements exist, especially with regard to the process of drawing up 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 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 to the booking of transactions and financial reporting), body in charge of analysing non-compliances and putting forward 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 Securities Market Act (hereinafter the "TRLMV").

The objective of the Regulation is to align the behaviour of the Company, its governing bodies, employees and representatives with the rules of conduct that, as part of activities relating to the securities market, must be complied with by the aforementioned parties, as set out in the "TRLMV", and Royal Decree 1333/2005, of 11 November, on market abuse.

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 interests to a minimum and ensuring, in summary, proper and timely information for investors, all of the above to the benefit 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 two people, this way of conveying them is perfectly adequate.

- Whistleblowing 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 whistleblowing mailbox will be enabled that will be formalised through a procedure that is pending the board of directors' approval. Said procedure will set forth that the whistleblowing channel is a direct, efficient and confidential means of reporting that 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, and of 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:

- Whistleblowing mailbox: by using the application enabled for such purpose on the corporate website and the Intranet.
- Written reports: sent confidentially in an envelope to 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 Group's Finance Department 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. What the main features of the risk identification process are, including error or fraud identification, with regard to:

- Whether the process exists and is documented.

The Group to which the Company belongs, 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 implementation of a specific real estate management ERP, the segregation of review and supervisory duties and controls for both internal reporting and financial reporting processes for the markets ensure their 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 assertions (existence and occurrence; completeness; evaluation; presentation, disclosure and comparability; and rights and obligations), whether it is updated and how often.

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

The Accounting Policy Manual, which is also being drawn up, will include the reporting review and control policy on the consolidation perimeter, which covers a periodic review of the consolidation perimeter and the main changes which have come about, inter alia.

- 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 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 have 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, reputation, 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 have 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 holds responsibility thereof, 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 performed by the Audit Committee and subsequently by the board of directors.

The procedure sets out the relevance of certain judgements, estimates and forecasts subject to a greater or lesser degree of uncertainty or the choice of certain accounting principles could have on 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 hold responsibility for their 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 Accounts Closure 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, 3Q and 2H), 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 and operation thereof, operational continuity and separation of duties) which support the company's processes on the drawing up 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 Data Protection Act (LOPD) and Media. This rule aims to set out the action framework to comply with existing personal data protection legislation and the Internet and e-mail use policy, along with security and control aspects for the IT tools provided by the Company. The security measures set forth in the Rule cover both the data processing of automated or computer files and hard copy 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, solicitors/legal advisors and tax advisors. It also sets out the controls which have been set to assess litigation and valuation methods, as well as the monitoring, billing and accounting record of 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 Financial Manager, is responsible for setting 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 is developing an Accounting Policies Manual, which will be updated regularly. The aim of the Manual, which is currently being prepared, is to set the criteria to be followed for drawing up separate financial statements according to the Spanish New General Chart of Accounts (NPGC).

F.4.2. Mechanisms to generate and prepare financial reports with standard formats, which are applied and used in all units of the company or group, that 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 control on financial reporting 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 forth any possible corrective measures, and whether its impact on financial reporting has been taken into consideration.

In 2016, 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 fulfil current legislation.

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

- To oversee the process of drawing up and filing mandatory financial reports.
- To oversee the efficacy of the Company's internal controls and its management systems, as well as to discuss 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 set forth in 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 set forth 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 state that discussing with the auditors of accounts any significant weaknesses detected in the internal control system during the performance of an audit lies within the Audit Committee's area of responsibility. The Audit Committee may request further information and seek any clarifications it may deem necessary in order to set its own criteria and issue its corresponding report to the board of directors.

## F.6 Other relevant information

It has not been considered necessary to provide further information.

## F.7 Report by the external

auditor 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.

Annual financial information 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 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

Explain

2. Where the parent company and a subsidiary company are listed, both should accurately define in public 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 set forth to resolve any possible conflicts of interest that may arise.

Complies

Partially complies

Explain

Not applicable

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  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

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  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

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

The Company does not believe that their live broadcasting is mandatory, nor has the board of directors received any suggestion to this end by 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

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

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.

This 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  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  Explain

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

- a) Professional background and biography.
- 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

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

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

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

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

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, said director should draw his conclusions and, if he chooses to resign, he 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

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 board of directors meets often enough to be able to perform its duties effectively. In 2016, it met 5 times.

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  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, these concerns are recorded in the minutes at the behest of the director raising them.

Complies  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

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

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, on the grounds 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, and this will be duly recorded in the minutes.

Complies

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

Partially complies

Explain

33. The chairman, being responsible for the effective functioning of the board of directors, in addition to carrying out the duties that are legally and statutorily attributed thereto, 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

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

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

Explain

36. Once a year the board of directors, in plenary session, assesses and adopts, as necessary, an action plan correcting shortcomings detected in relation to:
- a) The quality and efficiency of the board of directors' work.
  - b) The operation and composition of its committees.
  - c) The diversity of the composition and powers of the board of directors.
  - d) The performance of the Chairman of the board of directors and the Chief Executive Officer of the company.
  - e) 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

It complies with all provisions of this section, with the exception of the provision that the board of directors will be assisted when carrying out the assessment by an external adviser, whose independence will be verified by the Appointments and Compensation Committee. This aspect is not contemplated at this time.

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

41. The manager of the unit responsible for the internal audit function submits his/her annual work plan to the audit committee, directly reports corresponding incidents 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, 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 National Securities Market Commission (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  Explain

These provisions are not expressly contemplated in full in Article 13 of the Board Regulations; however, they are de facto carried out 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  Partially complies  Explain

44. The Audit Committee is informed about structural and corporate amendment transactions that the company plans to carry out for analysis and prior reporting to the Board of Directors about their financial terms and their accounting impact and, in particular, as appropriate, on the proposed swap ratio.

Complies

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, (operational, technological, legal, social, environmental, reputational, amongst others) to which the company is exposed, including contingent liabilities and other off-balance sheet risks amongst financial and economic 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

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

47. The members of the Appointments and Compensation committee (or the Appointments Committee and Compensation 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 Compensation Committees.

Complies

Explains

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 Compensation 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 amongst 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, as 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, for the purpose 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

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, as 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

The Company has no specific corporate social responsibility policy in place.

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

Explained in paragraph G.54.

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

Article 21 of the Articles of Association do 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 referenced 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 evolution of 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

Not applicable

Article 21.c of the Articles of Association and the remuneration policy for 2015 to 2017 approved by the General Shareholders Meeting of 29 June 2015 state that, regardless of the remuneration considered in the preceding sections (allowances and fixed remuneration), the General Shareholders Meeting will approve the variable remuneration made up of equity in earnings; this sum may only be deducted from net profit and after having covered the mandatory reserve and the legal reserve established in the Articles of Association and once shareholders have been provided with a minimum dividend of 4%. This variable sum may not exceed 10% of the profits to be distributed amongst the partners.

Therefore, the Company's internal rules do not expressly provide for the variable components of Director remuneration being the same as those indicated in this section, although, in fact, they are considered when calculated under the principle of prudence and the principle of preserving the company's liquidity.

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

In 2016, no relevant variable remuneration has been paid to Directors.

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

According to 21.3 of the Articles of Association, Directors may be remunerated in the form of shares, or by option rights over shares, in addition to remuneration referenced 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.

62. Once the shares or options or rights over shares relating to the remuneration system have been allotted, 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 allotment.

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

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

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.

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.

This Annual Corporate Governance Report was approved by the company's board of directors at its meeting held on 23/02/2017.

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

Yes

No