

## ANNUAL CORPORATE GOVERNANCE REPORT

### LISTED COMPANIES

PARTICULARS OF ISSUER

FINANCIAL YEAR

2009

TAX I.D. CODE (CIF)  
A- 82473018

Company name:

RENTA 4 SERVICIOS DE INVERSIÓN, S.A.  
Paseo de la Habana, 74  
28036 Madrid

## **FORM FOR ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

For a better understanding of this form and the subsequent drafting of the same, please read the instructions for its completion provided at the end of the form. The CIF, NIF or other similar tax code, which shall not be made public, should be furnished whenever necessary to complete the information on natural or legal persons.

<b>NIF, CIF or similar</b>	<b>Other data</b>
A-82473018	RENTA 4 SERVICIOS DE INVERSION, S.A.

### **A OWNERSHIP STRUCTURE**

A.1 Complete the following table regarding the company's share capital:

<b>Date last modified</b>	<b>Share capital (€)</b>	<b>Number of shares</b>	<b>Number of voting rights</b>
29-09-2007	16,277,281.20	40,693,203	40,693,203

State whether there are different classes of shares associated with different voting rights:

Yes ☐ No ☒

<b>Class</b>	<b>Number of shares</b>	<b>Nominal unit value</b>	<b>Number of units of voting rights</b>	<b>Other rights</b>

A.2 List the direct and indirect holders of significant stakes in the organisation at the financial year end, excluding members of the board:

<b>Name or company name of shareholder</b>	<b>Number of direct voting rights</b>	<b>Number of indirect voting rights (*)</b>	<b>% of total voting rights</b>

(\*) Through:

<b>Name or company name of direct shareholder</b>	<b>Number of direct voting rights</b>	<b>% of total voting rights</b>

State the most significant movements in the shareholding structure during the financial year:

<b>Name or company name of shareholder</b>	<b>Date of transaction</b>	<b>Description of transaction</b>

A.3 Complete the following tables regarding members of the Board of Directors of the company who hold voting rights on company shares:

Name or company name of Company Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr. Juan Carlos Ureta Domingo (1)	14,135,819	6,410,071	50.490
Mr. Pedro Ángel Navarro Martínez(2)	88,239	59,575	0.363
Mr. Pedro Ferreras Diez	29,807	0	0.073
Ms. Sofía Rodríguez Sahagún	9,993	0	0.025
Mr. Eduardo Trueba Cortes	7,917	0	0.019
Mr. Jesús Sánchez Quiñones González	311,383	0	0.765
Mr. Miguel Primo de Rivera y Urquijo	15,244	0	0.037
Mr. Francisco de Asís García Molina(3)	7,315	35,000	0.104
Mr. Santiago González Enciso(4)	498,270	694,365	2.931

(\*) Through:

Name or company name of direct shareholder	Number of direct voting rights	% of total voting rights
(1)Sociedad Vasco Madrileña de Inversiones, S.L	987,014	2.426%
(1)Cartera de Directivos 2003, S.A	1,686,872	4.145%
(1)Surikomi S.A	1,917,689	4.713%
(1)Sociedad de Inversiones Santamaría S.L	663,000	1.629%
(1)Recarsa, S.A	225,666	0.555%
(1)Asecosa S.A	94,037	0.231%
(1)Matilde Estades Seco	835,793	2.054%
(2)Kursaal 2000 SICAV, S.A	59,575	0.146%
(3)Help Inversiones SICAV, S.A	35,000	0.086%
(4)I.G.E, S.L	233,325	0.573%
(4)Matilde Fernández de Miguel	323,340	0.795%
(4)Cristina Gonzalez Fernández	27,540	0.068%
(4)Ignacio Gonzalez Fernández	27,540	0.068%
(4)María Gonzalez Fernández	27,540	0.068%
(4)Santiago Gonzalez Fernández	27,540	0.068%
(4)Matilde Gonzalez Fernández	27,540	0.068%

% of total voting rights held by The Board of Directors	54.808%
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Complete the following tables regarding members of the Board of Directors holding company share options:

Name or company name of company director	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	% of total voting rights

- A.4 Where applicable, state any family, commercial, contractual or corporate relationships between holders of significant shareholdings which the Company is aware of, except those of little relevance or those derived from ordinary trading or exchange:

Name or company name of related party	Type of relationship	Brief description

- A.5 Where applicable, state any commercial, contractual or corporate relationships between holders of significant shareholdings and the company and/or its group, except those of little relevance or those derived from ordinary trading or exchange:

Name or company name of related party	Type of relationship	Brief description

- A.6 Indicate any paracorporate agreements reported to the company subject to Article 112 of the Securities Market Act. Where applicable, provide a brief description of the agreement and list the shareholders involved:

Yes ☐ No ☒

Parties to paracorporate agreement	% of share capital affected	Brief description of the agreement

State whether the company is aware of any concerted actions among company shareholders; if so, provide a brief description:

Yes ☐ No ☒

Partied to concerted actions	% of share capital affected	Brief description of the concerted action

In the event of any change in or break-up of the concerted actions or agreements during the financial year, provide details:

- A.7 State whether there is any natural or legal person exercising, or that may exercise, control over the company pursuant to Article 4 of the Securities Market Act. If so, please specify:

Yes ☒ No ☐

Name or Company name
MR. JUAN CARLOS URETA DOMINGO.

Comments
TOTAL OF DIRECT AND INDIRECT SHARES AS % OF SHARE CAPITAL IS 50.490%

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

At financial year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
<b>1,591,105</b>	<b>1,887,696</b>	<b>8.549%</b>

(\*)Through:

Name or company name of direct shareholder	Number of direct shares
<b>Banco de Madrid, S.A.</b>	<b>1,887,696</b>
<b>Total:</b>	<b>1,887,696</b>

List any significant variations which have occurred during the financial year, in accordance with Royal Decree 1362/2007:

Date of notification	Total number of direct shares acquired	Total number of indirect shares acquired	Total % of share capital
<b>14/05/09</b>	<b>372,337</b>	<b>35,800</b>	<b>1.003</b>
<b>22/12/09</b>	<b>753,095</b>	<b>0</b>	<b>1.851</b>
<b>23/12/09</b>	<b>764,167</b>	<b>0</b>	<b>1.878</b>

<b>Gain/Losses from sale of treasury stock during the financial year</b>	<b>€331,751</b>
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A.9. Provide details of the conditions and term of authorisation(s) granted by the Company in the General Meeting to the Board of Directors for the acquisition and/or transfer of treasury stock.

At the General Meeting held on 22 December 2009 the following resolution was passed in the terms transcribed below:

“To avoid partially, as far as it has not been used, the authorisation conferred by the Ordinary General Meeting held on 30 April 2009 for the acquisition of own shares directly by the Company or through participated companies of the Renta 4 Group.

To authorise the Board of Directors, with express power to substitute the same for the Managing Director of the Company – even if by doing so the latter could fall within self-dealing or in a situation of conflict of interests – in order that, pursuant to Article 75 of the Revised Listed Companies Act, the Company may, at any time, acquire the shares of RENTA 4 SERVICIOS DE INVERSIÓN, S.A., provided that the par value of the shares acquired, when added to those already held by the Company and/or its Subsidiaries, does not exceed 10% of the share capital of RENTA 4 SERVICIOS DE INVERSIÓN, S.A.

Furthermore, to authorise the Subsidiaries and the other companies of the Group so that, in accordance with Article 75 of the Listed Companies Act, such companies may at any time acquire, shares of RENTA 4 SERVICIOS DE INVERSIÓN, S.A., provided that the par value of the shares acquired, when added to those already held

by the Company and/or its Subsidiaries, does not exceed 10% of the share capital of RENTA 4 SERVICIOS DE INVERSIÓN, S.A.

Such acquisitions may be carried out by way of purchase, exchange, donation, allocation, or payment in kind, and in general, by any other form of acquisition for valuable consideration. The shares to be acquired must be outstanding and fully paid up.

Firstly, the Board of Directors may acquire directly or indirectly a maximum of 1.627.728 shares of Renta 4 to exchange, for specific consideration, to its employees, directors or managers of the participated companies of the Renta 4 Group.

To this effect, the Board of Directors of RENTA 4 SERVICIOS DE INVERSIÓN, S.A. or the person authorised for such purpose, the executive body of the Subsidiaries, or the Participated Companies of the Renta 4 Group, may permit the acquisition of the shares once or various times. In such case, the minimum price shall be equal to the face value of the own shares acquired and the maximum price shall be the trading price of the treasury stock acquired on the Stock Exchange in the moment of acquisition, provided that it is not higher than Euro 5.5.

Additionally, the Board of Directors of RENTA 4 SERVICIOS DE INVERSIÓN, S.A. or the person authorised for such purpose, the executive body of the Subsidiaries, or the Participated Companies of the Renta 4 Group, may acquire own shares for any other purpose once or various times.

In the latter case, the minimum price or consideration of acquisition shall be the equivalent of the par value of the treasury stock acquired, and the maximum acquisition price or consideration shall be the equivalent of the trading price of the treasury stock acquired on the Stock Exchange in the moment of acquisition. The transactions of acquisition of treasury stock shall be carried out pursuant to the regulations and practice of the securities market and, specifically, in accordance with Article 75.2 of the Spanish Companies Act, the limit of treasury stock acquisition shall be 10% of the share capital.

This authorisation is granted for a term of five years commencing 22 December 2009, that is, until 21 December 2014.

The shares acquired under these authorisations shall neither bear any non-economic rights, nor voting rights and the corresponding economic rights shall be proportionately allocated to the rest of the shares pursuant to Article 79 of the Listed Companies Act.

Once the Board of Directors has made use of the authorisation it must comply with the information requirements of Article 79.4 of the Listed Companies Act.

3.2- To authorise the Board of Directors to establish a restricted reserve in the liabilities side of the Balance Sheet of the acquiring Company equivalent to the amount of the treasury stock of the controlling Company calculated in the assets, in accordance with Regulation 3, Article 79 of the Listed Companies Act..

3.3.- To authorise the Chairman Mr Juan Carlos Ureta Domingo and the Secretary Mr Pedro Ramón y Cajal Agüeras, of the Board of Directors of the Company, with the express power of substitution so that either party, jointly and indistinctly, may grant the necessary public and private deeds required for executing the above agreements, including notarial records and filing, even partially at the Mercantile Registry, with all necessary Deeds of ratification, rectification, clarification or amendment.

A.10 State whether there are any restrictions under law or company Bylaws regarding the exercise of voting rights and any legal restrictions on the acquisition and/or transfer of company shares.

Yes ☐ No ☒

<b>Maximum percentage of voting rights a shareholder may exercise pursuant to legal restrictions</b>	
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State whether there are any restrictions in the Company Bylaws regarding the exercise of voting rights:

Yes ☐ No ☒

<b>Maximum percentage of voting rights a shareholder may exercise in accordance with Company Bylaws</b>	
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<b>Description of legal and Company Bylaw restrictions on the exercise of voting rights</b>

State whether there are any legal restrictions regarding the acquisition or transfer of company shares:

Yes ☐ No ☒

<b>Description of legal restrictions on the acquisition or transfer of company shares</b>

A.11 State whether the General Meeting has agreed to adopt measures to neutralise a takeover bid pursuant to Law 6/2007.

Yes ☐ No ☒

If so, explain the measures approved and the terms in which the inefficiency of the restrictions would occur:

## **B** STRUCTURE OF COMPANY MANAGEMENT

### B.1 Board of Directors

B.1.1 State the maximum and minimum number of directors established in the Bylaws:

Maximum number of directors	15
Minimum number of directors	5

B.1.2 Complete the following table of the Board members:

Name or company name of director	Represented by	Position on the Board	Date of first appointment	Date of last appointment	Election Procedure
Mr Juan Carlos Ureta Domingo		Chairman and Managing Director	20/08/1999	29/09/2007	General Meeting
Mr Pedro Ángel Navarro Martínez		Vice Chairman	20/08/2000	29/09/2007	General Meeting
Mr Miguel Primo de Rivera y Urquijo		Member	20/08/2000	29/09/2007	General Meeting
Mr Pedro Ferreras Diez		Member	18/07/2005	29/09/2007	General Meeting
Mr Eduardo Trueba Cortés		Member	29/09/2007	29/09/2007	General Meeting
Ms Sofía Rodríguez Sahagún		Member	29/09/2007	29/09/2007	General Meeting
Mr Jesús Sánchez-Quñones González		Member	26/05/2000	29/09/2007	General Meeting
Mr Santiago González Enciso		Member	20/08/1999	29/09/2007	General Meeting
Mr Francisco García Molina		Member	04/12/2008	04/12/2008	General Meeting

Total number of Directors	9
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Indicate any Board Members who ceased to act in this capacity during the period:

Name or company name of director	Type of directorship at time of leaving	Date of leaving office

B.1.3 Complete the following tables on the different types of Board members:

#### EXECUTIVE DIRECTORS

Name or company name of director	Committee proposing appointment	Position within the company organisation
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Mr Juan Carlos Ureta Domingo	None	Chairman and Managing Director
Mr Jesús Sánchez-Quñones González	None	General Manager
Mr Santiago González Enciso	None	Regional Manager

<b>Total number of executive directors</b>	3
<b>% of total number of Board Members</b>	33.3

#### **EXTERNAL PROPRIETARY DIRECTORS**

<b>Name or company name of director</b>	<b>Committee proposing appointment</b>	<b>Name or company name of significant shareholder represented or who proposed the appointment</b>

<b>Total number of proprietary directors</b>	0
<b>% of total number of Board Members</b>	0

#### **EXTERNAL INDEPENDENT DIRECTORS**

<b>Name or company name of director</b>	<b>Profile</b>
<b>MR PEDRO ANGEL NAVARRO MARTINEZ</b>	<p>Industrial Engineer, the Politécnica University of Barcelona and has two Masters degrees in Business Administration (MBA), one from ESADE in Barcelona and the other in Finance from Texas Tech University (USA).</p> <p>After working for Texas Instruments, first in Dallas and then in and in France for two and a half years as an engineer, he spent another year in Honeywell Information Systems, also as an engineer. In 1972 he joined Arthur Andersen in Barcelona with the mission of setting up the Consultancy division.</p> <p>In 1978 he was appointed Partner of Arthur Andersen, beginning a stage of projects in financial entities such as La Caixa.</p> <p>In 1980 he took over the leadership of the Arthur Andersen office in Barcelona commencing a period of expansion by opening offices under his responsibility in Valencia, Zaragoza and Palma de Mallorca.</p> <p>In 1990 Andersen Consulting was set up and he was appointed Chairman for Spain, later, in 1993</p>

	<p>he became responsible for Southern Europe.</p> <p>When Andersen Consulting abandoned its country model in 1996 and was re-organised by industrial sector, he was appointed head of the Sector of Banking and Insurance in Europe, Latin America and Africa, this being considered the largest Business Unit in the world.</p> <p>From 1990 to 2000 he was member of the worldwide Board of Directors and during these years was Chairman of the Committee of Expansion and Acquisitions.</p>
<b>MR PEDRO FERRERAS DIEZ</b>	<p>Graduate in Law, Universidad of Oviedo (with Award of Outstanding Merit). In 1984 he passed the entrance exam to be admitted as a State Lawyer.</p> <p>He was Professor of Administrative Law at the Universidad of León from 1978 to 1982.</p> <p>In 1996 he was appointed Undersecretary of the Ministry of Industry and Energy, with the mission of de-regulating the energy sectors and modernising the public sector business of the State. Positions held include Chairman of the Spanish Office of Patents and Trademarks (Oficina Española de Patentes y Marcas), Chairman of the Centre for Development of Industrial Technology (Centro para el Desarrollo Tecnológico Industrial - CDTI) and of the Consortium for the Harmonisation of the Domestic Market (Consortio para la Oficina de Armonización del Mercado Interior - OAMI), amongst others.</p> <p>From 1996 to 2001 he served as Chairman of the Sociedad Estatal de Participaciones industriales - SEPI), a holding which groups together the State's participations in industrial companies, and he was in charge of the mission to develop a a Modernisation Programme of Public Sector Business.</p> <p>He has been Director of Repsol, Argentaria, Telefónica, Sociedad Estatal de Participaciones Patrimoniales (SEPPA), Consorcio de la Zona Franca de Barcelona, and European Aeronautic Defence and Space Company (EADS). He has been Chairman of Uniland, S.A., Uniland Cementera, S.A. and Aluminios de Catalunya, S.A.</p>
<b>MR EDUARDO TRUEBA CORTES</b>	<p>Graduate in Law and Business Management, ICADE.</p> <p>He worked as Financial Advisor at Merrill Lynch in 1986 and 1987. Following his stay at Merrill Lynch he became Director of Inversión, S.A. for two years before spending 3 years at Urquijo Gestión in the post of Investment Manager, managing Collective Investment Entities.</p> <p>From 1992 he has managed the Family Office of the Pino Family. He is in charge of Asset Allocation and the decision-making process for</p>

	Simcav Chart, Allocation and Beeper.
<b>MR FRANCISCO GARCÍA MOLINA</b>	<p>Graduate in Economics and Business Studies, Universidad Autónoma de Madrid.</p> <p>After nearly nine years working for Unilever/Elida Gibbs in Spain and London in the Marketing Department, from 1985 to 1989 he worked as Director of the Marketing Department of Grupo Koipe.</p> <p>In 1990 and 1991 he was General Manager of Neisa,, S.A. Afterwards, he became Director of the Marketing and Strategic Department of IDV in Spain and later in Europe.</p> <p>From 1995 he worked for Diageo España as General Manager, becoming non-executive Chairman of the Board of Directors from 2003 to 2005.</p> <p>From 2005 he serves as non-executive director of the Board of Directors of several companies, among those that stand out Bodegas LAN y VIESA, entity belonging to VARMA Group.</p> <p>Furthermore, he is currently member of the Discipline Commission of the publicity association called AUTOCONTROL.</p>
<b>MS SOFÍA RODRÍGUEZ SAHAGÚN</b>	<p>Graduate in Law and Business Management, ICADE.</p> <p>She began her professional career in the Spanish Commercial Office in New York (ICEX).</p> <p>In 1988, she joined Renta 4 as Senior Manager of the Business Division and later she worked as consultant in McKinsey &amp; Company.</p> <p>Afterwards, she also worked for Openbank in different positions.</p> <p>In 1998 she joined ING DIRECT Spain as Assistant General Manager, responsible for the areas of Strategy and Marketing.</p> <p>In 2000, she moved to the United States for personal reasons, where she took part in the creation of AOL Spain.</p> <p>From 2002 to 2006 she was Senior Manager of IKEA, responsible of the division of Strategy and Marketing of such company in Spain and Portugal.</p> <p>In May 2006, she returns to ING DIRECT Spain as General Manager of the “Cuenta Naranja”.</p> <p>Likewise, she was member of the ING Group companies platform in representation of ING DIRECT in Spain.</p> <p>From October 2008, she is Senior Manager of Vodafone in charge of the Brand and Client area and has become member of its Executive Committee.</p>

<b>Total number of independent directors</b>	<b>5</b>
<b>% of total number of Board members</b>	<b>55.122</b>

### OTHER EXTERNAL DIRECTORS

Name or company name of director	Committee proposing appointment
<b>MR MIGUEL PRIMO DE RIVERA Y URQUIJO</b>	NOMINATION AND REMUNERATION COMMITTEE

<b>Total number of other external directors</b>	1
<b>% of total number of Board members</b>	11.11

Provide details of why they cannot be considered proprietary or independent and their relationship with the company, Board members or shareholders:

Name or company name of director	Reasons	Company, director or shareholder with whom the director has a relationship.
<b>MR MIGUEL PRIMO DE RIVERA Y URQUIJO</b>	He cannot be classed as a proprietary director as he has not been appointed as a result of being a shareholder, or on the proposal of other shareholders of the company. Neither can he be considered independent director, as during the last year he has been a shareholder in the company Pridera, S.L., commercial agent of Renta 4 S.V., S.A.	Currently, he has no other relationship with the Company, director or shareholder, other than being a Board member and his position as company shareholder pursuant to section A.3 of this report.

State any variations which have taken place during the period in the type of directorship of each director:

Name or company name of director	Date of change	Previous type	Present type
<b>Ms Sofía Rodríguez Sahagún</b>	October 2009	Other external director	External independent director

B.1.4 Where applicable, explain the reasons why proprietary directors have been appointed at the request of shareholders whose stake is inferior to 5% of the share capital:

Name or company name of shareholder	Reason

Indicate, and where applicable, provide details of the dismissal of any formal requests to sit on the Board from other shareholders having a stake of the same amount or superior to the others at whose requests proprietary directors have been appointed. If so, explain the reasons for dismissing such requests:

Yes ☐

No ☒

Name or company name of shareholder	Reason

B.1.5 State whether any director left their position on the Board prior to the end of the mandate, whether such director explained their reasons to the Board and the means of doing so, and if such explanation was given in writing to all the Board, explain below the reasons given by the director:

Name of director	Reason for leaving

B.1.6 State, where applicable, any powers delegated to the Managing Director (s):

Name or company name of director	Brief description
MR JUAN CARLOS URETA DOMINGO.	All those pertaining to the Board, except the non-delegable ones

B.1.7 Indicate below any Board Members having senior management or directive positions in other companies which form part of the listed company group:

B.1.8 Where applicable, and as far as the company is aware of such information, list any Board members who are also members of the board(s) in other companies listed on official securities markets in Spain, other than the group itself:

Name or company name of director	Company name of listed company	Position

Name or company name of the director	Company name of the group entity	Position
MR. JUAN CARLOS URETA DOMINGO	RENTA 4, SV, S.A.	Chairman and Managing Director
MR. JUAN CARLOS URETA DOMINGO.	RENTA 4 CORPORATE, S.A.	Chairman and Managing Director
MR. JESÚS SÁNCHEZ.-QUINÓNEZ GONZÁLEZ	RENTA 4, S.V, S.A..	Director
MS. SOFIA RODRIGUEZ SAHAGUN	RENTA 4 GESTORA, SGHIC, S.A.	Director
MS. SOFIA RODRÍGUEZ SAHAGUN	RENTA4 PENSIONES, S.A.	Director
MR. EDUARDO TRUEBA CORTES	RENTA 4 GESTORA, SGHIC, S.A.	Director
MR. EDUARDO TRUEBA CORTES	RENTA 4 PENSIONES, S.A.	Director
MR. MIGUEL PRIMO DE RIVERA Y URQUIJO	RENTA 4, S.V, S.A.	Director
MR. PEDRO ANGEL NAVARRO MARTINEZ	RENTA 4, S,V, S.A	Director
MR. PEDRO FERRERAS DIEZ	RENTA, S.V, S.A.	Director
MR. FRANCISCO GARCÍA MOLINA	RENTA 4, SV, S.A.	Director

B.1.9 State whether the company has established rules regarding the number of Boards its directors may belong to. If so, explain the rules:

Yes ☒ X

No ☐ □

Explanation of rules
The Directors may not form part of more than five Boards of Directors, without including for these purposes, the companies of the RENTA 4 Group (Art. 21.2 a) of the Board Regulations)

B.1.10 In relation with Recommendation 8 of the Unified Code, state the general policies and strategies of the company which must be approved by the Board in full:

	Yes	No
The investment and financing policy	X	
The definition of the structure of the group of companies	X	
The corporate governance policy	X	
The corporate social responsibility policy	X	
The strategic or business Plan, as well as management objectives and annual budgets	X	
The remuneration policy and performance evaluation of senior management	X	
The policy of risk management and control, as well as the periodic monitoring of systems of internal information and control	X	
The policy of dividends, as well as that of treasury stock and in particular, any applicable limits	X	

B.1.11 Complete the following tables regarding the accrued aggregate remuneration of Directors during the financial year:

a) In the company subject of this report:

Remuneration item	Data in thousand euro
Fixed remuneration	590
Variable remuneration	0
Allowances	2
Allocations pursuant to the Bylaws	0
Share options and/or other financial instruments	85
Other	0
<b>TOTAL:</b>	<b>677</b>

<b>Other benefits</b>	<b>Data in thousand euro</b>
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	1
Pension Plans and Funds: Commitments	0
Life assurance premiums	0
Guarantees constituted by the company in favour of the directors	0

**b) For serving as directors on other Boards and/or senior management of companies in the group:**

<b>Remuneration item</b>	<b>Data in thousand euro</b>
Fixed remuneration	243
Variable remuneration	0
Allowances	2
Allocations pursuant to the Bylaws	0
Share options and/or other financial instruments	19
Other	0
<b>TOTAL:</b>	<b>264</b>

<b>Other benefits</b>	<b>Data in thousand euro</b>
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	1
Pension Plans and Funds: Commitments	0
Life assurance premiums	0
Guarantees constituted by the company in favour of the directors	0

**c) Total remuneration by type of directorship:**

<b>Type of director</b>	<b>By company</b>	<b>By group</b>
Executives	321	265
External Proprietary		
External Independent	285	
Other External	72	
<b>Total</b>	<b>678</b>	<b>265</b>

**d) With regard to the profit attributed to the controlling company:**

<b>Total director remuneration (in thousand euro)</b>	943
<b>Total director remuneration/benefits attributed to the controlling company (as a %)</b>	14.99%

B.1.12 List the members of senior management who are not also executive directors and indicate total remuneration accruing to them during the period:



Name or company name	Position
MR JUAN LUIS LOPEZ GARCIA	GENERAL MANAGER
MR JOSÉ IGNACIO GARCIA-JUNCEDA FERNÁNDEZ	GENERAL MANAGER RENTA 4 S.V.
MR LUIS MUÑOZ SECO	GENERAL MANAGER OF IT AND SYSTEMS

<b>Total remuneration of senior management (thousand euro)</b>	<b>510</b>
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- B.1.13 State in aggregate terms whether there are any guarantee or golden parachute clauses in the event of dismissal or changes in control benefiting senior management, including executive directors of the company or its group. Indicate whether these contracts have to be reported to, and/or approved by the governing bodies of the company or its group:

<b>Number of beneficiaries</b>	0
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	Board of Directors	General Meeting
<b>Body authorising the clauses</b>		

	YES	NO
<b>Is the General Meeting informed of these clauses?</b>		

- B.1.14 Describe the process of establishing the remuneration of members of the Board of Directors and the relevant clauses in the Bylaws for such purpose:

<b>Process for establishing remuneration of members of the Board of Directors and the relevant clauses in the Bylaws</b>
<p>Pursuant to Article 35 of the Bylaws, the General Shareholders' Meeting shall set an annual fixed amount each year for the Board of Directors, an amount which shall be maintained in successive years except by agreement to the contrary in the General Meeting.</p> <p>In turn, the Board shall distribute amongst its members the fixed annual amount agreed by the General Meeting, taking into account the duties and responsibilities performed by each of the directors within the Board itself or its Committees, on the proposal of the Nomination and Remuneration Committee in accordance with Article 32.3, e), of the Board Regulations.</p> <p>Likewise, pursuant to Article 35 of the Bylaws, the General Meeting may establish an amount for attendance allowances at Board and/or Committee meetings, for civil liability insurance and social security, as well as the granting of shares or option rights over the same</p>

or a remuneration which has as its reference the value of the Company shares.
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State whether the Board in full has reserved the right to approve the following:

	Yes	No
<b>At the proposal of the Chief Executive of the company, the appointment and possible termination of senior managers, as well as their compensation clauses</b>	<b>X</b>	
<b>The remuneration of directors, and, in the case of executives, the additional remuneration for their executive duties and other contractual conditions which must be respected</b>	<b>X</b>	

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the matters on which it issues an opinion:

Yes **X**

No ☐

	Yes	No
<b>Amount of fixed remuneration items, with a breakdown, where applicable, of allowances for serving as members of the Board and its Committees and an estimate of the resulting fixed annual remuneration</b>	<b>X</b>	
<b>Variable remuneration items</b>	<b>X</b>	
<b>Main characteristics of the benefits system, with an estimate of their amount or equivalent annual cost</b>	<b>X</b>	
<b>Conditions that must be respected in contracts of those exercising senior management functions as executive directors</b>	<b>X</b>	

B.1.16 Indicate whether the Board submits a report on the directors' remuneration policy for approval at the General Meeting, as a separate point on the agenda, and for consultation purposes. If applicable, explain the aspects of the report regarding the remuneration policy approved by the Board for future years, the most significant changes of such policies in relation to the policy applied during this financial year, and a global summary of the application of the remuneration policy during the financial year. Provide details of the role performed by the

Remuneration Committee and whether the external advice was sought, and if so, the identity of the external consultants providing such advice:

Yes ☐

No ☒

<b>Matters covered in the report regarding remuneration policy</b>

<b>Role played by the Remuneration Committee</b>

	<b>Yes</b>	<b>No</b>
<b>Was external advice sought?</b>		
<b>Identity of external consultants</b>		

B.1.17 State the identity of any Board Members sitting on Board (s) or holding senior management positions in companies with significant shareholdings in the listed company and/or its group companies:

<b>Name or company name of director</b>	<b>Company name of significant shareholder</b>	<b>Position</b>

Where applicable, provide details of any relevant relationships, other than those set forth in the above paragraph, of members of the Board of Directors related to significant shareholders and/or companies of the group:

<b>Name or company name of director with relationship</b>	<b>Name or company name of significant shareholder with relationship</b>	<b>Description of relationship</b>

B.1.18 State whether there have been any modifications to the Board regulations during the financial year:

Yes ☐

No ☒

<b>Description of modifications</b>
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B.1.19 State any procedures for appointment, re-election, evaluation and removal of directors. Set out the competent bodies, the steps to be followed and the criteria to be applied in each of the procedures.

# 1. APPOINTMENT AND RE-ELECTION OF DIRECTORS

The proposals for appointment, ratification or re-election of Directors submitted by the Board of Directors to the General Meeting and the decisions of appointment adopted by said body by cooptation must be taken by persons of recognised honour, good standing and technical competence and experience, and such decisions shall be approved by the Board following the proposal of the Nomination and Remuneration Committee, in the case of independent Directors, and after a report of the Nomination and Remuneration Committee in the case of other Directors. The proposal or report of the Nomination and Remuneration Committee must appoint the new Director within one of the classes of Director set forth in Article 9 of the Board Regulations.

In this respect, when the Board does not take part in the proposals of the Nomination and Remuneration Committee, the motives for such must be explained and set forth in the Minutes.

In turn, the General Meeting has the power to appoint and freely dismiss the members of the Board of Directors, as well as to ratify or revoke the provisional appointment of one of the members by the Board of Directors by virtue of the powers of cooptation attributed by law, all of which in accordance with Article 33 of the Bylaws and 10.1 of the Board Regulations.

From the moment of the notice of the calling of the General Meeting in which the appointment, ratification or re-election of Directors is to take place, the Board of Directors shall disclose, through its web-site, the following information regarding the proposed persons: (i) the professional profile and background; (ii) other Boards of Directors to which the person belongs, whether or not these are listed companies; (iii) indication of the director type of the person, stating in the case of proprietary directors, the shareholder at whose request the appointment, re-election or ratification took place, or the shareholder with whom the person has a relationship; (iv) date of first appointment as Company director, as well as the later ones; (v) Company shares and financial derivatives instruments based on the Company shares, of which the holder is either the director whose position is to be re-elected, or ratified, or the candidate who is to occupy the position as director for the first time

Those persons holding positions or duties of representation or management in companies which are competitors, or those holding a significant stake in their share capital, may not be appointed Company Directors, except with the prior express authorisation of the Board of Directors.

## 2. EVALUATION OF THE DIRECTORS

Pursuant to Article 28 of the Board Regulations, said Board, under the direction of the Chairman in co-ordination with the Chairmen of the Committees, must evaluate on an annual basis: (i) the performance and quality of the work, (ii) the performance of the duties by the Chairman of the Board and, where applicable by the Managing Director of the Company, taking as point of origin the report submitted by the Nomination and Remuneration Committee and (iii) the performance of its Committees, taking as the point of origin the report submitted by the Committees.

With regard to the matter at hand, that is, the issue of the Directors, the Nomination and Remuneration Committee is responsible for issuing and submitting the corresponding Report to the Board on the quality and efficiency of the performance of the Board of Directors.

Thus, once the different Reports of the Committees have been submitted to the Board of Directors, the latter is in charge of evaluating the quality and efficiency of

the performance of the Board of Directors itself, as well as its Committees, the Chairman of the Board and the Managing Director.

### 3. REMOVAL OF DIRECTORS

In accordance with Article 34 of the Bylaws and 11 of the Board Regulations, the Directors shall hold their position for a term of five years, provided that in the General Meeting there is no resolution to dismiss them or no resignation from the Directors. The Directors may be re-elected one or various times for terms of five years, without taking into account the fact that those Directors holding the position for an uninterrupted period of twelve years may not be classed as independent.

Therefore, the Directors shall vacate their position when the term of their appointment has run out, and when the General Meeting so decides, pursuant to the attributions legally conferred and those provided in the Bylaws, in accordance with Article 12 of the Board Regulations.

In relation to independent Directors, the Board may not propose the removal of any Director of said category prior to the end of the term of appointment as set forth in the Bylaws, except where there is a justifiable reason, accepted by the Board following the report of the Nomination and Remuneration Committee. In particular, it will be understood that there exists a justifiable reason when the director has not complied with the duties inherent to the position or when the director falls within one of the circumstances set out in Article 9.2 a) of the Board Regulations which make it impossible to fulfil the requirements of the condition of independent Director of the Company.

Finally, in the event that a Director leaves office prior to the end of his mandate, whether by resignation or for other reasons, the Director shall explain the reasons for leaving office in a letter to be sent to all Board members, regardless of the fact that the event is communicated as a relevant event and must therefore appear in the Annual Corporate Governance Report. Furthermore, in the event that the resignation of the Director is due to the Board adopting significant or reiterated decisions about which the Director has expressly made serious reservations, and as a consequence of such, the Director decides to resign, the latter shall expressly state this circumstance in the letter of resignation addressed to the Board members, pursuant to Article 12.5 of the Board Regulations.

B.1.20 Indicate the cases in which directors are obliged to tender their resignation.

The cases in which directors are obliged to tender their resignation to the Board of Directors and formalize, if deemed appropriate, the corresponding resignation pursuant to Article 12 of the Board Regulations are the following:

- a) When they reach the age of 70.
- b) When they leave their positions, posts or duties to which their appointment as executive directors was associated.
- c) In the case of proprietary directors, when the shareholder, on whose proposal the former were appointed, transfers the entirety of the shares they had in the Company or the shares are reduced to a level requiring a reduction in the number of proprietary directors.
- d) When they fall within one of the cases of incompatibility or prohibition provided by Law, Bylaws or in the Board Regulations.

- e) When the Board so requests by a majority of at least two thirds of its members, in the event the director is considered to have acted in breach of his/her obligations as director, following the proposal or report of the Nomination and Remuneration Committee, or when remaining on the Board could put at risk the standing and reputation of the Company.

Likewise in the event that a natural person representing the legal person of a Director falls within one of the above circumstances, the natural person must be immediately replaced by the legal person of the Director, pursuant to Article 12.3 of the Board Regulations.

B.1.21 Explain whether the duties of the Chief Executive fall upon the Chairman of the Board. If so, state the measures adopted to limit the risk of accumulation of powers in a single person:

Yes **X**

No ☐

Measures to limit risks
An alternative mechanism of counter-balance has been provided for the figure of the Chief Executive Officer such as that of the Vice-President or, in the case of various, one of the Vice-Presidents, who must be independent directors and may, together with an additional two directors, request that the Chairman call the Board meeting or include new items on the agenda. In addition the evaluation of the Chairman is carried out by the Board (Art. 25.4 of the Board Regulations).

State, and if applicable, explain, whether regulations have been established to empower one of the independent directors to request the convening of a Board meeting or to request the inclusion of new items on the agenda in order to co-ordinate and reflect the concerns of external directors and direct the evaluation by the Board of Directors

Yes ☐

No **X**

Explanation of the rules
The Vice-President or, in the case of various, one of the Vice-Presidents, who must be independent directors and may, together with an additional two directors, request that the Chairman convene the Board meeting or include new items on the agenda. (Art. 25.4 of the Board Regulations).

B.1.22 Are reinforced majorities required, other than those established by law, for certain types of decisions?

Yes

No **X**

Explain how the Board of Directors adopts resolutions, including at least the minimum quorum of attendees and the types of majorities required to pass resolutions:

Adoption of resolutions
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Description of resolution	Quorum	Type of Majority

B.1.23 State whether there are any specific requirements, for being appointed Chairman other than those relating to the Directors.

Yes ☐ No ☒

Description of requirements

B.1.24 State whether the Chairman has the casting vote:

Yes ☐ No ☒

Matters on which there is a casting vote

B.1.25 Indicate whether the Company Bylaws or the Board Regulations provide an age limit for Directors:

Yes ☒ No ☐

Age limit for Chairman 70 years

Age limit for Managing Director 70 years Age limit for director 70 years

B.1.26 State whether the Company Bylaws or the Board Regulations establish a limit on the mandate of independent directors:

Yes ☒ No ☐

Maximum term of mandate	12 years
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B.1.27 If the number of female directors is low or zero, explain the reasons and the measures taken to correct the situation.

Explanation of reasons and measures
The Board of Directors has put the Nomination and Remuneration Committee in charge of ensuring that when new vacancies arise or when appointing new Directors, the selection process is not implicitly biased against the selection of female directors in any manner whatsoever, in accordance with Article 32.3, f), of the Board Regulations.

In particular, indicate whether the Nomination and Remuneration Committee has established a procedure to ensure that selection processes are not implicitly biased against the selection of female directors and, that they deliberately seek female candidates meeting the required profile:

Yes ☒ No ☐

<b>Description of the main procedures</b>
<p>In accordance with Article 32 of the Board Regulations, the Nomination and Remuneration Committee has the duty to carry out the following actions so that the selection processes are not implicitly biased against the selection of female Directors:</p> <ul style="list-style-type: none"> <li>- To evaluate the competences, knowledge and experience necessary for the Board, defining the necessary functions and aptitudes in the candidates to cover the position vacant and evaluating the necessary time and dedication for carrying out the duties adequately.</li> <li>- To communicate the proposals of appointment, removal and re-election of directors submitted to the General Meeting, as well as the proposals of appointment by cooptation.</li> <li>- To ensure that selection procedures for directors are not gender-biased.</li> </ul>

B.1.28 Indicate whether there are formal processes for proxy voting in the Board of Directors. If so, provide a brief description.

Paragraph 2, Article 38 of the Company Bylaws states:

“All Directors may be represented through another director. The representation is granted specifically for the Board of Directors meeting and may be communicated through any means provided in paragraph 2 of the preceding Article.”

B.1.29 Indicate the number of meetings held by the Board of Directors during the financial year. Likewise, specify the number of times, if any, that the Board has met in the absence of the Chairman:

<b>Number of Board meetings</b>	10
<b>Number of Board meetings held in the absence of its Chairman</b>	0

Indicate the number of meetings held by the different Board Committees during the financial year:

<b>Number of Executive Committee meetings</b>	11
<b>Number of Audit and Control Committee meetings</b>	6
<b>Number of Nomination and Remuneration Committee meetings</b>	4
<b>Number of Nomination Committee meetings</b>	
<b>Number of Remuneration Committee meetings</b>	

B.1.30 State number of Board meetings held during the financial year without full attendance. Representatives without specific instructions are to be included in the calculation:



<b>Number of absences of Board members during the financial year</b>	<b>2</b>
<b>% of absences in relation to the total number of votes during the financial year</b>	<b>2.2</b>

B.1.31 State whether the individual and consolidated accounts are certified prior to their presentation to the Board of Directors for approval:

Yes ☐ No ☒

Identify, where applicable, the person(s) certifying the Company's individual and consolidated annual accounts for presentation to the Board:

<b>Name</b>	<b>Position</b>

B.1.32 Explain any mechanisms established by the Board to avoid presenting to the General Meeting the individual and consolidated accounts with qualified opinion in the auditor's report.

The Audit and Control Committee analyzes quarterly, biannual and annual financial statements and holds periodic meetings with the External Auditor, revising if appropriate, any change in accounting criteria which will affect the financial statements and ensuring that this does not give rise to qualified opinion by the Auditor and that the financial the Board of Directors presents the accounts with no qualified opinion whatsoever.

B.1.33 Is the Secretary of the Board a director?

Yes ☐ No ☒

B.1.34 Explain the appointment and removal procedures of the Secretary of the Board, stating whether their appointment and removal have been reported to the Nomination Committee and approved by the Board in full.

<b>Procedure of appointment and removal</b>
Article 27, paragraph 1 of the Regulations of the Board of Directors provides: "The Board of Directors, at the proposal of the Chairman, and subsequent to a prior report of the Nomination and Remuneration Committee, shall appoint a Secretary and, where appropriate, a Vice-Secretary. These do not have to be Directors. The same procedure shall be followed to agree on the removal of the Secretary and if applicable, the Vice-Secretary."

	<b><u>Yes</u></b>	<b><u>No</u></b>
<b>Does the Nomination Committee provide notification of the appointment?</b>	X	
<b>Does the Nomination Committee provide notification of the removal?</b>	X	

Does the Board in full approve the appointment?	X	
Does the Board in full approve the removal?	X	

Is the Secretary of the Board responsible for ensuring compliance with the recommendations of good governance?

Yes **X** No ☐

Comments

- B.1.35 Specify the mechanisms, if any, established by the Company to maintain the independence of the auditor, financial analysts, investment banks and rating agencies.

The independence of the External Auditors is protected under Article 31, 3 b) of the Regulations of the Board of Directors and is the competence of the Audit and Control Committee.

- B.1.36 State whether the Company has changed the external auditor during the financial year. If so, indicate the incoming and outgoing auditors:

Sí ☐ No **X**

Outgoing Auditor	Incoming Auditor

In the event there were discrepancies with the outgoing auditor, explain their content:

Yes ☐ No ☐

Explanation of the discrepancies

- B.1.37 Indicate whether the auditing firm carries out other non-audit work for the company and/or its group. If so, state the fees the auditing firm receives for such work and the percentage these fees represent of the total fees invoiced by the company and/or its group:

Yes **X** No ☐

	Company	Group	Total
Amount from non-audit work (thousand euro)	150	-	150
Amount from non-audit work / total amount invoiced by the auditing firm (as a %)	75.8	54.5	-

B.1.38 State whether the Annual Accounts audit report of the previous financial year is qualified or with reservations. If so, set out the reasons given by the Chairman of the Audit. Committee to explain the content and scope of such qualified opinion or reservations.

Yes ☐

No ☒

Explanation of reasons

B.1.39 Specify the number of consecutive years the current auditing firm has been auditing the Company's annual accounts and/or those of its group. In addition, indicate the number of years the current audit firm has been auditing the Company's annual accounts as a percentage of the total number of years over which the annual accounts have been audited:

	Company	Group
Number of consecutive years	5	5
Number of years audited by current auditing firm / number of years the company accounts have been audited (as a %)	5 / 9 (55.55%)	5 / 9 (55.55%)

B.1.40 List the shareholdings of the members of the Board in other companies having the same, similar or complementary types of activities as the Company and/or those of its group, which have been reported to the company. In addition, specify the positions or duties they hold in such companies:

Name or company name of Director	Corporate name of the company	% share	Position or Duties
Mr. Jesús Sánchez-Quiñones González	ACE GLOBAL SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	AMER 2000 SICAV, S.A.		Secretary-Director
Mr. Jesús Sánchez-Quiñones González	AVILUGAM SICAV, S.A.	Less than 0.01%	Chief Executive Officer
Mr. Jesús Sánchez-Quiñones González	BACESA SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	BASIL CAPITAL SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	BLUE NOTE SICAV, S.A.		Director
Mr. Jesús Sánchez-Quiñones González	CALAINVEST-98 SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	ARBITRAGE CAPITAL SICAV, S.A.		Secretary-Director
Mr. Jesús Sánchez-	MERCOR	Less than 0.01%	

Quiñones González	GLOBAL PLUS SICAV, S.A.		Secretary-Director
Mr. Jesús Sánchez- Quiñones González	CORTIGOSO INVERSIONES SICAV S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez- Quiñones González	DIDIME INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez- Quiñones González	EDUMONE SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez- Quiñones González	EURO 21 DE INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez- Quiñones González	EUROFINATEL SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez- Quiñones González	EVELSA JP INVERSIONES SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez- Quiñones González	GLOBAL SYSTEMATIC INVESTMENT SICAV, S.A.	Less than 0.01%	Director
Mr. Jesús Sánchez- Quiñones González	GUATEN DE INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez- Quiñones González	HELP INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez- Quiñones González	HOLDILAN SICAV, S.A.	Less than 0.01%	Director
Mr. Jesús Sánchez- Quiñones González	HORIZON RETORNO SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez- Quiñones González	INVERSIONES FINANCIERAS GALOIS SICAV, S.A.	Less than 0.01%	Secretary non member of the Board
Mr. Jesús Sánchez- Quiñones González	INV. FIN. ISLAS OCCIDENTALES SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez- Quiñones González	KURSAAL 2000 SICAV, S.A.		Chief Executive Officer
Mr. Jesús Sánchez- Quiñones González	LENDIA DE INVERSIONES SICAV, S.A.	Less than 0.01%	Chief Executive Officer
Mr. Jesús Sánchez- Quiñones González	MERCOR GLOBAL SICAV, S.A.		Secretary-Director
Mr. Jesús Sánchez- Quiñones González	MOPANI INVERSIONES SICAV, S.A.		Secretary-Director
Mr. Jesús Sánchez- Quiñones González	MOTA DEL ESCRIBANO	Less than 0.01%	

	SICAV, S.A.		
Mr. Jesús Sánchez-Quiñones González	NUMIDE INVERSIONES SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	OBIS INVERSIONES FINANCIERAS SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	OTAGO INVERSIONES SICAV, S.A.	Less than 0.01%	
Mr. Jesús Sánchez-Quiñones González	PRIVALIA SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	QUALIFIED INVESTOR SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	RAVISTAR SICAV, S.A.	Less than 0.01%	Secretary-Director
Mr. Jesús Sánchez-Quiñones González	RENTA 4 GESTION DE CARTERAS SICAV, S.A.	Less than 0.01%	Chief Executive Officer
Mr. Miguel Primo de Rivera y Urquijo	PRIDERA, S.L.		Sole Administrator
Mr. Miguel Primo de Rivera y Urquijo	SCH GESTIÓN DE CARTERAS SGIIC, S.A.		Director
Mr. Juan Carlos Ureta Domingo	SOCIEDAD RECTORA DE LA BOLSA DE VALORES DE MADRID, S.A.		Director

B.1.41 State whether a procedure exists to enable Directors to receive external advice. If so, provide an explanation of such procedure:

Yes ☒

No ☐

Details of procedure
<p>These are provided in Article 23 of the Board Regulations as set forth below:</p> <p>“1. For the purposes of being aided in the performance of their duties, the external directors are entitled to obtain the necessary advice for carrying out their duties, and the fees for legal, accounting, financial or other experts shall be borne by the Company, provided that the matters in question present problems of certain importance and complexity arising within the course of carrying out the duties corresponding to their position.</p> <p>2. The request to engage external consultants or experts must be made to the Board Chairman and shall be authorised by the Board in full if, in its opinion:</p> <ol style="list-style-type: none"> <li>it is necessary for the proper performance of the directors’ duties;</li> <li>the cost is reasonable, taking into account the magnitude of the problem</li> </ol>

- and the assets and revenues of the Company;
- c) the technical assistance received cannot be properly provided by Company experts and technicians; and
- d) Confidential information which must be provided to the expert is not put at risk.

3. In the event that the request for expert assistance is made by any of the Committees of the Board, it may not be refused, except when the Board decides by majority that the circumstances set forth in Paragraph 2 do not exist”.

B.1.42 Indicate, and where appropriate explain, whether a procedure exists, to ensure directors receive the necessary information in sufficient time to prepare for the meetings of the governing bodies:

Yes ☒

No ☐

Details of procedure
<p>The procedure is set forth in Article 22 of the Board Regulations, which provides:</p> <p>“1. In the fulfilment of their duties, any director may inform themselves about any matters of the Company and its participated companies. For these purposes they are entitled to examine books, registers, documents and other records of company transactions, being able to inspect its installations and communicate with Company senior management.</p> <p>2. In order not to disturb the ordinary management of the Company, the exercise of the right to information shall be channelled through the Board Chairman who shall attend the director’s requests by providing the information directly, or by way of the relevant person at the appropriate level of the organisation”.</p> <p>In turn, Article 28.4 of the Board Regulations adds that the calling of the Board meeting shall be accompanied by the necessary information for the same.</p>

B.1.43 State, and where applicable, give details of whether the company has established regulations obliging directors to report, and if appropriate, resign, in cases which may harm the good standing and reputation of the company:

Yes ☒

No ☐

Explain the rules
<p>Article 21.2, c), of the Board Regulations establishes that:</p> <p><i>“The director must also notify the Company:</i></p> <p>(...)</p>

c) *Of legal, administrative or other proceedings of any nature which are brought against the director and which, due to their importance or characteristics, could seriously damage the reputation of the Company. In particular, all directors must notify, through the Board Chairman, when a case is brought against them, or when they are committed for trial for any of the offences set forth in Article 124 of the Listed Companies Act. In this case the Board shall examine the case as soon as possible and shall adopt the decisions considered most appropriate for the interests of the Company”.*

In turn, Article 21.2, e), of the Board Regulations provides:

*“Directors must tender their resignation to the Board of Directors in the following cases:*

*(...)*

e) *When the Board calls for the resignation by a majority of two thirds of the members due to the Director having breached their obligations as Director, following the report of the Nomination and Remuneration Committee, or when their remaining on the Board may put at risk the standing and reputation of the Company”.*

B.1.44 State whether any member of the Board has notified the company that they have been prosecuted or committed for trial for any of the offences set forth in Article 124 of the Listed Companies Act:

Yes ☐

No ☒

Name of Director	Criminal Proceedings	Comments

State whether the Board has analysed the case. If the answer is affirmative, provide an explanation of the decision made regarding the continuance or removal of the director from their position.

Yes ☐

No ☐

Decision taken	Explanation
Able to continue / Not able to continue	

## B.2. Board of Directors Committees

B.2.1 List the Board Committees and their members:

### EXECUTIVE OR MANAGEMENT COMMITTEE

<b>Name</b>	<b>Position</b>	<b>Type</b>
<b>JUAN CARLOS URETA DOMINGO</b>	<b>CHAIRMAN</b>	<b>EXECUTIVE</b>
<b>PEDRO ANGEL NAVARRO MARTÍNEZ</b>	<b>MEMBER</b>	<b>INDEPENDENT DIRECTOR</b>
<b>PEDRO FERRERAS DIEZ</b>	<b>MEMBER</b>	<b>INDEPENDENT DIRECTOR</b>
<b>EDUARDO TRUEBA CORTES</b>	<b>MEMBER</b>	<b>INDEPENDENT DIRECTOR</b>
<b>SOFIA RODRÍGUEZ SAHGÚN</b>	<b>MEMBER</b>	<b>INDEPENDENT DIRECTOR</b>

#### **AUDIT COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
<b>PEDRO FERRERAS DIEZ</b>	<b>CHAIRMAN</b>	<b>INDEPENDENT DIRECTOR</b>
<b>FRANCISCO GARCÍA MOLINA</b>	<b>MEMBER</b>	<b>INDEPENDENT DIRECTOR</b>
<b>EDUARDO TRUEBA CORTES</b>	<b>MEMBER</b>	<b>INDEPENDENT DIRECTOR</b>

#### **NOMINATION AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
<b>PEDRO ANGEL NAVARRO MARTÍNEZ</b>	<b>CHAIRMAN</b>	<b>INDEPENDENT DIRECTOR</b>
<b>PEDRO FERRERAS DIEZ</b>	<b>MEMBER</b>	<b>INDEPENDENT DIRECTOR</b>
<b>SOFÍA RODRIGUEZ SAHAGÚN</b>	<b>MEMBER</b>	<b>INDEPENDENT DIRECTOR</b>

**B.2.2** State whether any of the following duties are the responsibility of the Audit Committee:

	<b>Yes</b>	<b>No</b>
To supervise the process of preparation and the integrity of the financial information concerning the company and, if applicable, the group, checking compliance with regulatory requisites, the proper delimitation of the scope of consolidation and the correct application of the accounting criteria	X	



To check the internal control and risk management systems periodically so that the main risks are duly identified, managed and notified	X	
To ensure the independence and efficiency of the internal auditing function; to propose the selection, appointment, re-election and removal of the head of internal auditing; to propose the budget for that service; to receive periodic information regarding its activities; and to verify that senior management takes into account the conclusions and recommendations of its reports	X	
To establish and supervise a mechanism permitting the employees to notify, in a confidential manner, and anonymously if appropriate, any potentially significant irregularities, particularly those of a financial or accounting nature, detected in the company	X	
To submit to the Board the proposals of selection, appointment, re-election and replacement of the external auditor, as well as the conditions of the corresponding engagement	X	
To receive information from the external auditor on a regular basis regarding the auditing plan and results of its execution, and to verify that senior management takes its recommendations into account	X	
To ensure the independence of the external auditor	X	
In the case of groups, to encourage the auditor of the group to assume the responsibility for the audits of the companies of the group	X	

### B.2.3 Describe the organisational and operational rules and responsibilities attributed to each of the Board Committees.

Articles 40 and 41 of the Company Bylaws and Article 29 of the Board Regulations provide that the Board must set up and permanently maintain an Audit and Control Committee and a Nomination and Remuneration Committee, further being authorised to set up an Executive Committee and as many other Committees as deemed appropriate.

#### 1. EXECUTIVE COMMITTEE

Pursuant to Article 40 of the Bylaws and Article 30 of the Board Regulations, the Executive Committee shall consist of a minimum of three and a maximum number of eight members.

The Board of Directors shall appoint the directors who are to form the Executive Committee, ensuring that the qualitative composition based on the different types of Directors is similar to that of the Board itself, the Chairman of the Board acting as Chairman of the Executive Committee and its Secretary shall be the Secretary of the Board, the latter may be assisted by the Vice Secretary. In the absence of the Chairman of the Executive Committee, the duties shall be carried out by the member chosen for such purpose by the other members.

The members of the Executive Committee shall vacate their position when they do so in their capacity as Directors, or when it is so agreed by the Board.

The Executive Committee shall hold its meetings at least once a month, with the possibility of calling an extraordinary meeting when company interests so dictate. In addition to the calling of each meeting, the Executive Committee members shall receive the relevant documentation in order to form an opinion and vote on the matter.

The Executive Committee shall be duly constituted when there are at least half of the members plus one, taking into account members present and represented. The Board of Directors, through the Chairman, shall be notified of the matters dealt with and the resolutions of the Committee, a copy of the minutes shall be sent to all Directors.

This Committee performs the duties of day-to-day Company management delegated by the Board, in addition to the preparation of the proposal or report regarding strategic decisions and those of investments and disinvestments which may be of relevance to the Company or to the Renta 4 Group.

The Executive Committee shall be governed by the Bylaws and the Board Regulations of the Company, provided that this is not incompatible with its nature.

## 2. AUDIT AND CONTROL COMMITTEE

In accordance with Articles 42 of the Bylaws and 31 of the Board Regulations, the Audit and Control Committee shall be constituted by a minimum of three Directors, who shall be appointed by the Board on the basis of their knowledge and experience in accounting, auditing or risk management, all the members being external directors and the Board shall appoint the Chairman from amongst these. The Chairman must be an independent director and shall remain in the position for no longer than four years, not taking into account re-election or continuity as member of the Committee. A Vice-president may also be appointed.

The mandate of the Committee members may not exceed that of their mandate as Directors, not taking into account that they may be re-elected indefinitely as long as they are Directors.

Members who have held the position of Committee Chairman may not resume the position unless at least one year has passed since leaving office.

The Board shall appoint a Secretary, and if applicable, a Vice Secretary, who may not be a member of the Board. The Vice Secretary shall assist the Chairman and must try to ensure the good performance of the Committee, being responsible for duly preparing the minutes, the development of the meetings, the content of the items discussed and the resolutions adopted, drawing up the minutes for such purposes.

This Committee is duly constituted when there are at least half of the members plus one, taking into account members present and represented. Resolutions shall be adopted by a majority of members present or represented, the Chairman having the casting vote in the event of a tie.

The Committee shall meet as many times as the Chairman deems necessary for the proper performance of its duties and, as a minimum, once per quarter.

The Audit and Control Committee shall have the primary mission of assisting the Board of Directors in carrying out its supervisory duties through periodic revision of the process of preparing economic-financial information, internal controls and the independence of the external auditor.

The Audit and Control Committee shall prepare an Action Plan for the financial year and inform the Board of Directors of the same.

Finally, with regard to the Committee, where there is no express provision and the nature and duties make it possible, the provisions relating to the functioning of the Board in the Bylaws and Board Regulations shall be of supplementary application.

### 3. NOMINATION AND REMUNERATION COMMITTEE

Pursuant to Articles 42 of the Bylaws and Article 32 of the Board Regulations, the Nomination and Remuneration Committee shall be constituted by a minimum of three members appointed by the Board from amongst its non-executive members, the majority of its members being independent directors and the Chairman of the Board being chosen from the latter.

Likewise, the Board of Directors shall appoint a Secretary, who may not be a member of the same, and who shall assist the Chairman and must try to ensure the good performance of the Committee, being responsible for duly preparing the minutes, the development of the meetings, the content of the items discussed and the resolutions adopted, drawing up the minutes for such purposes.

The mandate of the Nomination and Remuneration Committee members may not exceed that of their mandate as Directors, without prejudice to their being re-elected indefinitely as long as they are Directors.

This Committee shall be duly constituted when there are at least half of the members plus one, taking into account members present and represented. Resolutions shall be adopted by a majority of members present or represented, the Chairman having the casting vote in the event of a tie.

The Committee shall meet as many times as the Chairman deems necessary for the proper performance of its duties and, as a minimum, once per quarter.

The Nomination and Remuneration Committee shall focus its activities on the support and assistance of the Board of Directors, particularly in relation to the proposals of appointment, re-election, ratification and removal of Company Directors and Senior Management, the control of directors' compliance with duties, especially in relation to situations of conflicts of interest and related transactions, and the supervision of compliance with Internal Codes of Conduct and the Rules of Corporate Governance.

As with the Audit and Control Committee, the Nomination and Remuneration Committee shall prepare an Action Plan for the financial year and shall inform the Board of Directors of the same.

Finally, with regard to the Committee, where there is no express provision and the nature and duties make it possible, the provisions relating to the functioning of the Board in the Bylaws and Board Regulations shall be of supplementary application.

B.2.4 State any advisory and consulting powers and, where applicable, the powers delegated to each of the committees:

Committee Name	Brief description
EXECUTIVE COMMITTEE	The Executive Committee has all the powers of the Board of Directors delegated to it, except those which may not be delegated by law or by the Bylaws.
AUDIT AND CONTROL COMMITTEE	<p>The Audit and Control Committee has the following advisory and consulting powers:</p> <ul style="list-style-type: none"> <li>a) It informs the General shareholders' meeting about matter proposed by shareholders which are of its competence.</li> <li>b) With regard to the external auditor: (i) submitting to the Board of Directors the proposals of selection, appointment, re-election and replacement of the external auditor, as well as the conditions of engagement; (ii) regularly receiving information from the external auditor regarding the auditing plan and the results of its execution, and verifying that senior management takes the recommendations into account; (iii) ensuring the independence of the external auditor and, for such purpose the Company shall notify the CNMV about the change of auditor as a relevant event and shall accompany this with a declaration regarding the possible existence of disagreements with the outgoing auditor and if so, the content of such disagreement, and in the event of the resignation of the external auditor, it shall examine the circumstances leading to such; (iv) encouraging the auditor of the Company to assume responsibility for the auditing of the companies which, if applicable, form part of the group.</li> <li>c) The supervision of the management of Company internal auditing services to ensure the proper performance of internal information and control systems, particularly in relation processes affecting the integrity of financial information regarding the Company, and where applicable, its group, the head of internal auditing being obliged to present its annual work plan to the Committee, and to directly report to the same any incidents which may arise in carrying out the plan, as well as submitting a report on its activities at the end of each financial year.</li> <li>d) Knowledge of the financial information procedures and the control and management of internal risks systems associated with the relevant risks of the</li> </ul>

	<p>Company, so that these may be identified, managed and properly reported, ensuring the independence and efficiency of the internal auditing function, proposing the selection, appointment, re-election and removal of the head of internal auditing, as well as the budget for said service, receiving periodic information on its activities and verifying that senior management take into account the conclusions and recommendations of its reports.</p> <p>e) Informing the Board of Directors previously about: (i) financial information which, due to its status as a listed company, the Company is periodically obliged to disclose, ensuring that interim accounts are prepared with the same accounting criteria as annual accounts, and for this purpose, if shall consider the appropriateness of a limited revision of the external company auditor; (ii) the creation or acquisition of shares in special purpose vehicles or those domiciled in countries or territories considered tax havens, as well as any transactions or operations of similar nature which, due to their complexity, may impair the transparency of the group to which the Company belongs; (iii) and related operations</p> <p>f) Receiving written communications from employees confidentially, but not anonymously, regarding possible irregularities of potential importance, especially those of finance and accounting, detected within the Company or in the group companies.</p> <p>g) Ensuring compliance with the Internal Codes of Conduct and the Rules of Corporate Governance, as well as the regulations of the financial instruments markets.</p> <p>h) Supervising the performance of functions attributed to the area responsible for the prevention of money laundering, and being aware of the reports and proposals presented in this respect.</p> <p>i) Issuing the reports and proposals set forth in the Bylaws and in the Board Regulations and any others requested by the Chairman of the Board.</p>
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<p>NOMINATION AND REMUNERATION COMMITTEE</p>	<p>The Nomination and Remuneration Committee has the following advisory and consulting powers:</p> <ul style="list-style-type: none"> <li>a) Evaluating the competences, knowledge and experience necessary in the Board, defining the functions and aptitudes necessary in candidates for each vacancy, and evaluating the time and dedication needed to perform the charge well</li> <li>b) Examining or organising in the manner deemed proper, the succession of the Chairman and of the managing director and, when applicable, making proposals to the Board, so that the succession make proceed in an orderly or well-planned manner.</li> <li>c) Reporting the proposals of appointment, removal and re-election of directors submitted to the General Meeting, as well as the proposals for appointment by cooption</li> <li>d) Reporting the appointments and removals of senior managers which the Managing Director submits to the Board.</li> <li>e) Ensuring the observance of the remuneration policy established by the Company and, in particular, submitting to the Board the remuneration policy of directors and senior management, the individual remuneration of managing directors and other conditions of their contracts, and the basic conditions of the contracts of senior managers.</li> <li>f) Ensuring that selection processes of directors do not discriminate on the grounds of gender.</li> </ul>
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**B.2.5** Indicate, if applicable, any regulations governing the Board committees, where these are available for consultation, and any amendments made during the financial year. State whether any annual report has been voluntarily drawn up in relation to the activities of each Committee.

The Bylaws, and specifically, Articles 30, 31 y 32 of the Board Regulations set forth the composition and functions of the Executive Committee, the Audit and Control Committee and the Nomination and Remuneration Committee. Likewise, the Board Regulations provide the Committees regulating their own functioning, provided that this is in accordance with the Bylaws and Board Regulations. In addition, the Board Committees have carried out a process of self-evaluation within the general framework of evaluating the performance of the Board.

**B.2.6** State whether the composition of the Executive Committee reflects the participation on the Board of the different directorships based on their type:

Yes ☒ No ☐

<b>If not, describe the composition of the Executive Committee</b>

## **C RELATED OPERATIONS**

C.1 Indicate whether the Board in full has reserved the right to approve, after receiving a favourable report from the Audit Committee, or any other Committee entrusted with doing so, the operations which the company carries out with directors, significant shareholders or shareholders represented on the Board, or with persons related to them:

Yes ☒ No ☐

C.2 List any relevant operations involving a transfer of resources or obligations between the company or group companies and the significant shareholders of the company:

C.3 List any relevant operations involving a transfer of resources or obligations between the company or group companies and the Company's managers or Directors:

Name or company name of the managers or directors	Name or company name of the company or entity of its group	Type of relationship	Type of operation	Amount (thousand euro)
Mr. Francisco de Asís García Molina	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	22
Mr. Francisco de Asís García Molina	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	1
Mr. Pedro Ángel Navarro Martínez	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	28
Mr. Pedro Ángel Navarro Martínez	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	17
Mr. Pedro Ferreras Díez	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	6
Mr. Eduardo Trueba Cortés	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	1
Ms. Sofía Rodríguez-Sahagún Martínez	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	2

Mr. Miguel María Primo de Rivera Urquijo	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	35
Mr. Miguel María Primo de Rivera Urquijo	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	4
Mr. Jesús Sanchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Contractual	Financing Loans	128
Mr. Jesús Sanchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	2
Mr. Jesús Sanchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	12
Mr. Jesús Sanchez Quiñones	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	62
Mr. Santiago Gonzalez Enciso	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	27
Mr. Santiago Gonzalez Enciso	Renta 4 Servicios de Inversión, S.A.	Contractual	Beneficiary of services	18
Mr. Santiago Gonzalez Enciso	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	99
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Contractual	Financing Loans	1,365
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Contractual	Rendering of services	1
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	65
Mr. Juan Luis López García	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	63
Mr. José Ignacio García-Junceda Fernández	Renta 4 Servicios de Inversión, S.A.	Contractual	Financing Loans	1,006
Mr. José Ignacio García-Junceda Fernández	Renta 4 Servicios de Inversión, S.A.	Contractual	Amortization of Loans	12
Mr. José Ignacio García-Junceda Fernández	Renta 4 Servicios de Inversión, S.A.	Corporate	Dividends and other benefits distributed	29
Mr. Luis Muñoz Seco	Renta 4 Servicios de	Contractual	Financing Loans	624



	<b>Inversión, S.A.</b>			
<b>Mr. Luis Muñoz Seco</b>	<b>Renta 4 Servicios de Inversión, S.A.</b>	<b>Contractual</b>	<b>Amortization of Loans</b>	<b>35</b>
<b>Mr. Luis Muñoz Seco</b>	<b>Renta 4 Servicios de Inversión, S.A.</b>	<b>Corporate</b>	<b>Dividends and other benefits distributed</b>	<b>35</b>
<b>Mr. Juan Carlos Ureta Domingo</b>	<b>Renta 4 Servicios de Inversión S.A</b>	<b>Contractual</b>	<b>Financing Loans</b>	<b>3</b>
<b>Mr. Juan Carlos Ureta Domingo</b>	<b>Renta 4 Servicios de Inversión S.A</b>	<b>Contractual</b>	<b>Rendering of services</b>	<b>3</b>
<b>Mr. Juan Carlos Ureta Domingo</b>	<b>Renta 4 Servicios de Inversión S.A</b>	<b>Contractual</b>	<b>Guarantees received</b>	<b>10,244</b>
<b>Mr. Juan Carlos Ureta Domingo</b>	<b>Renta 4 Servicios de Inversión, S.A</b>	<b>Corporate</b>	<b>Dividends and other benefits distributed</b>	<b>2,799</b>

- C.4 List any relevant operations between the Company and group other companies which are not eliminated in the process of preparing the consolidated financial statements and which do not form part of the Company's normal trading in relation to their subject and conditions:

<b>Company name of the group company</b>	<b>Brief description of operation</b>	<b>Amount (thousand euro)</b>

- C.5 State whether any conflicts of interest involving any members of the Board, pursuant to Article 127 of the Listed Companies Act, have arisen during the financial year.

Yes ☐

No ☒

<b>Name or company name of director</b>	<b>Description of situation of conflict of interest</b>

- C.6 List the mechanisms provided for detecting, determining and resolving any possible conflicts of interest between the company and/or its group and its directors, managers or significant shareholders.

The Board Regulations and the Internal Code of Conduct regulate the possible conflicts of interest between the company and/or its group and its directors and senior managers.

Article 17 of the Board Regulations states:

***“Article 17. Conflicts of interest***

*1. A conflict of interest exists in those situations where, directly or indirectly, the interests of the Company or of the group companies collide. A personal interest of the director is deemed to exist when the matter*

*affects the same or a person related to the same.*

*For the purposes of the Regulations, Persons Related to the director are the following:*

- a) The director's partner or the persons having a similar relationship of affection.*
- b) The ascendants, descendants and siblings of the director or of the directors' partner (or person having a similar relationship of affection).*
- c) The partners of the ascendants, descendants and siblings of the director.*
- d) The companies in which the director, on his/her own behalf or through a representative, falls within one of the situations set forth in Article 4 of Law 24/1988, 28 July of the Securities Market.*

*As regards the legal person of the director, a Related Person shall be understood to mean the following:*

- a) Partners who, as regards the legal person of the director, fall within the situations set forth in Article 4 of Law 24/1988, 28 July of the Securities Market*
- b) Companies, and their partners, forming part of the same group as defined in Article 4 of Law 24/1988, 28 July of the Securities Market*
- c) Representatives of the physical person, receivers in fact or in law, liquidators and legal representatives having general powers of the legal person of the director.*
- d) Persons who, in relation to the representative of the legal person of the director, are considered Related Persons pursuant to the above paragraph for the physical person of the director.*

*2. The situations of conflict of interest shall be governed by the following:*

- a) Communication: the director shall notify the Board of Directors, through the Chairman or Secretary, of their involvement in any situation of conflict of interest.*
- b) Abstention: the director may not carry out, directly or indirectly, professional or commercial operations with the Company, unless he/she previously reports the situation of conflict of interests to the Board for approval of the operation. The director must abstain from attending the meetings and from intervening in the deliberation and voting stages regarding those matters in which a conflict of interest has arisen. In the case of proprietary directors, they must abstain from voting on the matters which could involve a conflict of interests between shareholders proposing their appointment and the Company.*
- c) Transparency: any situation of conflict of interests of directors shall be reported by the affected party, or by any other means, in*

- d) *The provisions of this Article could be developed through any corresponding rules which the Board may issue”.*

Paragraph VI of the Internal Code of Conduct provides:

***“Definition and general principles.***

6.1 *It is the policy of the RENTA 4 Group that when performing these duties, employees provide their professional service with the maximum level of confidentiality, honour and efficiency. Therefore, employees are not permitted to be involved in private activities or in external interests which may endanger the integrity or reputation of the Group.*

6.2 *A conflict may arise when the activity or interest of a director or employee is incoherent with the interests of the RENTA 4 Group and/or its client.*

6.3 *The companies which make up the RENTA 4 Group are obliged to obtain information regarding its directors and employees in relation to the possible conflicts of interest in which they are involved, due to their family relationships, personal wealth, or for any other reason, as well as maintaining this information up-to-date.*

*This activity is governed by two general principles:*

- a) *Independence. The directors and employees shall act at all times with freedom of judgement, loyalty to the RENTA 4 Group and to its shareholders, independently of their own or outside interests.*
- b) *Abstention. The directors and employees must abstain from intervening or influencing in the adoption of decisions which may affect persons or entities with which a conflict exists, or from gaining access to confidential information affecting said conflict.*

***Interests, activities and employment outside the Group.***

6.4 *The executives and employees of RENTA 4 may not be involved in private activities, nor have interests outside the Group which could give rise to conflicts of interest or which may potentially put at risk the reputation of the companies in the Group.*

6.5 *The directors and employees of the group may not work for another company, except when the Managing Director of the corresponding area and the Committee of Regulatory supervision grant the necessary authorisation.*

***Financial relationships with clients.***

6.6 *The directors and employees, in order to avoid possible conflicts of interests, may not maintain financial relationships with clients.*

6.7 *It is prohibited, as a form of example, but without limitation:*

- *To make private agreements between the director or employee and the client.*

- *To borrow or lend money from a client, an exception being made for operations carried out with credit entities on a personal level and unrelated to the professional activity.*

***Information regarding potential and real conflicts of interest.***

6.8 *The directors and employees of the RENTA 4 Group shall have an updated and permanent written statement containing:*

- *Economic or family relationships, or those of other types of clients of the RENTA 4 Group.*
- *Relationships due to services related to the securities market.*
- *Relationships with professional investors, such as managers of collective investment funds, pension funds.*
- *Relationships with significant suppliers, including those providing legal or auditing services.*
- *Relationships with companies listed on the Stock Exchange or other markets, as well as those entities included within the scope of operation of Royal Decree 629/1993.*

6.9 *Relationships include the direct or indirect holder of a stake exceeding 5% of the capital in client companies of the RENTA 4 Group, or 1% in companies listed on the Stock Exchange or other markets, as well as those entities included within the scope of Royal Decree 629/1993.*

6.10 *Relationships include relatives or family members up to the second degree, by blood or affinity (ascendants, descendants, siblings or their partners) with clients or with persons who perform duties of management or direction in the client companies or listed companies. In the event of a reasonable doubt in this respect, the directors or employees are obliged to consult the Committee of Regulatory Supervision.*

*Likewise, the statement may include relationships other than those set forth hereinabove which in the opinion of an impartial observer could lead to a potential conflict of interest.*

C.7 Is more than one of the Group companies listed in Spain?

Sí ☐

No ☒

Identify the subsidiary companies listed in Spain:

Subsidiary companies listed

State whether the area of activity and business relationships between them have been clearly and publicly defined, as well as the listed dependent company in relation to the other group companies;

Yes ☐

No ☐

Define the possible business relationships between the parent company and the listed subsidiary, and between the latter and other group companies

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and the other group companies:

Mechanisms to resolve possible conflicts of interest

## **D RISK CONTROL SYSTEMS**

- D.1 Provide a general description of the risk policy in the Company and/or its group, giving details and evaluating the risks covered by the system, as well as an explanation of the extent to which these systems match the profile of each type of risk.

The Renta 4 Group comprises a group of companies which provide specialist savings and investment services and are independent of any financial or industrial group. For this reason, the evolution of the financial sector is of particular importance and may have a significant effect on the results.

In accordance with the above, the basic risks which are likely to affect the Renta 4 Group, as well as the measures adopted for alleviating their impact should they arise, are those set out hereinbelow:

### **1. Legal risk**

This is the risk assumed by the Renta 4 Group by virtue of possible regulatory breaches or infringements. In particular, the legal risk for Renta 4 may derive from improperly documented or formalised contracts which could lead to sanctions for the Company.

For these purposes, all contractual relations with clients must be documented and formalised pursuant to the law in force.

In addition, and in light of the current policy of commercial expansion, special attention is paid to the training and knowledge of the heads of the commercial network to ensure the proper formalisation of the contracts between clients and suppliers.

### **2. Credit risk**

A credit risk is understood as a client, entity or any counterpart not complying with the undertakings entered into with Renta 4.

To reduce this risk, the following specific proceedings are established to avoid unpaid balances or securities. Notwithstanding this, and exceptionally, individual situations which are properly authorised may be tolerated. These situations shall always be subject to the credit guarantee of the client.

The risk evaluation of the counterpart shall be carried out on the basis of credit ratings of the principal agencies providing such information, selecting those of greater standing and experience.

### **3. Market risk**

This refers to the risks pertaining to the sector in which Renta 4 carries out its activity, that is, investment services.

To control this risk, limits shall be established so that at any time, when faced with market price variations, losses are limited to the predefined maximum. The controls established shall be fixed on the basis of the conditions of the different assets and the importance of the risk inherent to each market. Within this type of risk particular relevance is given to the concept of VaR (Value at Risk or maximum potential loss which a portfolio may suffer in current market conditions), which is included in the risk detection systems.

The Group obtains most of its revenues from brokerage services. The securities market is directly affected by domestic and international economic conditions and the fluctuations in price and volume levels of securities transactions, all of which are beyond the control of the Group. The volatile nature of the stock market may generate an increase in the volume of transactions and an increase in revenues, yet it may also cause a significant decrease affecting the Profit and Loss Account. As a consequence, market fluctuations may have a negative effect on the business and the results of its operations.

### **4. Operational risk**

Operational risk refers to human errors, deficiencies in internal control systems or failures in the systems implemented.

On carrying out a large volume of orders, the Group is exposed to risks associated with human errors and omissions, the malfunctioning of internal control procedures and failures in any of the key technologies the trading system uses.

In order to reduce this risk the company has imposed some minimum requisites on the training of employees, in addition to primary controls in the different employment posts, such that the control routines are integrated into every task performed.

Improvements to the computer systems contribute to the establishment of better controls, and the decreasing number of manual processes reduces human errors.

### **5. Risk of liquidity**

As the name itself indicates, the liquidity risk refers to a cash flow problem, normally due to cash timing differences between the credits and debits in the cash balance.

To control this risk, and to comply with the legal requirements regarding coefficients and payment undertakings with third parties, the liquidity coefficient is calculated and revised on a daily basis.

### **6. Risk of theft, fraud or embezzlement**

This risk refers to the risk of theft, fraud or embezzlement by clients, representatives, employees or directors.

To avoid this risk it is vital to count on upright directors and staff with high ethical and professional values. No director or employee shall be permitted to behave in an illegal manner, or in an improper manner regarding the ethical rules of professional conduct.

As regards the representatives, their selection is carried out on the basis of their accredited professionalism and integrity, but this does not impede the implementation of specific rules of internal audit and control.

All employees and representatives of Renta 4 must be submitted to the Internal Rules of Conduct (IRC), by which the ethical rules of action are established.

In addition, with the purpose of minimising this type of risk, the RENTA 4 Group has an insurance policy to cover the risk.

Furthermore, in relation to clients, situations which could potentially lead to fraud shall not be permitted.

#### **7. Risk of dependence on key technology and communication systems**

The activity of the RENTA 4 Group depends, to a great extent, on the performance, reliability and integrity of the telecommunication and information technology systems, as well as the electronic systems supporting them. This is especially so since the development of the on-line trading system, as the group receives purchase and sale orders and provides services through electronic means, including Internet.

In this regard, the Central Services and the offices and branches are connected by communication systems for data transfer.

The business may be seriously affected by viruses, security breaches by “Hackers” and other “web delinquents” who attempt to gain access to information, or by other inappropriate uses of the network resources.

For these purposes, the RENTA 4 Group relies on the technology of encryption and authentication to achieve the necessary security to provide safe transfer of confidential information.

#### **8. Reputational risk**

This risk is a consequence of the investment activities, recommendations, publications, etc., which could lead to a deterioration of the image and reputation of the RENTA 4 Group.

For this reason, media relations in general fall within the duties of the Group Chairman, who must value the system in order to satisfy the demand for information requested.

- D.2 Indicate whether any of the different types of risk affecting the company and/or its group (operational, technological, financial, legal, reputational, fiscal...) have materialised during the financial year:

Yes ☐

No **X**

During the year 2009 no important risk materialised which could have affected the normal functioning of the activities of the RENTA 4 Group, the control systems having performed satisfactorily.

If so, please indicate the circumstances which led to the risk and whether the established control mechanisms proved to be effective.

<b>Risk materialised during the financial year</b>	<b>Circumstances that led to the risk</b>	<b>Effectiveness of control systems</b>

D.3 State whether there is a committee or other governing body in charge of establishing and supervising these control systems:

Yes **X**

No ☐

If so, give details of its duties.

The organisational structure of the RENTA 4 Group has various bodies and committees whose duties and responsibilities include the supervision of the risk identification and control systems.



Name of Committee or Body	Description of functions
UNIT OF RISK CONTROL	<p>This body is directly responsible to the Board of Directors.</p> <p>The Unit of Risk Control carries out its duties over all the entities included within the scope of consolidation of the RENTA 4 Group and is responsible for implementing the established control systems and culture, and for revising the internal control procedures and systems, and monitoring their compliance.</p> <p>In addition, the Unit of Control is in charge of reporting all breaches of the control rules.</p>
AUDIT AND CONTROL COMMITTEE	<p>The Audit Committee is attributed with the following duties:</p> <ul style="list-style-type: none"> <li>- The supervision of the management of the Company's internal auditing services which safeguard the good performance of the internal information and control systems, particularly in relation to the proper preparation of the financial information of the Company and Group..</li> <li>- To understand the process of financial information and systems of control and internal risk management associated with the relevant risks of the Company, such that these are properly identified, managed and reported, to safeguard the independence and effectiveness of the internal auditing function, to propose the selection, appointment, re-election and removal of the head of internal auditing, as well as the budget for such service, receiving periodic information regarding the activities and verifying that senior management take the conclusions and recommendations of the reports into account.</li> <li>- To supervise the performance of the duties attributed to the area responsible for the prevention of money laundering and to be aware of the reports and proposals which are presented in this regard.</li> </ul>

#### D.4 Identify and describe the processes for compliance with the different regulations affecting the company and/or its group.

The Group has the specific areas of Internal Auditing, Legal, Fiscal and Human Resources, which in co-ordination with the Unit of Risk Control and Company Management are responsible for applying the law in force relating to each case.

In addition, and pursuant to Article 31. 3 of the Board Regulations, the Audit and Control Committee shall monitor compliance with the internal codes of conduct, the rules of corporate governance and the regulations on financial instruments applicable to the Company.

## **E** GENERAL MEETING

- E.1 Indicate, and where applicable, provide details as to whether there are any differences from the minimum regime set forth in the Listed Companies Act (LSA in the Spanish acronym) in relation to the quorum established in the Bylaws relating to the General Meeting

Yes ☐

No ☒

	% of quorum other than that established in Art. 102 LSA for general cases	% of quorum other than that established in Art. 103 LSA for special cases listed in Art. 103
Quorum required for 1 <sup>st</sup> call to meeting		
Quorum required for 2 <sup>nd</sup> call to meeting		

Description of the differences

- E.2 Indicate, and where applicable, provide details of any differences from the regime provided in the Listed Companies Act (LSA) in relation to the adoption of corporate resolutions:

Yes ☐

No ☒

Describe any differences from the regime set forth in the LSA.

	Reinforced majority other than that established in art. 103.2 LSA for cases listed in art. 103.1	Other cases of reinforced majority
% established by company for the adoption of resolutions		
Describe the differences		

- E.3 List shareholders' rights regarding the General Meetings, other than those set forth in the LSA.

The shareholders' rights established in the Bylaws are the same as those set forth in the Listed Companies Act (LSA) and are also established in the General Meeting Regulations.

- E.4 Specify any measures adopted to foster shareholder participation in general meetings.

Notwithstanding the high shareholder participation in General Meetings, either by way of physical presence or by proxy representation, article 25.5 of

the General Meeting Regulations provides the possibility for shareholders to exercise their voting rights by mail or electronic communication, in the latter case provided that the Board of Directors so agrees, making it public in the calling of the Shareholders General Meeting.

Furthermore, through its web-site ([www.renta4si.com](http://www.renta4si.com)), the Group maintains company shareholders permanently informed.

E.5 Indicate whether the Chairman of the Board chairs the General Meeting. If so, list the measures adopted to ensure the independence and proper development of the General Meeting:

Yes ☒

No ☐

Details of measures
<p>As far as verifying the valid constitution of the meeting, the company has the systems necessary for carrying out the computerised control and calculation of the representations, as well as for preparing the list of attendees, present and represented, at the General Meeting. Such information is incorporated in the minutes of the meeting with the calculation of the quorum of constitution and adoption of resolutions (Article 17 of the Regulations of the General Meeting).</p> <p>The same computer systems are also used in the resolution of doubts, clarifications and complaints which may arise regarding the list of attendees.</p> <p>As regards the activity of the Chairman when giving the floor to the shareholders, in accordance with Article 23 of the General Meeting Regulations, the Chairman:</p> <p>“may extend, when deemed necessary, the time initially allocated to each shareholder and, in addition, may refuse to give the floor when a matter is deemed sufficiently debated.</p> <p>b. may request that the participants clarify matters which have not been understood, or which have not been sufficiently explained during the intervention.;</p> <p>c. may call the intervening shareholders to order so that they limit their intervention to matters of the General Meeting, and that they abstain from making inappropriate declarations, or from exercising their right in an abusive or obtrusive manner;</p> <p>d. may announce to the participants that the time of their intervention is coming to an end so that they may adjust their intervention and give up the floor when the time granted is at an end.</p> <p>e. may consider the intervention capable of altering the agenda and normal development of the meeting, and may demand that they immediately give up the floor, and if necessary taking it from them.</p>

E.6 Indicate any amendments to the Regulations of the General Meeting during the financial year.

E.7 Indicate the attendance data for the General Meetings held during the financial year of this report:

Date of General	Attendance data			
	% attending	% by proxy	% remote voting	Total

Meeting	in person		e-voting	Other	
30 04 09	62.47	10.06	0.00	0.00	72.53%
22 12 09	41.12	33.75	0.00	0.00	74.87%

E.8 List briefly the resolutions adopted in the General Meetings held in the financial year of the report and the percentage by which each resolution was passed.

The Ordinary General Meeting held on 30.04.09 adopted the following resolutions, all of them approved for a majority superior to 90% of the present or represented share capital in the meeting:

unanimously with the only exception of resolution number 6, which was adopted by majority of 77.6492% of the share capital:

*1.- Examination and approval, if the case may be, of the Annual Accounts and Management Report of the Company, as well as the consolidated Annual Accounts and Management Report with its subsidiaries, corresponding to the financial year ended 31 December 2008.*

*2.- Examination and approval, if the case may be, of the application of the results of the financial year 2008.*

*3.- Examination and approval, if the case may be, of the management of the Board of Directors during the financial year 2008.*

*4.- Extraordinary payment of issue premium in kind.*

*5.- Authorization to the Board of Directors to acquire Company's own shares, either directly or through Group companies.*

*6.- Reelection of the Auditors of the Company and the Consolidated Group.*

*7.- Delegation of powers for the filing of resolutions drawn up in the minutes of the meeting, as well as the required filing of the annual financial statements.*

By other hand, the Extraordinary General Meeting held on 22.12.09 adopted unanimously the following resolutions:

*1.- Approval of a remuneration system consisting on a share delivery plan for directors, senior executives and other employees of the Company and participated companies.*

*2.- Authorization to the Board of Directors to acquire Company's own shares, either directly or through Group companies, according to section 75 of the Spanish Companies Act, to be delivered to directors, senior executives and employees, as well as for any other purpose.*

*3.- Extraordinary payment of issue premium in kind.*

*4.- Delegation of powers to formalize, execute, interpret and correct all the resolutions adopted by the General Shareholders Meeting.*

- E.9 State whether the Company Bylaws establish any restriction on the minimum number of shares required to attend the General Meeting:

Yes

No **X**

Number of shares necessary to attend the General Meeting	
--	--

- E.10 Indicate and explain the policies of the company in relation to proxy voting at the General Meeting.

The proxy voting regime at the General Meeting is set forth in Article 14 of the Regulations of the General Meeting, which provides:

*“1. Shareholders with right of attendance may delegate their representation by proxy to another person, even if such person is not a shareholder.*

*The proxy must be conferred in accordance with the terms and scope established by Law, in writing and specific to each General Meeting, except in the case of partners, ascendants or descendants of the party represented or legal representative, stipulated in a public deed as empowered to administer all the shareholder’s assets in the national territory.*

*2. The proxy may also be granted by postal correspondence, remitting a document to the Company expressing the proxy granted and accompanied by the attendance card issued by the Company or entities in charge of keeping the shareholder register. Notwithstanding this, the attendance card may be sufficient when such card provides for proxy through postal correspondence.*

*The proxy may also be granted by other means or remote communication, provided that such means are expressly permitted by the Board of Directors on the calling of each General Meeting, this being made public in the notice of call and at the Company web-site.*

*3. The proxy granted by any of the means of remote communication cited must be received by the Company five (5) hours prior to the date and time established for holding the General Meeting on first call. If this is not the case, the proxy shall be deemed invalid.*

*4. The Chairman and the Secretary of the General Meeting or the person appointed by the same shall have unlimited authority for allowing the validity of the document or the means of accreditation of the proxy, being obliged to consider invalid only that which lacks the necessary minimum requirements and provided this cannot be rectified.*

*5. In the cases in which the Company directors make a public request to be represented by proxy, the rules of the Listed Companies Act, the Securities Market Act, and the implementing regulations shall be applied. In particular, the document expressing the power must contain or be accompanied by the agenda, as well as the application for instructions for exercising the voting right and the indication of how the proxy representative shall vote in the event that instructions are not given, or are not precise. The delegation may also include those items which, although not on the agenda, may be considered, as they are permitted by Law. The Board may replace the*

*representative director for another member attending the General Meeting when such representative falls within a conflict of interests which may impede the proxy voting.*

*6. The proxy may be revoked at any time. The attendance of the shareholder at the General Meeting implies the revocation of any delegation, whatever the date may be.”*

E.11 State whether the company is aware of the institutional investors’ policy on whether or not to participate in making company decisions.

Yes ☐ No ☒

<b>Describe the policy</b>

E.12 Indicate the address and mode of access to corporate governance on the web-site.

[www.renta4si.com](http://www.renta4si.com): see section Information for Shareholders and Investors.

## **F DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

State the degree of compliance with the recommendations of the Unified Code of Good Governance.

If the company fails to comply with any of such recommendations, state the recommendations, rules, practices or criteria the company applies.

**1. The Bylaws of listed companies cannot limit the maximum number of votes held by a single shareholder, nor may they contain any other restrictions which impede the company’s takeover through share acquisition in the market.**

See sections: A.9, B.1.22, B.1.23 and E.1, E.2.

Compliance ☒ Explanation ☐

**2. When the parent Company and a subsidiary are listed separately, they must both define with precision:**

**a) The type of activity they engage in and any possible business deals between them, as well as between the listed subsidiary and other companies in the group;**

**b) The mechanisms in place to resolve possible conflicts of interest which may arise;**

See sections: C.4 and C.7

Compliance ☒ Partial Compliance ☐ Explanation ☐

Not applicable ☐

3. **Even if not expressly required by company law, operations involving changes to the company structure shall be submitted to the General Shareholders' Meeting for approval or ratification, and especially the following:**
  - a) **The conversion of listed companies to holding companies through the subsidiarisation or incorporation to dependant entities of core activities previously carried out by the company itself, even though the latter retains full control of such entities;**
  - b) **The purchase or disposal of key operating assets which would effectively alter the company's corporate purpose;**
  - c) **Those operations whose effect would be equivalent to the company's liquidation;**

Compliance ☐ Partial Compliance ☐

Explanation X

It has been decided not to include the present recommendation in order not to reduce the effectiveness of the Board of Directors, as these are operations which may require rapid decision-making processes for reasons of opportunity, and further, because there are sufficient legal mechanisms of protection for the shareholders and the Company, without prejudice to the Board informing the General Meeting about such operations.

4. **The detailed proposals of agreements to be adopted at the General Meeting, including the information to which Recommendation 28 refers, shall be made public at the time of publishing the call for the General Meeting.**

Compliance X Explanation ☐

5. **Separate votes shall be taken at the General Meeting on materially separate items in order for shareholders to be able to express their preference on each item. This rule applies in particular to the following:**
  - a) **The appointment or ratification of directors which must be carried out with separate voting on each candidate;**
  - b) **In the event of amendments to Bylaws, articles or groups of articles which are materially different.**

See section: E.8

Compliance X Partial Compliance ☐

Explanation ☐

6. Companies should allow the splitting of votes so that financial intermediaries legitimised as shareholders on record, but acting on behalf of different clients, may issue votes on their instructions.

See section: E.4

Compliance ☒ Explanation ☐

7. The Board of Directors shall perform its duties with unity of purpose and independence of criteria and grant the same treatment to all shareholders. It shall, at all times, act in the best interests of the company, this to be understood as maximising the company's value over time.

Likewise, the Board shall ensure that the company abides by the laws and regulations in its relations with stakeholders; that it fulfils its obligations and contracts in good faith; that it respects the customs and good practices of the sectors and territories where it carries out its activities; and that it observes any additional principles of corporate responsibility it has voluntarily subscribed to.

Compliance ☒ Partial Compliance ☐

Explanation ☐

8. The core components of the mission of the Board shall consist of approving the company's strategy and the necessary organisation for such, as well as supervising and ensuring that Management fulfils its objectives and respects the company's interests and corporate purpose. To carry out these duties, the Board in full reserves the authority to approve:

a) The general policies and strategies of the company and, more specifically:

- i) The strategic or business plan, as well as management targets and annual budgets;
- ii) The investment and finance policy;
- iii) The definition of the corporate group's structure;
- iv) The corporate governance policy;
- v) The corporate social responsibility policy;
- vi) The policy of remuneration and evaluation of senior management;
- vii) The risk control and management policy, as well as the periodic monitoring of internal information and control systems;
- viii) The policy on dividends and treasury stock and in particular, the limits to apply.

See sections: B.1.10, B.1.13, B.1.14 and D.3



**b) The following decisions:**

- i) At the proposal of the company's Chief Executive, the appointment and removal of senior managers, as well as their severance clauses.**

See section: B.1.14.

- ii) The remuneration of directors, the additional remuneration for their management duties and other contractual conditions.**

See section: B.1.14.

- iii) The financial information which listed companies are obliged to disclose periodically.**

- iv) Investments or operations of any type considered strategic due their large amount or special characteristics, unless their approval corresponds to the General Meeting;**

- v) The setting up or acquisition of special purpose vehicles or entities with registered addresses in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could impair the transparency of the group.**

**c) Transactions the company carries out with directors, significant shareholders or shareholders with Board representation, or other parties related thereto ("related-party transactions").**

**The authorisation of the Board shall not, however, be required for related-party transactions which fulfil the following three conditions:**

- 1. They are carried out through standard contracts which are applied in mass to a large number of clients;**
- 2. They are performed at prices or rates established on a general basis by the party supplying the goods or services in question;**
- 3. Their amount does not exceed 1% of the company's annual revenues.**

**It is recommended that the Board approve related-party transactions only after having received a favourable report from the Audit Committee or, if appropriate, any other Committee assigned to carry out this task; and that the directors affected, in addition to not exercising or delegating their voting right, shall be absent from the meeting room while the Board deliberates and votes.**

**It is recommended that these competences attributed to the Board, may not be delegated, except those mentioned in b) and c), which can be delegated to the Executive Committee for reasons of urgency, subject to posterior ratification by the Board in full.**

See sections: C.1 and C.6

Compliance ☒ Partial Compliance ☐

Explanation ☐

- 9. The Board should be of such a size as to ensure efficient and participative operation, it therefore being advisable to have no less than five members and no more than fifteen.**

See section: B.1.1

Compliance ☒ Explanation ☐

- 10. The external proprietary and independent directors constitute an ample majority on the Board and the number of executive directors should be the minimum necessary, taking into account the complexity of the corporate group and the shareholding percentage of the executive directors.**

See sections: A.2, A.3, B.1.3 and B.1.14.

Compliance ☐ Partial Compliance ☒

Explanation ☐

Out of nine directors who currently comprise the Board of Directors, three of them are executives, five independent and one other external director. Thus, the Board is comprised of six external or non-executive directors, which represent a wide majority of the Board members.

Nevertheless, it is not completely complied with the recommendation for the following reasons: on one hand, because among the external directors there is not any proprietary directors, as long as Mr. Juan Carlos Ureta Domingo, significant shareholder of the Company, is considered an executive director due to his condition of Chairman and Managing Director of the Board; and on the other hand, because one of the external directors is considered other external directors for reasons stated in section B.1.3.

- 11. In the event of an external director who may not be considered either proprietary or independent, the company must provide an explanation of such circumstance and the director's relations with the company, the managers, or shareholders.**

See section: B.1.3

Compliance ☒ Explanation ☐ Not applicable ☐

- 12. Amongst the external directors, the ratio of proprietary directors and independent directors should reflect the composition between the capital represented by proprietary directors on the Board and the remaining company capital.**

**This criteria of strict proportionality could be relaxed such that the weight of the proprietary directors is greater than would strictly correspond to the total percentage of capital they represent in the following cases:**

- 1. In large cap companies where few or no equity stakes reach the legal threshold for significant shareholdings, yet where there are shareholders with high absolute value shareholdings.**
- 2. In companies with a plurality of shareholders represented on the Board who are otherwise unrelated.**

See sections: B.1.3, A.2 and A.3

Compliance ☒ Explanation ☐

**13. The number of independent directors represents at least one third of the total number of directors.**

See section: B.1.3

Compliance ☒ Explanation ☐

**14. The Board shall explain the nature of each director to the General Shareholders' Meeting which must make or ratify the appointment. This determination shall subsequently be confirmed or reviewed each year in the Annual Report on Corporate Governance, after verification by the Nomination Committee. The Annual Report on Corporate Governance shall also explain any appointments of proprietary directors representing shareholders with an equity stake inferior to 5% of the capital; and the reasons should also be given for any refusal of a formal request for a place on the Board from shareholders whose equity stake is equal to or superior to others at whose request proprietary directors have been appointed.**

See sections: B.1.3 and B.1.4

Compliance ☒ Partial Compliance ☐

Explanation ☐

**15. When the number of female directors is few or non-existent, the Board should provide an explanation for this situation and the measures adopted for its correction; and in particular, the Nomination Committee should take steps to ensure that when new vacancies arise:**

- a) The selection procedures are not implicitly biased against female candidates;**
- b) The company makes a deliberate effort to include females amongst the potential candidates with the desired professional profile.**

See sections: B.1.2, B.1.27 and B.2.3.

Compliance ☒ Partial Compliance ☐ Explanation ☐

Not applicable ☐

- 16. As the Chairman is responsible for the proper functioning of the Board, he or she will ensure that directors are in possession of sufficient information prior to the Board meetings. Furthermore, the Chairman must foster a healthy level of debate and active participation of directors during the meetings, and ensure that freedom of expression and opinion is protected. Moreover, the Chairman must organise and co-ordinate regular evaluations of the Board and, where applicable, that of the company's Chief Executive or managing director.**

See section: B.1 42

Compliance ☒ Partial Compliance ☐

Explanation ☐

- 17. When the Chairman of the Board and the Chief Executive are one and the same person, one of the independent directors shall be authorised to request the calling of Board meetings or the inclusion of new matters in the agenda, to co-ordinate and communicate the concerns of external directors and to take charge of the Chairman's evaluation by the Board.**

See section: B.1.21

Compliance ☐ Partial Compliance ☒ Explanation ☐

Not applicable ☐

An alternative mechanism has been established in the Board Regulations to counter-balance the figure of the Executive Chairman, which is that of the Vice-Chairman or, if there are various, Vice-Chairmen, who must be independent directors and are able, together with other directors, to request that the Chairman call a Board meeting, that new items are included on the agenda and are in charge of the Board's evaluation of the Chairman.

- 18. The Secretary of the Board shall take steps to ensure that the Board's actions:**

- a) Abide by the spirit and the letter of the Law and its implementing regulations, including those issued by regulatory bodies;**
- b) Are in accordance with the company Bylaws and the regulations of the General Shareholders' Meeting, the Board and any others the company may have;**
- c) Take into account the recommendations of good governance set forth in the Unified Code which the company has adopted.**

**Furthermore, and with the purpose of ensuring the independence, impartiality and professionalism of the Secretary, his or her appointment and removal shall be proposed by the Nomination**

**Committee and approved by the Board in full. The appointment and removal procedures must be stipulated in the Board regulations.**

See section: B.1.34

Compliance ☒ Partial Compliance ☐

Explanation ☐

**19. The Board should meet as often as necessary to perform its duties effectively, following the Schedule of dates and matters established at the beginning of the financial year, each Board member being able to propose other items on the agenda which were not initially included.**

See section: B.1.29

Compliance ☒ Partial Compliance ☐

Explanation ☐

**20. Directors' absences shall be kept to the bare minimum and shall be quantified in the Annual Report on Corporate Governance. In the event that proxy attendance is necessary, they must provide instructions.**

See sections: B.1.28 and B.1.30

Compliance ☒ Partial Compliance ☐

Explanation ☐

**21. When directors or the Secretary express concerns regarding a proposal or, in the case of directors, regarding company performance, and when such concerns are not resolved at the meeting, the member expressing the concerns shall request their inclusion in the minutes.**

Compliance ☒ Partial Compliance ☐ Explanation ☐

Not applicable ☐

**22. The Board shall evaluate on an annual basis:**

- a) The quality and efficiency of the Board's performance;**
- b) The performance of the Chairman and Chief Executive in carrying out their duties, based on the Nomination Committee's report;**
- c) The performance of its Committees, based on the reports they provide.**

See section: B.1.19

Compliance ☒ Partial Compliance ☐

Explanation ☐

**23. All directors are entitled to make use of their right to receive any additional information they deem necessary on matters which fall within the Board's competence. Unless the Bylaws or Board Regulations state the contrary, such requests should be addressed to the Chairman or to the Secretary of the Board.**

See section: B.1.42

Compliance X Explanation ☐

**24. All directors are entitled to obtain the necessary advice for carrying out their duties. The company shall decide the suitable channels for exercising such right, and in special circumstances this may extend to external advice at the company's expense.**

See section: B.1.41

Compliance X Explanation ☐

**25. Companies shall set up induction courses to rapidly provide sufficient knowledge of the company, as well as about the rules of corporate governance. Directors shall also be offered courses to update their knowledge when circumstances so dictate.**

Compliance X Partial Compliance ☐ Explanation ☐

**26. Companies should demand that directors devote the necessary time and effort for the effective performance of their duties. In consequence:**

- a) Directors shall inform the Nomination Committee of any other obligations which could interfere with their duty to provide the necessary dedication;**
- b) Companies should establish rules on the number of directorships the Board members may hold.**

See sections: B.1.8, B.1.9 and B.1.17

Compliance X Partial Compliance ☐

Explanation ☐

**27. The proposal for appointment or re-election of directors submitted by the Board to the General Meeting, as well as the provisional appointments by cooption, are to be approved by the Board :**

- a) At the proposal of the Nomination Committee, in the case of independent directors.**
- b) Subject to a report of the Nomination Committee in the case of all other directors.**

See section: B.1.2

Compliance X Partial Compliance ☐

Explanation ☐

**28. Through their web-site companies should disclose, and maintain up-to-date, the following information about its directors:**

- a) Professional profile and background;
- b) Other Boards of directors to which they belong, whether or not of listed companies;
- c) Indication of type of directorship held. In the case of proprietary directors, the shareholder they represent, or are related to.
- d) The date of their first appointment as company director, and subsequent ones in the capacity of company director, and;
- e) Shares held in the company and options on the same.

Compliance X      Partial Compliance ☐

Explanation ☐

**29. Independent directors should not serve as such for a continuous period exceeding 12 years.**

See section: B.1.2

Compliance X      Explanation ☐

**30. Proprietary directors shall tender their resignation when the shareholders they represent dispose of all their shares. They shall also do so in the corresponding number when such shareholder reduces the stake to a level requiring an appropriate reduction in the number of proprietary directors.**

See sections: A.2, A.3 and B.1.2

Compliance X      Partial Compliance ☐

Explanation ☐

**31. The Board of Directors may not propose the removal of any independent director prior to the expiry of the term set forth in the Bylaws, except where just cause is found by the Board following a report of the Nomination Committee. Specifically, just cause will be considered to include situations where the director has acted in breach of his/her duties, or when they fall within the scope of the circumstances set forth in paragraph 5, Section III of the definitions of this Code.**

The removal of independent directors may also be proposed when a public tender offer, merger or similar corporate operation results in changes to the company's capital structure when such changes occur due to the criteria of proportionality set forth in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

- 32. Companies should establish rules obliging the directors to report and, if applicable, resign in those cases which could potentially impair the company's good standing and reputation and in particular, they are obliged to inform the Board immediately of any criminal charges brought against them and the progress of any subsequent trial.**

**In the event that a director is indicted or proceedings are brought against the latter for any of the crimes set forth in Article 124 of the Listed Companies Act, the Board must examine the case as soon as possible and, in light of the particular circumstances, decide whether the director may continue or should be called on to resign. The Board shall also be obliged to disclose and explain all such decisions in the Annual Report on Corporate Governance.**

See sections: B.1.43, B.1.44

Compliance ☒ Partial Compliance ☐

Explanation ☐

- 33. All directors should clearly express their opposition when they consider a proposal submitted to the Board may be contrary to the company's interest. In addition, independent directors and other directors not affected by the potential conflict of interest should strongly challenge any decision which might cause harm to shareholders lacking board representation.**

**When the Board adopts materially significant or reiterated decisions about which the director has expressed serious reservations, such director shall draw the pertinent conclusions, and their decision is to resign, the reasons for such should be set out in the letter hereinbelow referred to.**

**This Recommendation is also applicable to the Board Secretary, even if he/she is not a member of the Board.**

Compliance ☒ Partial Compliance ☐ Explanation ☐

Not applicable ☐

- 34. Those directors resigning or leaving before the end of the term must state their reasons in a letter sent to all Board members. Even though this is declared to the regulatory authorities as a significant event, the reasons for leaving shall appear in the Annual Report on Corporate Governance.**

See section: B.1.5

Compliance ☐ Partial Compliance ☐ Explanation ☐

Not applicable ☒



**35. The company's remuneration policy approved by the Board shall include the following:**

- a) Amount corresponding to fixed items, with a breakdown where necessary, of attendance allowances of the Board and its Committees, and an estimate of the fixed annual amount such allowances represent;**
- b) Items of variable remuneration, including, in particular:**
  - i) Types of directors they apply to, with an explanation of the relative weight of variable to fixed items.**
  - ii) Evaluation criteria used in calculating the entitlement to the award of shares or stock options or any variable remuneration;**
  - iii) The main parameters and justification for any system of annual bonuses or other non-cash benefits; and,**
  - iv) An estimate of the total amount of variable remuneration resulting from the proposed remuneration plan, on the basis of the degree of fulfilment of the hypothesis or targets taken as reference.**
- c) Principal characteristics of the pension schemes (for example, supplementary pensions, life assurance and similar), and an estimate of their amount or equivalent annual cost.**
- d) Contractual conditions of those carrying out senior management duties such as executive directors, including:**
  - i) Term;**
  - ii) Notice periods; and**
  - iii) Any other clauses relating to engagement premiums, as well as severance payments or "golden parachutes" in the case of early termination of the contract between the company and executive director.**

See section: B.1.15

Compliance ☒ Partial Compliance ☐

Explanation ☐

**36. Executive directors should receive remuneration comprising company shares or shares of other group companies, share options or other share-based incentives, or variable remuneration linked to company performance or pension schemes.**

**This recommendation does not apply to the award of shares when such award is conditional on directors maintaining the shares until the end of their term**

See sections: A.3, B.1.3

Compliance ☒ Explanation ☐

- 37. The remuneration of external directors shall be that necessary to compensate the dedication, qualification and responsibility the position involves, though it shall not be so high as to jeopardise independence.**

Compliance ☒ Explanation ☐

- 38. The remuneration linked to company performance should be modified in the case of qualifications in the Auditor's report.**

Compliance ☒ Explanation ☐ Not applicable ☐

- 39. With regard to variable remuneration, policies should incorporate technical measures to ensure remuneration reflects the professional performance of the beneficiaries, and not solely, the general progress of markets, the company sector or similar circumstances.**

Compliance ☐ Explanation ☐ Not applicable ☒

- 40. The Board shall submit a consultative report on the policy of director remuneration to the General Shareholders' Meeting, as a separate item on the agenda. This report shall be made available to shareholders, either separately, or in any other way the company considers appropriate.**

The report will focus on the remuneration policy approved by the Board for the present year and, where applicable, the policy planned for future years. The report shall address all matters referred to in Recommendation 35, except where doing so may involve the disclosure of commercially sensitive information. Mention shall also be made of the most significant changes in the remuneration policy compared to the previous year. The report will further include a general summary of how the remuneration policy was applied in the previous financial year.

The Board shall also provide information regarding the role played by the Remuneration Committee in designing the remuneration policy and further, whether external advice had been sought, and if so, the identity of the same.

See section: B.1.16

Compliance ☐ Partial Compliance ☒

Explanation ☐

Art. 24.3 of the Board Regulations establishes that the Board shall prepare an annual report on the remuneration policy of the current year and the application of the remuneration policy in force in the previous financial year. This report shall be made available to shareholders, in the manner the Board deems appropriate, on the calling of the Ordinary General Meeting. Furthermore, in accordance with legal provisions, the Annual Report must

include individual details of directors' remuneration during the financial year with a breakdown of the different items.

In addition, pursuant to Recommendation 41 of the Unified Code, which is incorporated in art. 24.4 of the Board Regulations, the Annual Report relating to future financial years shall specify individual details of directors' remuneration during the financial year with a breakdown of the different items, including those linked to the performance of senior management and, where applicable, the granting of shares or options on the same or any other share-based incentives.

**41. The Annual Report shall provide details of directors' individual remuneration during the financial year and shall include:**

- a) A breakdown of the remuneration of each director shall be provided and, where appropriate, the breakdown will include:**
  - i) Attendance allowances and other fixed remuneration corresponding to directors;**
  - ii) Additional remuneration corresponding to the position of Chairman or to members of Board Committees;**
  - iii) Any remuneration paid under profit-sharing or bonus schemes, and the reason for their payment;**
  - iv) Contributions in favour of the director to defined-contribution pension plans; or any increase in the vested rights of the director in the case of defined-benefit schemes;**
  - v) Any compensation agreed or paid on the termination of their duties;**
  - vi) Remuneration received as director in other companies of the group;**
  - vii) Remuneration received by executive directors for carrying out senior management duties;**
  - viii) Any other item of remuneration not included in the above, whatever the nature or paying entity within the group, particularly when this may be considered a related-party transaction or when its omission would distort a true and fair reflection of the total remuneration received by the director.**
- b) The individual break-down of the possible award to directors of shares or options on the same or any other share-based incentives, providing details of:**
  - i) Number of shares or options awarded during the year and terms of their execution;**
  - ii) Number of options exercised during the year, indicating number of shares involved and exercise price;**
  - iii) Number of options outstanding at the annual close, indicating their price, date and other terms of exercise;**

- iv) Any amendments made during the year to the terms of exercise of options already granted.
- c) Information about the previous year's relation between the remuneration received by executive directors and company profits or other measures of company performance.

Compliance ☒ Partial Compliance ☐

Explanation ☐

- 42. When the company has a Management or Executive Committee (hereinafter, the "Executive Committee"), the structure of participation of the types of different directors shall be similar to the Board itself and its Secretary shall be that of the Board.**

See sections: B.2.1 and B.2.6

Compliance ☒ Partial Compliance ☐ Explanation ☐

Not applicable ☐

- 43. The Board shall be maintained fully aware of the matters dealt with and the resolutions adopted by the Executive Committee. All Board members shall receive copies of the minutes of the meetings from the Executive Committee.**

Compliance ☒ Explanation ☐ Not applicable ☐

- 44. In addition to the Audit Committee, which is mandatory pursuant to the Securities Market Act, the Board of Directors will establish an Nomination and Remuneration Committee, or two separate committees.**

The rules governing the composition and operation of the Audit Committee and the Nomination and Remuneration Committee or committees shall be set forth in the Board Regulations, and shall include the following:

- a) The Board of Directors shall appoint the members of these committees on the basis of the knowledge, skills and experience of directors, and further taking into account the duties of each committee. The Board is in charge of discussing their proposals and reports. At the first Board meeting following the committee meeting, the committees must report their activity and assume responsibility for the work carried out;
- b) These committees shall be composed exclusively of external directors and will have a minimum of three members. This is without prejudice to executive directors or senior managers attending meetings, if expressly agreed by the Committee members.
- c) The Committee Chairmen shall be independent directors.

- d) External advisors may be engaged by committee members when considered necessary for carrying out their duties.
- e) Minutes of the meetings shall be drawn up and copies sent to all Board members.

See sections: B.2.1 and B.2.3

Compliance ☒ Partial Compliance ☐

Explanation ☐

45. Supervising the compliance with internal rules of conduct and corporate governance rules shall be attributed to the Audit Committee, the Nomination Committee or, should it be the case, separate Compliance or Corporate Governance Committees.

Compliance ☒ Explanation ☐

46. The members of the Audit Committee, particularly its Chairman, shall be appointed on the basis of knowledge and experience in accounting, auditing or risk management.

Compliance ☒ Explanation ☐

47. Listed companies shall have an internal auditing function, under the supervision of the Audit Committee, in order to ensure the proper operation of internal information and control.

Compliance ☒ Explanation ☐

48. The head of internal auditing shall present an annual work plan to the Audit Committee. Furthermore any incidents arising during the implementation shall be reported to such Committee and an activities report must be submitted at the close of each financial year.

Compliance ☒ Partial Compliance ☐

Explanation ☐

49. The company's risk management and control policy shall, as a minimum, specify the following:

- a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, including within the financial or economic risks, contingent liabilities and other off-balance sheet risks;
- b) The determination of the risk level the company deems acceptable;
- c) The measures in place to mitigate the impact of the significant risks identified, should they materialise;

- d) **The internal information and control systems employed to control and manage the above-mentioned risk, including contingent liabilities and other off-balance sheet risks;**

See section: D

Compliance ☒ Partial Compliance ☐

Explanation ☐

**50. The Audit Committee's duties include the following:**

**1. In relation to the internal information and control systems:**

- a) **Supervising the preparation and integrity of the company's financial information and, where applicable, that of the group, checking compliance with legal provisions, the proper delimitation of the scope of consolidation and the correct application of accounting principles.**
- b) **Reviewing the internal control and risk management systems periodically for the purpose of identifying, managing and disclosing the principal risks.**
- c) **Ensuring the independence and efficiency of the internal auditing function, proposing the selection, appointment, re-election and removal of the head of the internal auditing service, receiving periodic information on its activities, verifying that senior management bear in mind the conclusions and recommendations of its reports.**
- d) **Establishing and supervising a mechanism which permits employees to report any potentially significant irregularities in the company, particularly those relating to finance or accounting. They may do so confidentially, or if deemed appropriate, anonymously.**

**2. In relation to the external auditor:**

- a) **Making recommendations to the Board regarding the selection, appointment, re-election and substitution of the external auditor, as well as the terms of his/her engagement.**
- b) **Receiving periodic information from the external auditor on the progress and findings of the audit plan and verifying that senior management bears its recommendations in mind.**
- c) **Ensuring the independence of the external auditor and, for this purpose:**
  - i) **The company shall notify the Spanish Securities and Exchange Commission (CNMV) of any change of auditor as a "significant event" with a statement regarding the possible existence of disagreements with the outgoing auditor, and if so, the reasons for such.**
  - ii) **The Audit Committee shall ensure that the company and the auditor abide by the regulations in force relating to the**

provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements established to ensure auditors' independence;

iii) The Audit Committee shall investigate the circumstances which giving rise to the resignation of an external auditor.

d) With regard to groups, the Audit Committee shall encourage the auditor to assume responsibility for the audits of the group companies .

See sections: B.1.35, B.2.2, B.2.3 and D.3

Compliance X Partial Compliance ☐

Explanation ☐

51. The Audit Committee may call a meeting with any Company employee or director, and may request their attendance without the presence of a senior manager.

Compliance X Explanation ☐

52. The Audit Committee shall report to the Board, prior to the latter making the corresponding decision, on the following items set forth in Recommendation 8:

a) The financial information that listed companies must disclose periodically. The Committee shall ensure that interim statements are prepared following the same accounting criteria as that of the annual statements and, for this purpose, may request that the external auditor carry out a limited review.

b) The creation or acquisition of shares in special purpose vehicles, or those domiciled in territories considered tax havens, as well as any other transactions or operations of a similar nature, whose complexity could impair the group's transparency.

c) Related-party transactions, unless the duty of prior reporting has been attributed to another Committee of supervision and control.

See sections: B.2.2 and B.2.3

Compliance X Partial Compliance ☐

Explanation ☐

53. The Board of Directors shall present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. In the event such reservations or qualifications exist, the Chairman of the Audit Committee and the auditors shall provide the shareholders with a clear account of their content and scope.

See section: B.1.38

Compliance ☒ Partial Compliance ☐

Explanation ☐

**54. The majority of the Nomination Committee or the Nomination and Remuneration Committee, if a single body, shall be composed of independent directors.**

See section: B.2.1

Compliance ☒ Explanation ☐

Not applicable ☐

**55. In addition to the duties set forth in previous Recommendations, the Nomination Committee shall:**

- a) Evaluate the competences, knowledge and experience necessary to sit on the Board, define the functions and abilities required of candidates, and assess the time and dedication required to carry out their duties properly.
- b) Examine or organise, in the manner deemed appropriate, the succession of the Chairman and of the Chief Executive and, if applicable, make recommendations to the Board in order that the succession may be proceed in a planned and orderly fashion.
- c) Report the appointments and removals of senior managers which the Chief Executive proposes to the Board.
- d) Report to the Board on the gender diversity issues set forth in Recommendation 14 of this Code.

See section: B.2.3

Compliance ☒ Partial Compliance ☐ Explanation ☐

Not applicable ☐

**56. The Nomination Committee shall consult the company Chairman and Chief Executive, particularly in relation to matters regarding executive directors.**

**Any director may suggest that the Nomination Committee consider potentially suitable candidates to fill director vacancies.**

Compliance ☒ Partial Compliance ☐ Explanation ☐

Not applicable ☐

**57. In addition to the duties set forth in previous Recommendations, the Remuneration Committee shall:**

- a) Make proposals to the Board of Directors regarding:



- i) The remuneration policy of directors and senior management;
- ii) The individual remuneration of executive directors and the other terms of their contracts;
- iii) The basic terms and conditions of the contracts of senior managers.

**b) Supervise compliance with the company's remuneration policy.**

See sections: B.1.14, B.2.3

Compliance ☒ Partial Compliance ☐ Explanation ☐  
 Not applicable ☐

**58. The Remuneration Committee shall consult the Chairman or Chief Executive, particularly in relation to matters regarding executive directors or senior managers.**

Compliance ☒ Explanation ☐  
 Not applicable ☐