



# ANNUAL CORPORATE GOVERNANCE REPORT

# 2018

*“Translation of original document issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails”*



**A. OWNERSHIP STRUCTURE****A.1 COMPLETE THE FOLLOWING TABLE ON THE COMPANY'S SHARE CAPITAL:**

Date of last change	Share capital (€)	Number of shares	Number of voting rights
8/6/2015	157,332,297.00	314,664,594	314,664,594

Indicate whether there are different classes of shares carrying different rights:

Yes	No
	X

**A.2 LIST THE DIRECT AND INDIRECT HOLDERS OF SIGNIFICANT OWNERSHIP INTERESTS IN THE COMPANY AT YEAR-END, EXCLUDING BOARD MEMBERS:**

Name or company name of the shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting
	Direct	Indirect	Direct	Indirect	
MR. ALBERTO CORTINA ALCOCER		2.59%			2.59%
MR. ALBERTO ALCOCER TORRA		2.54%			2.54%
BLACKROCK		3.01%			3.01%
NORGES BANK	2.74%				2.74%

Name or company name of the indirect shareholder	Held through: Name or company name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting
MR. ALBERTO CORTINA ALCOCER	PERCACER, S.L.	1.40%		1.40%
MR. ALBERTO CORTINA ALCOCER	CORPORACION FINANCIERA ALCOR, S.L.	0.15%		0.15%
MR. ALBERTO CORTINA ALCOCER	IMVERNELIN PATRIMONIO, S.L.	1.04%		1.04%
MR. ALBERTO ALCOCER TORRA	COMERCIO Y FINANZAS, S.L.	1.35%		1.35%
MR. ALBERTO ALCOCER TORRA	CORPORACION FINANCIERA ALCOR, S.L.	0.15%		0.15%
MR. ALBERTO ALCOCER TORRA	IMVERNELIN PATRIMONIO, S.L.	1.04%		1.04%
BLACKROCK	BLACKROCK, INC	3.01%		3.01%

### A.3 COMPLETE THE FOLLOWING TABLES ON THE MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS WHO HOLD VOTING RIGHTS THROUGH COMPANY SHARES:

Name or company name of the Board Member	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting	% voting rights that can be transmitted	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. FLORENTINO PÉREZ RODRÍGUEZ		12.52%			12.52%		
MR. MARCELINO FERNÁNDEZ VERDES	0.01%	0.26%			0.27%		
MR. ANTONIO GARCIA FERRER	0.03%				0.03%		
MR. JOSE MARIA LOIZAGA VIGURI	0.06%				0.06%		
MR. AGUSTÍN BATUECAS TORREGO	0.35%	0.24%			0.60%		
MR. ANTONIO BOTELLA GARCÍA							
MR. JOSE LUIS DEL VALLE PÉREZ	0.09%				0.09%		
MR. MANUEL DELGADO SOLÍS							
MR. JAVIER ECHENIQUE LANDIRIBAR	0.01%				0.01%		
MRS. CARMEN FERNÁNDEZ ROZADO							
MR. EMILIO GARCÍA GALLEGO							
MR. JOAN DAVID GRIMA TERRE							
MR. MARIANO HERNANDEZ HERREROS							
MR. PEDRO JOSE LÓPEZ JIMENEZ		0.18%			0.18%		
MRS. CATALINA MIÑARRO BRUGAROLAS							
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ							
MR. MIGUEL ROCA JUNYENT							
MR. JOSE ELADIO SECO DOMÍNGUEZ							
<b>% of total voting rights held by the Board of Directors</b>						<b>13.75%</b>	

Detail of the indirect participation:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting	% voting rights that can be transmitted through financial
MR. FLORENTINO PÉREZ RODRÍGUEZ	INVERSIONES VESAN, S.A.	12.52%		12.52%	
MR. MARCELINO FERNÁNDEZ VERDES	GESGUIVER, S.L.	0.26%		0.26%	
MR. AGUSTÍN BATUECAS TORREGO	CARCALODÓN, S.L.	0.35%		0.35%	
MR. PEDRO JOSE LÓPEZ JIMENEZ	FAPIN MOBI, S.L.	0.18%		0.18%	

**A.4 INDICATE, AS APPLICABLE, ANY RELATIONSHIPS OF A FAMILY, COMMERCIAL, CONTRACTUAL OR CORPORATE NATURE EXISTING BETWEEN THE HOLDERS OF SIGNIFICANT OWNERSHIP INTERESTS, INsofar AS THEY ARE KNOWN TO THE COMPANY, UNLESS THEY HAVE SCANT RELEVANCE OR ARISE FROM THE ORDINARY COURSE OF BUSINESS:**

**A.5 INDICATE, AS APPLICABLE, ANY RELATIONSHIPS OF A COMMERCIAL, CONTRACTUAL OR CORPORATE NATURE EXISTING BETWEEN THE HOLDERS OF SIGNIFICANT OWNERSHIP INTERESTS AND THE COMPANY AND/OR THE GROUP, UNLESS THEY HAVE SCANT RELEVANCE OR ARISE FROM THE ORDINARY COURSE OF BUSINESS:**

**A.6 DESCRIBE THE RELATIONSHIPS, UNLESS OF LITTLE RELEVANCE FOR BOTH PARTIES, WHICH EXIST BETWEEN SIGNIFICANT SHAREHOLDERS OR SHAREHOLDERS REPRESENTED ON THE BOARD AND THE DIRECTORS OR THEIR REPRESENTATIVES, IN THE CASE OF CORPORATE MANAGERS.**

If applicable, explain how significant shareholders are represented. Specifically indicate in its case, those directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/or entities of their group, with a specific mention of the nature of said linkages. Indicate in particular, the existence, identity and position of members of the Board of Directors or representatives of directors of the listed company, who are, in turn, members of the governing body, or their representatives, of companies with significant shares in the listed company or in group entities of the aforementioned significant shareholders.

Name or company name of the related Board Member	Name or company name of the related significant shareholder	Description of relationship
MARÍA SOLEDAD PÉREZ RODRÍGUEZ	INVERSIONES VESAN, S.A.	SISTER OF MR. FLORENTINO PÉREZ RODRÍGUEZ, SOLE ADMINISTRATOR OF INVERSIONES VESÁN, S.A.
MANUEL DELGADO SOLÍS	ALBERTO CORTINA ALCOCER	LAWYER OF PERCACER, S.L.
MANUEL DELGADO SOLÍS	ALBERTO ALCOCER TORRA	LAWYER OF INVERNELIN PATRIMONIO, S.L.
MARIANO HERNÁNDEZ HERREROS	INVERSIONES VESÁN, S.A.	BROTHER-IN-LAW OF MR. FLORENTINO PÉREZ RODRÍGUEZ, SOLE ADMINISTRATOR OF INVERSIONES VESAN, S.A.

**A.7 DESCRIBE THE RELATIONSHIPS, UNLESS OF LITTLE RELEVANCE FOR BOTH PARTIES, WHICH EXIST BETWEEN SIGNIFICANT SHAREHOLDERS OR SHAREHOLDERS REPRESENTED ON THE BOARD AND THE DIRECTORS OR THEIR REPRESENTATIVES, IN THE CASE OF CORPORATE MANAGERS.**

Yes	No
	X

Indicate whether the company is aware of any concerted actions between its shareholders. If so, provide a brief description:

Yes	No
	X

**A.8 INDICATE IF THERE IS ANY INDIVIDUAL OR LEGAL ENTITY THAT EXERCISES OR COULD EXERCISE CONTROL OVER THE COMPANY UNDER ARTICLE 4 OF THE SECURITIES MARKET LAW. IF SO, IDENTIFY THEM:**

Yes	No
	X

**A.9 COMPLETE THE FOLLOWING TABLES ON THE COMPANY'S TREASURY SHARES:**

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
6,442,991	0	2.05%

**(\*) Through:**

In accordance with the provisions set forth in Royal Decree 1362/2007, detail any significant changes during the financial year:

Notification of acquisitions:

Notification date	Total direct shares acquired	Percentage of total share capital
5/21/2018	3,157,000	1.00 %
11/23/2018	3,158,180	1.00 %

Notification of redemptions:

Notification date	Total direct shares redeemed	Percentage of total share capital
2/15/2018	2,793,785	0.89 %
7/16/2018	5,231,069	1.66 %

**A.10 GIVE DETAILS OF THE CONDITIONS AND TIME PERIODS GOVERNING ANY RESOLUTIONS OF THE GENERAL SHAREHOLDERS' MEETING AUTHORISING THE BOARD OF DIRECTORS TO ISSUE, ACQUIRE OR TRANSFER TREASURY SHARES.**

The following resolution was adopted at the Ordinary General Shareholders' Meeting held on 8 May 2018:

In rendering the authorization granted through the resolutions of the Company's General Shareholders' Meeting held on May 4, 2017 null and void and in accordance with the provisions of Articles 146 and related articles and 509 of the Consolidated Text of the Spanish Companies Law, the Board of Directors of the Company and those of its subsidiaries are authorized, during a period of one year from the date of this meeting, which shall be automatically extended for periods of equal duration up to a maximum of five years, unless stipulated otherwise by the shareholders at the General Meeting, and in accordance with the conditions and requirements envisaged in the legal provisions in force at the time, to acquire, at any given time and as many times as deemed advisable and through any of the means admitted by law, with a charge to profit for the year and/or unrestricted reserves, shares of the Company, the nominal value of which when added to those already owned by the Company or by its subsidiaries does not exceed 10% of the share capital issued or, where applicable, the maximum amount authorized by the legislation applicable at any given time. The minimum price and the maximum price, respectively, will be the nominal value and the weighted average price relating to the last trading day prior to the transactions increased by 20%.

The Board of Directors of the Company and those of its subsidiaries are also authorized, within the period and in accordance with the conditions established above to the extent that it is possible, to acquire shares of the Company through loans, for a consideration or otherwise, on an arm's-length basis, taking into account market conditions and the characteristics of the transaction.

Express authorization is given for the treasury shares acquired by the Company or its subsidiaries to be earmarked, in full or in part: (i) for sale or retirement, (ii) for delivery to workers, employees or Board Members of the Company or its Group, when there is a right recognized either directly through or as a result of exercising the options they hold, for the purposes envisaged in the last paragraph of Article 146.1.a) of the Consolidated Text of the Spanish Companies Law, and (iii) for reinvestment plans for dividends or similar instruments.

In order to retire treasury shares and granting the execution of this task to the Board of Directors in accordance with that indicated below, the Board resolved to reduce share capital, with a charge to profit or unrestricted reserves, for an amount equal to the total nominal value of the treasury shares which the Company directly or indirectly holds at the date of adoption of this resolution by the Board of Directors.

In accordance with Article 7 of the Company By-laws, the Board of Directors is empowered (with express powers of substitution) to execute this resolution to reduce share capital, which may be carried out once or several times within the maximum period of five years from the date of this resolution, performing such formalities, taking such steps and providing such authorizations as might be necessary or required by the Spanish Companies Law and other applicable provisions. In particular, the Board of Directors is authorized to, by the deadline and with the aforementioned limits, (i) set the date or dates for the specific share capital reduction or reductions, taking into account market conditions, the share price, the Company's economic-financial position, its cash, reserves, business performance and any other matter that is reasonable to consider; (ii) specify the amount of each share capital reduction; (iii) use of the amount of the reduction, either to restricted reserves or to unrestricted reserves, providing such guarantees as might be required and complying with the related legal requirements; (iv) amend Article 6 of the Company By-laws to the new share capital figure; (v) apply for the delisting of the retired shares; and, in general, adopt any resolutions as might be necessary to ensure the full effectiveness of the retirement of these shares and the concomitant capital reduction, designating the persons empowered to implement these resolutions.

The execution of this share capital reduction shall be subordinate to the execution of the capital reduction through the retirement of treasury shares proposed to the shareholders at the Ordinary General Shareholders' Meeting under item 7 on the Agenda, such that under no circumstances may the execution of this resolution be prevented in accordance therewith.

#### **A.11 ESTIMATED PERCENTAGE FREE FLOAT**

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**Estimated free float**

**82.29 %**

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**A.12 INDICATE, AS APPLICABLE, ANY RESTRICTIONS (STATUTORY, LEGISLATIVE OR ANY OTHER KIND) ON THE TRANSFER OF SECURITIES AND/OR ANY RESTRICTIONS ON VOTING RIGHTS. IN PARTICULAR, INDICATE THE EXISTENCE OF ANY TYPE OF RESTRICTIONS WHICH MAY MAKE IT DIFFICULT TO TAKE OVER THE COMPANY VIA THE MARKET ACQUISITION OF ITS SHARES, IN ADDITION TO THOSE PREVIOUS AUTHORIZATION OR COMMUNICATION REGIMES ON THE ACQUISITIONS OR TRANSMISSIONS OF FINANCIAL INSTRUMENTS OF THE COMPANY, THAT ARE APPLICABLE BY THE SECTORIAL STANDARDS.**

<b>Yes</b>	<b>No</b>
	X

**A.13 INDICATE WHETHER THE SHAREHOLDERS AT THE GENERAL MEETING HAVE RESOLVED TO TAKE MEASURES TO NEUTRALIZE A TAKEOVER BID PURSUANT TO LAW 6/2007.**

<b>Yes</b>	<b>No</b>
	X

**A.14 INDICATE WHETHER THE COMPANY HAS ISSUED SHARES THAT ARE NOT TRADED IN A REGULATED MARKET IN THE EUROPEAN COMMUNITY.**

<b>Yes</b>	<b>No</b>
	X



## B GENERAL SHAREHOLDERS' MEETING

**B.1 INDICATE AND, IF APPLICABLE, DESCRIBE THE DIFFERENCES BETWEEN THE MINIMUM REQUIRED UNDER THE SPANISH COMPANIES LAW (*LEY DE SOCIEDADES DE CAPITAL – LSC*) AND THE QUORUM REQUIRED FOR HOLDING THE GENERAL SHAREHOLDERS' MEETING.**

Yes	No
	X

**B.2 INDICATE AND, IF APPLICABLE, DESCRIBE ANY DIFFERENCES BETWEEN THE RULES ESTABLISHED IN THE SPANISH COMPANIES LAW (LSC) FOR ADOPTING RESOLUTIONS AND THE COMPANY'S RULES.**

Yes	No
	X

**B.3 INDICATE THE RULES APPLYING TO AMENDING THE COMPANY'S BY-LAWS. IN PARTICULAR, INDICATE THE MAJORITIES ANTICIPATED FOR MODIFYING THE BY-LAWS, AS WELL AS, WHERE APPROPRIATE, THE RULES ANTICIPATED FOR PROTECTING PARTNERS' RIGHTS ON MODIFYING THE BY-LAWS.**

Article 32 of the By-laws states that for the General Meeting to validly agree to increase or reduce the capital, or any other modification of the by-laws, the issue debentures, withdrawal or limitation of pre-emption rights for new shares and the transformation, merger, spin-off or global assignment of assets and liabilities, transfer of residence abroad or voluntary dissolution by agreement of the General Meeting, it will be necessary at first call, for the shareholders holding at least fifty percent of the share capital with voting rights to attend in person or by proxy, and in second call, the attendance of twenty-five percent of the share capital. These corporate resolutions shall be adopted by absolute majority on first call and with the favorable vote of two thirds of the capital present or represented at the Meeting on the second call.

In addition, as set out in Articles 286 and 287 of the Capital Companies Act, the Board of Directors shall draft the full text of the proposed amendment to the By-laws as well as a written report justifying the same. In the call of the General Meeting the points which are to be amended shall be expressed with sufficient clarity with an affirmation of the right of all partners to examine the full text of the proposed amendment and the corresponding report at the registered office and to request delivery or free shipping of said documents.

Article 24. ("Separate voting on matters") the General Meeting Regulations stipulates that:

Separate votes shall be taken at the General Meeting on all matters which are substantially independent. In any event, separate votes shall be taken on the following matters, even if they are included in the same item on the agenda:

- Appointment, ratification, reselection or dismissal of each Director
- Amendment of the by-laws for each substantially independent article or group of articles

**B.4 INDICATE THE DATA ON ATTENDANCE AT THE GENERAL MEETINGS HELD IN THE YEAR TO WHICH THIS REPORT REFERS AND IN THE TWO PREVIOUS YEARS:**

## Attendance information

Date of the General Meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic voting	Other	
5/5/2016	6.85%	63.15%	0.00%	0.00%	70.00%
Of which is floating Capital:	0.96%	37.70%	0.00%	0.00%	38.66%
5/4/2017	1.90%	62.54%	0.01%	0.00%	64.45%
Of which is floating Capital:	0.71%	44.39%	0.01%	0.00%	45.11%
5/8/2018	1.59%	59.91%	0.01%	59.53%	61.51%
Of which Free Float:	20.40%	41.66%	0.01%	0.00%	42.07%

**B.5 INDICATE WHETHER THERE HAVE BEEN ANY ITEMS ON THE AGENDA THAT FOR WHATEVER REASON, HAVE NOT BEEN APPROVED BY THE SHAREHOLDERS AT THE GENERAL MEETINGS HELD DURING THE YEAR.**

Yes	No
	X

**B.6 INDICATE WHETHER THERE HAVE BEEN ANY ITEMS ON THE AGENDA THAT FOR WHATEVER REASON, HAVE NOT BEEN APPROVED BY THE SHAREHOLDERS AT THE GENERAL MEETINGS HELD DURING THE YEAR.**

Yes	No
X	

Number of shares required to attend the General Meeting	100
Number of shares required to Electronic voting	100

Article 26 of the By-laws, stipulates that: The General Meeting is composed of all the holders of at least one hundred shares, whether present or represented. The owners or holders of less than one hundred shares can be grouped in order to arrive at that number, being represented, either by one of them, or by another shareholder who owns by itself the number of shares necessary to be part of the General Meeting.

**B.7 INDICATE IF IT HAS BEEN ESTABLISHED THAT CERTAIN DECISIONS, OTHER THAN THOSE ESTABLISHED BY LAW, INVOLVING AN ACQUISITION, SALE OR CONTRIBUTION TO ANOTHER COMPANY OF ESSENTIAL ASSETS OR OTHER SIMILAR CORPORATE TRANSACTIONS SHOULD BE SUBJECT TO THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING.**

Yes	No
	X

**B.8 INDICATE IF IT HAS BEEN ESTABLISHED THAT CERTAIN DECISIONS, OTHER THAN THOSE ESTABLISHED BY LAW, INVOLVING AN ACQUISITION, SALE OR CONTRIBUTION TO ANOTHER COMPANY OF ESSENTIAL ASSETS OR OTHER SIMILAR CORPORATE TRANSACTIONS SHOULD BE SUBJECT TO THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING.**

The address is <http://www.grupoacs.com/corporate-governance/>

Once in the ACS Group's website, several appear at the top, one of which is "CORPORATE GOVERNANCE"; if you click on this link, the following appear: Company By-laws, Rules of the General Meeting, Code of Conduct, Regulation of Proceedings for the Code of Conduct Monitoring Committee, Rules of Conduct for Securities Markets and Diversity Policy. Each sub-section contains pertinent information.

The drop-down menu within CORPORATE GOVERNANCE shows two sections:

- Board of Directors. If you click on this link you will find the Board of Director Regulations and the Composition of the Board of Directors with information on each Board Member.
- Annual Corporate Governance Report. If you click on this link, following a brief introduction there is a specific instruction to click on it and download the annual reports since 2006 in PDF format.

On the other hand, in the drop-down menu of the COMPLIANCE tab, there is a section "Policies and Procedures Compliance" containing the Code of Conduct, Code of Conduct for Business Partners, General Control and Risk Management Policy, Criminal Compliance and anti-bribery Policy, Human Rights Policy, Diversity Policy, Corporate Social Responsibility Policy, Policy for Communication and Contact with shareholders, institutional investors and proxy (voting) advisors, Treasury Stock Policy, Code of Conduct in Securities Markets, Rules of Procedure of the Monitoring Committee of the Code of Conduct and Environmental Policy.

Finally, the "Shareholders" section of the "Investor Relations" tab contains information concerning the General Shareholders' Meetings since 2013.

## C. STRUCTURE OF THE COMPANY ADMINISTRATION

### C.1 BOARD OF DIRECTORS

#### C.1.1 Maximum and minimum number of Board Members provided for in the Company By-laws:

<b>Maximum number of Board Members</b>	21
<b>Minimum number of Board Members</b>	11
<b>Number of directors determined by the board</b>	18

#### C.1.2 Complete the following table with the Board Members:

Name or company name of the Board Member	Class of Board Member	Position on the Board	Date of first appointment	Date of last appointment	Appointment procedure
MR. FLORENTINO PEREZ RODRIGUEZ	Executive	Executive Chairman	6/28/1989	4/28/2015	General Shareholders' Meeting
MR. MARCELINO FERNÁNDEZ VERDES	Executive	CEO	5/4/2017	5/4/2017	General Shareholders' Meeting
MR. ANTONIO GARCIA FERRER	Executive	Executive Deputy Chairman	10/14/2003	4/28/2015	General Shareholders' Meeting
MR. JOSE MARIA LOIZAGA VIGURI	Other External	Deputy Chairman	6/28/1989	4/28/2015	General Shareholders' Meeting
MR. AGUSTIN BATUECAS TORREGO	Executive	Board Member	6/29/1999	4/28/2015	General Shareholders' Meeting
MR. ANTONIO BOTELLA GARCÍA	Independent	Board Member	4/28/2015	4/28/2015	General Shareholders' Meeting
MR. JOSE LUIS DEL VALLE PEREZ	Executive	Board Member - Secretary	6/28/1989	4/28/2015	General Shareholders' Meeting
MR. MANUEL DELGADO SOLIS	Proprietary	Board Member	5/20/2004	5/5/2016	General Shareholders' Meeting
MR. JAVIER ECHENIQUE LANDIRIBAR	Proprietary	Board Member	5/20/2004	5/5/2016	General Shareholders' Meeting
MRS. CARMEN FERNÁNDEZ ROZADO	Independent	Board Member	2/28/2017	2/28/2017	Board of Directors' Resolution
MR. EMILIO GARCIA GALLEGRO	Independent	Board Member	11/13/2014	4/28/2015	General Shareholders' Meeting
MR. JOAN DAVID GRIMA TERRE	Other External	Board Member	10/14/2003	4/28/2015	General Shareholders' Meeting
MR. MARIANO HERNANDEZ HERREROS	Proprietary	Board Member	5/5/2016	5/5/2016	General Shareholders' Meeting
D. PEDRO LÓPEZ JIMENEZ	Other External	Board Member	6/28/1989	4/28/2015	General Shareholders' Meeting
MRS. CATALINA MIÑARRO BRUGAROLAS	Independent	Board Member	4/28/2015	4/28/2015	General Shareholders' Meeting
MRS. MARIA SOLEDAD PEREZ RODRÍGUEZ	Proprietary	Board Member	11/13/2014	4/28/2015	General Shareholders' Meeting
MR. MIGUEL ROCA JUNYENT	Other External	Board Member	10/14/2003	4/28/2015	General Shareholders' Meeting

Name or company name of the Board Member	Class of Board Member	Position on the Board	Date of first appointment	Date of last appointment	Appointment procedure
MR. JOSE ELADIO SECO DOMINGUEZ	Independent	Board Member	12/22/2016	12/22/2016	Board of Directors' Resolution
<b>Total number of Board Members</b>					<b>18</b>

### C.1.3 Complete the following tables on the Board Members and their positions:

#### Executive directors

Name or company name of the Board Member	Position per company organization	Profile
MR. FLORENTINO PEREZ RODRIGUEZ	Executive Chairman	<p>Born in Madrid in 1947, he holds a degree in Civil engineering from Universidad Politécnica de Madrid.</p> <p>Professional experience:</p> <p>He began his professional career in 1971 in the private sector, rising to head the Spanish Highway Association, until switching to the public business sector. From 1976 to 1982 he held various positions in the Public Administration, such as Delegate for Sanitation and Environment for the City of Madrid, Deputy Director-General at the Ministry of Industry and Energy, Director-General of Transport Infrastructure at the Ministry of Transport, and President of the National Institute for Agrarian Reform and Development (IRYDA) at the Ministry of Agriculture.</p> <p>In 1983 he returned to the private sector, when he headed Construcciones Padrós, S.A., as well as being one of its leading shareholders. Since 1993 he has been the Chairman of ACS, Actividades de Construcción y Servicios, S.A. He is also the Chairman of Real Madrid.</p>
MR. MARCELINO FERNÁNDEZ VERDES	CEO	<p>Born in Oviedo (Asturias) in 1955. Graduated as a Civil Engineer from the Escuela Superior de ICCP de Barcelona [Barcelona School of Engineering].</p> <p>Professional experience:</p> <p>He joined the group in 1987, being appointed general director of OCP Construcciones in 1994. In 1998, he assumed the position of CEO of ACS Proyectos, Obras y Construcciones S.A., and in 2000 he was appointed Chairman of the same. In 2004 he was appointed Chairman and CEO of Dragados, as well as responsible for the Construction area. In 2006, he was appointed Chairman and CEO of ACS Servicios y Concesiones, as well as responsible for the group's Concessions and Environment areas, a responsibility he held until March 2012. In April 2012, he was appointed to the executive Committee of Hochtief Ag and its Chairman in November of that same year, a position he continues to hold today, and he assumed the responsibility of the HOCHTIEF Asia Pacific Division. From March 2014 to October 2016, he was Chief Executive Officer (CEO) of the CIMIC Company of the Australian HOCHTIEF Group, and has been executive Chairman of CIMIC since June 2014. In May 2017, he was appointed CEO of the ACS group.</p>
MR. ANTONIO GARCIA FERRER	Executive Deputy Chairman	<p>Born in Madrid in 1945, he holds a degree in Civil engineering from the Universidad Politécnica de Madrid, Class of 1971.</p> <p>Professional experience:</p> <p>He joined Dragados as a student in 1970 and subsequently worked as site manager for various jobs in the peninsula, until he was named Civil Engineering Works Director in Madrid and subsequently Director of the Central Region for Dragados until 1997. Later he was appointed Director of Construction Works in Spain until 2001, when he became Director-general of Industrial Works and Environmental Services. In 2002 he was appointed Chairman of the Dragados Group until December 2003 when, following the merger with ACS, he became the Executive Vice Chairman of the ACS Group.</p>
MR. AGUSTIN BATUECAS TORREGO	Board Member	<p>Born in Madrid in 1949. Civil engineer</p> <p>Professional experience:</p> <p>He has been CEO and Chairman and CEO of Continental Auto S.A., Chairman and CEO of Continental Rail S.A. and a Director of Construrail S.A. Member of the Board of Directors of the ACS, Actividades de Construcción y Servicios, S.A. Group since 1999.</p>
MR. JOSE LUIS DEL VALLE PEREZ	Secretary-Board Member	<p>Born in Madrid in 1950. Graduate in law from the Universidad Complutense and State Attorney, Class of 1974 and a member of the Madrid Bar Association since 1976.</p> <p>Professional experience:</p> <p>As State Attorney he carried out his duties at the Tax and Courts Service in Burgos and Toledo and at the Ministries of Health and Consumer. He was National Director of Legal Counsel for the UCD. Deputy in the Congress of Deputies in the 1979/1982 legislative period and Under-Secretary at the Ministry of Territorial Administration.</p> <p>He has been Member of the Board and/or Board Secretary of numerous companies such as Continental Hispánica S.A. (subsidiary of US company Continental Grain), Continental Industrias del Caucho S.A., FSC Servicios de Franquicia S.A. and Continental Tyres S.L., (Spanish subsidiaries of German group Continental A.G.), Ercros, Banesto, etc. And is currently Board Secretary and General Secretary of the ACS Group and Board Secretary of its main subsidiaries (Dragados S.A., ACS Servicios Comunicaciones y Energía S.A. and ACS Servicios y Concesiones S.L.), as well as being a member of the Supervisory Board of Hochtief, A.G. and Member of the Board of CIMIC (before Leighton). He is a practicing lawyer.</p>
<b>Total number of Executive Board Members</b>		<b>5</b>
<b>% over total Board</b>		<b>27.78%</b>

## External proprietary board members

Name or company name of the Board Member	Name or company name of significant shareholder represented or proposing appointment	Profile
MRS. MARIA SOLEDAD PEREZ RODRIGUEZ	INVERSIONES VESAN, S.A.	<p>Born in Madrid in 1943, Graduate in Chemical Sciences and Graduate in Pharmacy from Universidad Complutense de Madrid.</p> <p>Professional experience:</p> <p>She has taught at schools in Madrid and acted as technical advisor to GEBLASA, S.A., a company importing and exporting chemical products, as well as being a pharmacist attached to a Madrid Pharmacy. Currently, in addition to being a Director of ACS, Actividades de Construcción y Servicios, S.A., she is also on the Board of its subsidiaries ACS Servicios Comunicaciones y Energía, S.L and DRAGADOS, S.A.</p>
MR. JAVIER ECHENIQUE LANDIRIBAR	CORPORACION FINANCIERA ALCOR, S.L.	<p>Born in Isaba (Navarra) in 1951. Graduate in Economic and Actuarial Sciences.</p> <p>Professional experience:</p> <p>He has been a Board Member and General Manager of Allianz-Ercos and Managing Director of the BBVA Group. He is currently Vicechairman of Banco Sabadell and a Member of the Board of REPSOL YPF S.A., Actividades de Construcción y Servicios (ACS) S.A., Grupo Empresarial ENCE S.A., Telefónica Móviles Mexico and Celistics S.L. Likewise, he is a Member of the Board of Trustees of the Novia Salcedo Foundation and the Altuna Foundation. In turn, he is a member of Telefónica de España's Advisory Board and a Board Director for Telefónica S.A. in the Basque Country"</p>
MR. MANUEL DELGADO SOLIS	CORPORACION FINANCIERA ALCOR, S.L.	<p>Born in 1948. Graduate in both Pharmacy and Law</p> <p>Professional experience:</p> <p>Mr. Delgado Solís is currently a Member of the Board of ACS Actividades de Construcción y Servicios, Dragados, and Refinería Balboa, as well as Chairman of Profesionales de la Medicina y de la Empresa, SA (Hospital de Madrid Group). He practices the law in his own law firm</p>
MR. MARIANO HERNANDEZ HERREROS	INVERSIONES VESAN, S.A.	<p>Born in Torrelavega (Cantabria), in 1943. Degree in medicine and surgery from the Complutense University and specialized in Psychiatry at the same University.</p> <p>Professional experience:</p> <p>He has developed all his professional activity as a psychiatrist at Lopez-Ibor clinic. He is also author of numerous research reports in scientific journals and presentations at international congresses. Former Board member of Grupo Dragados, Iberpistas S.A. and Autopistas AUMAR, S.A. He is currently Board member of Dragados, S.A. and ACS, Servicios y Concesiones, S.L.</p>

**Total number of Proprietary Board Members**

**4**

**% over total Board**

**22.22%**

## External independent board members

Name or company name of the Board Member:	Profile
MR. ANTONIO BOTELLA GARCÍA	<p>Born in Orihuela in 1947. Holder of a Law degree from the Universidad de Murcia and State Attorney (Class of 1974).</p> <p>Professional experience:</p> <p>As State Attorney he was provide his services at the State Attorney's Office of the High Court, having previously worked in the Treasury Department and Courts of Oviedo, the Treasury Department and Courts of Albacete, in the Government Presidency attached to the Deputy Minister for Parliament Relations, in the Legal Department of the Ministry of Transport, Tourism and Communications, and at the National High Court. He has been General Technical Secretary at the Ministry of Transport, Tourism and Communications and the Ministry of Agriculture, Fisheries and Food and Undersecretary at the Ministry of Agriculture and Nature Conservation.</p> <p>He has been Law Professor at the Instituto de Empresa at Universidad de Oviedo and at the Universidad a Distancia de Albacete. He has been a Board Member of the Caja Postal de Ahorros (subsequently Argentaria and then merged with BBVA), of AVIACO (subsequently merged with IBERIA LAE) and ALDEASA and Secretary of the Board of various companies. He is a practising lawyer.</p>
MRS. CARMEN FERNÁNDEZ ROZADO	<p>Graduated in Economics and Business, Graduated in Political Science and Sociology and Doctor in Public Finance at the University Complutense of Madrid, Inspector of Treasury of the State. He has completed the Senior Management Program (PADE) at the IESE Business School (University of Navarra). State Tax Inspector and Auditor of Accounts.</p> <p>Professional experience:</p> <p>She began her professional career in 1984 at the Ministry of Finance, where she held various positions in the State Agency for Tax Administration. In 1999, she was appointed member of the Board of Directors of the National Energy Commission, a position she held until 2011. Since then, she is an international consultant for the development and execution of Energy and Infrastructure business plans in different countries of Latin America and Asia. During the years 2012 and 2013 she was a member of the Advisory Board of Ernst &amp; Young; member of the Advisory Board of Beragua Capital Advisory and, since April 2015, she is a member of the Audit Committee of EDP (Energías de Portugal) in Lisbon. Professor in different universities and business schools in Spain and abroad, as well as author of numerous articles and publications on Taxation, Energy and Sustainability.</p>
MR. EMILIO GARCÍA GALLEGO	<p>Born in Cabreiró (Orense) in 1947. Civil engineering degree (Madrid 1971) and Law degree (Barcelona 1982) as well as Phd courses at the Universidad Politécnica de Catalunya. He has also attended the following official courses: Subterranean Hydrology (Escuela Superior de Ingenieros Industriales de Barcelona); Management Skills (1984-1985) (Escuela de Administración Pública de Catalunya); Coast Engineering (Escuela Técnica Superior de Ingenieros de Caminos, Canales y Puertos de Catalunya (ETSICCP)); and Port and Oceanographic Engineering (ETSICCP, Catalonia).</p> <p>As a teacher, he has been professor in charge of the course on "Soil Mechanics and Special Foundations" at the Escuela Técnica Superior de Arquitectura in Barcelona (from 1974 to 1982) and professor in charge of the doctoral course on "Consolidation of Soft and Loose Ground" at the Escuela Técnica Superior de Arquitectura in Barcelona in 1979-1980.</p> <p>Professional experience:</p> <p>He has been an engineer for the River Policing Authority of the eastern Pyrenees, engineer for Fomento de Obras y Construcciones, representative for the Catalonia area of the company Grandes Redes Eléctricas, S.A., Head of the Ports Service of the Regional Government of Catalonia and co-director of the Plan de Puertos de Catalunya, general manager for Infrastructure and Transportation of the Regional Government of Galicia, general manager for Transportation of the Regional Government of Catalonia, deputy manager of the Sanitation Council and deputy manager of the Water Board of the Regional Government, general manager of Public Works of the Regional Government of Galicia and chairman of the Water Board of Galicia, chairman of the Entity Managing Railway Infrastructures, adhered to the Ministry of Development and responsible for executing the entire High Speed railway infrastructure, chairman of Puertos de Galicia.</p> <p>He is currently an independent civil engineering consultant.</p>
MRS. CATALINA MIÑARRO BRUGAROLAS	<p>Born in Spanish in 1963, with a degree in Law from the Universidad Complutense de Madrid (1986) and State Attorney (Class of 1989).</p> <p>Professional experience:</p> <p>As State Attorney she currently provides her services at the State Attorney's Office of the National High Court, having previously MR.e so in the Court of Auditors, the Treasury and Financial Policy Directorate-General, as Secretary to the Regional Economic and Administrative Tribunal in Madrid, in the State Attorney's Office at the Ministry of Health and Consumer Affairs, and at the State Attorney's Office of the High Court of Madrid.</p> <p>She has been the General Technical Secretary of the Presidential Council of the Community of Madrid, Director of Legal Matters of the State Asset Ownership Corporation, Secretary to the Board of the State Tourism Parador Hotels Company, Secretary to the Board of the State Corporation for Transition to the Euro, Secretary to the Board of Saeta Yield, S.A. and Board Member of Autoestradas de Galicia, S.A.</p> <p>She is currently an Independent Director on the Boards of MAPFRE, S.A.</p>
MR. JOSE ELADIO SECO DOMINGUEZ	<p>Born in Veguellina de Órbigo (León), in 1947. He holds a degree in Civil engineering by the High School of ICCP of Madrid, in the speciality of Transport, Ports and Urbanism.</p> <p>Professional experience:</p> <p>He began his professional career in 1972 in the state-owned engineering company INECO where he held various positions. In 1988 he became International Director joining RENFE where he held various positions. In 2000 he was appointed Executive Chairman of INECO until 2002 when he was appointed Chairman-CEO of AENA until 2004 when he was appointed Adviser to the Presidency of RENFE.</p> <p>He has worked as Senior Advisor to OCA, S.A., PRINTEC, COLLOSA, INCOSA, NATIONAL EXPRESS-ALSA and MENZIES AVIATION and has been Chairman of the Spanish Consortium for the concession and exploitation of Rio Janeiro-Sao Paulo-Campinas' (Brazil) high-speed line.</p> <p>He is currently as Senior Advisor to INDRA, AT KEARNEY and STADLERRAIL.</p>
<b>Total number of Independent Board Members</b>	<b>5</b>
<b>Total % of the Board</b>	<b>27.78%</b>

## Other external board members

Identify the other external board members and indicate the reasons why they cannot be considered proprietary or independent and their relations, either to the company, its management or its shareholders:

Name or company name of the Board Member	Reasons	Company, executive or shareholder with whom there is a relation:	Profile
MR. JOAN DAVID GRIMA TERRE	Mr. Joan David Grima Terre went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A	<p>Born in 1953 in Sabadell (Barcelona) on 1953. He has a PhD in Economics and Business (UAB) and has studied at the Universidad Autónoma de Barcelona (UAB), Baylor and Harvard Business School.</p> <p>Professional experience:</p> <p>Between 1982 and 1992 he worked at McKinsey &amp; Co, of which he was a partner. From 1992 to 2010 he was the general manager of Banco Santander. In January 2002 he was appointed Deputy Chairman and CEO of the Auna Group, a position he held in addition to his responsibilities at the Bank up to November 2005.</p> <p>He is a member of the Boards of ACS, Actividades de Construcción y Servicios, S.A., Cory Environmental Holdings Limited (UK). Patron of the Fundación Pluralismo y Convivencia (Ministry of Justice), and a Director of Golf La Moraleja.</p>
MR. JOSE MARIA LOIZAGA VIGURI	Mr. José María Loizaga went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.	<p>Born in Bilbao in 1936.</p> <p>Professional experience:</p> <p>He began his career in Banco Vizcaya where he held various executive positions. In 1968, he was General Manager of Zardoya and played a role in 1972 in the merger with Schneider Otis. Up to 1980, he was the head of Otis Elevator for Southern Europe. In 1980 he founded Banco Hispano Industrial (Grupo BHA) and in 1982 he was appointed Deputy Chairman and CEO of Banco Union which merged with Banco Urquijo where he held a position until 1985. In 1985 he founded Mercapital, S.A. and was Chairman of this group until 2008.</p> <p>He has held various positions including Chairman of Bodegas Lan and Bodegas Barón de Ley and, as well as being a Board Member of Banque Privée Edmond de Rothschild, Suez International, Otis International, Amorim Investment, Lácteos G. Baquero and Union Fenosa, Mecalux, etc.</p> <p>He is currently as a Board Member of Cartera Industrial Rea and Deputy Chairman of Zardoya Otis. He is Commandeur de l'Ordre de Léopold II.</p>
MR. PEDRO JOSE LOPEZ JIMENEZ	Mr. Pedro López Jimenez went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.	<p>Born in Málaga in 1942. Degree in Civil Engineering (1965). Journalism and Social Sciences (partial) at I.S. Leo XIII (1960-62). (ACNdeP scholarship)</p> <p>Senior Business Management Programme, IESE (1995/1996). Knight Grand Cross, Order of Isabella the Catholic</p> <p>Professional experience: Chairman of ENDESA (1979-82); Board Member, ENHER; Vice-Secretary of MOPU; Director General of Ports, Board Member, INI (1978-79); Board Member and Director General, Empresarios Agrupados; Director, Construcción Centrales Térmicas. Hidroeléctrica Española (1965-70); Board Member, ATLAS COPCO, SEMI, TECMED, CONTINENTAL AUTO, VIAS Y CONSTRUCCIONES, ENAMSA, TRACTEBEL ESPAÑA, HILATURA DE PORTOLIN; Chairman of UNION FENOSA; Vice-Chairman of INDRA; Board Member, CEPESA; Board Member, LINGOTES ESPECIALES; Chairman, GTCEISU CONSTRUCCIÓN S.A; Board Member, ENCE; Board Member, KELLER GROUP, plc, and member of the Council of the UNIVERSITY OF ALCALÁ DE HENARES.</p> <p>Currently: Member and Vice-Chairman of the Executive Committee and spokesperson for the Nomination Committee of ACS Actividades de Construcciones y Servicios S.A. Vice-Chairman and Acting Chairman of Dragados S.A., Vice-Chairman and Acting chairman of ACS Servicios y Concesiones S.A., Vice-Chairman of ACS Servicios, Comunicaciones y Energía. Chairman, Supervisory Council of Human Resources Committee and Nomination Committee of HOCHTIEF; Member of the Board of Directors, Compensation and Nomination Committee and Ethics, Compliance and Sustainability Committee of CIMIC.</p>
MR. MIGUEL ROCA JUNYENT	Mr. Miguel Roca Junyet went from being an independent board member to an external board member upon completion of the maximum term of office of 12 years.	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.	<p>Born in Caudevan (France) in 1940. Degree in Law from Universitat de Barcelona and Doctorate Honoris Causa from the Distance Education Universities of León, Girona and Cádiz.</p> <p>Professional experience:</p> <p>Professor of Constitutional Law at the Universidad Pompeu Fabra in Barcelona; Deputy representing Barcelona and Chairman of the Catalan Parliamentary Group in the Chamber of Deputies (1977-1995). Member of the Panel that drafted the 1978 Constitution, as well as of the Committee that drafted the Catalonia Statute of Autonomy.</p> <p>He has been a practising lawyer since 1962: Chairman and Partner of the firm of Roca Junyet, with offices in Barcelona, Madrid, Palma de Mallorca, Girona, Lleida and Shanghai. Customer Ombudsman at Seguros Catalana Occidente since March 1996. Board Secretary of Banco Sabadell, Abertis Infraestructuras, TYPSA and Accesos de Madrid, S.A. Director of ENDESA. Member of the Board of ACS.</p>

**Total number of external Board Members**

**4**

**% of total Board**

**22.22%**



C.1.4 Complete the following table with information relating to the number of women Board Members during the last 4 financial years, as well as the nature of those Board Members:

	Number of Directors				% of total Board Members of each type			
	Year 2018	Year 2017	Year 2016	Year 2015	Year 2018	Year 2017	Year 2016	Year 2015
<b>Executive</b>	0	0	0	0	0.00%	0.00%	0.00%	0.00%
<b>Proprietary</b>	1	1	1	2	5.56%	5.56%	6.25%	28.57%
<b>Independent</b>	2	2	1	1	11.11%	11.11%	6.25%	20.00%
<b>Other</b>	0	0	0	0	0.00%	0.00%	0.00%	0.00%
<b>Total:</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>16.67%</b>	<b>16.67%</b>	<b>12.50%</b>	<b>16.67%</b>

C.1.5 Indicate whether the company has diversity policies in relation to the board of directors of the company with regard to issues such as age, gender, disability, or training and professional experience. Small and medium-sized entities, in accordance with the definition contained in the Accounts Auditing Act, will have to provide information on, at least, the policy they have in place regarding gender diversity.

Yes	No	Partial Policies
		X

If yes, describe these diversity policies, their objectives, the measures and the manner in which they have been applied and their results in the year. The specific measures adopted by the board of directors and the appointments and remuneration committee should also be indicated in order to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons for this.

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

The ACS Group promotes the implementation and development of diversity and inclusion of all kinds of groups and awareness in different areas and levels of the Group, establishing guidelines that govern the actions of the Group on the matter of diversity.

In this regard, ACS' Diversity Policy approved by the group's Board of Directors at its meeting of February 27th 2019, defines the objectives and commitments on the matter of diversity, including, inter alia, the promotion of integrating people with different profiles in all areas of business and Group levels; the identification of talent in the selection process, promotion and integration within the Group; the selection of professionals with alternative capacities; generational diversity in the teams to foster collaboration among older and younger professionals; integration and inclusion of vulnerable groups; promoting implementation of systems for measuring progress in diversity; communication and extension of the commitment to diversity to all employees, suppliers, customers, administrations, social partners and other stakeholders; and maintaining a neutral and inclusive language in internal and external communications. All this in line with the ACS Code of Conduct and the Corporate Social Responsibility and Human Resources Policy.

In addition, the Board of Directors of the ACS Group, in accordance with its Rules of Procedure, will also ensure that the selection procedures of its members promote diversity on issues such as age, gender, disability, or training and professional experience and does not entail any bias or discrimination and, in particular, facilitates the selection of women and men, informing shareholders and markets through the appropriate channels.

In turn, the Board of Directors of ACS, in its capacity as parent company of the Group, will promote the dissemination and application of those principles and guidelines in the governing bodies and executives of the Group companies, ensuring the dissemination of objectives, actions and results.

With regard to the implementation of diversity policies and measures in relation to the Board of Directors of ACS, during 2018 there have not been any vacancies on the Board as a result of which the governing bodies of the Company have not been able to apply such policies.

In any case, the Board of Directors of ACS, with the support and collaboration of the Appointments Committee maintains a policy on renewals of appointments on the Board of Directors based on coordination of the principles of representativeness with those of diversity and independence, taking into account the recommendations of good national and international governance.

**C.1.6 Explain the measures, where appropriate, the Nominations Committee has decided to ensure that the selection processes do not suffer from implicit biases that hinder the selection of women Board Members and that the company deliberately seeks and includes women who meet the professional profile sought among the potential candidates, and that allows reaching a balanced presence of men and women:**

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Explanation of the measures

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Article 3.2 of the Regulations of the Board of Directors of ACS expressly establishes that the Board should ensure that the selection procedures of its members promote diversity of gender, experience and knowledge and does not entail any bias or any kind of discrimination and, in particular, facilitates the selection of women directors in sufficient number to allow a balanced representation of women and men, whereby the Appointments Committee has the responsibility of informing the Board of Directors regarding "issues relating to gender diversity on the Board of Directors". Article 1.3 of the Code of Conduct of the ACS Group expressly establishes that "any kind of discrimination based on race, nationality, social background, age, sex, marital status, sexual orientation, ideology, political or trade union views, religion or any other personal, physical or social condition will not be tolerated", thus ensuring equal opportunities through its action policies.

In this regard, the Appointments Committee favors the inclusion of women among potential candidates, making sure that appropriate professional profiles are combined with the objective criteria of merit and ability.

**When, in spite of the measures which have been adopted, where applicable, the number of women Board Members is few or zero, explain the reasons justifying this:**

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Explanation of the reasons

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As noted above, the selection procedures of Board members seek to facilitate the selection of women directors in sufficient number to allow a balanced representation of women and men, and as such, the Appointments Committee favors the inclusion of potential women candidates when vacancies occur on the Board.

However, as gender diversity is a key issue to be taken into account in the selection process, the Appointments Committee must also ensure that other diversity criteria is taken into account such as training and professional experience as well as age and other issues that may be relevant to economic sectors and international character of the ACS Group and must ensure that candidates have the appropriate professional profile taking into account the objective criteria of merit and ability, with the candidates prior knowledge of the Company, its Group and the sector to which it belongs being valued very highly.

**C.1.7 Explain the appointments committee's findings on its verification of compliance with policy for the selection of Board Members. In particular, describe how the policy contributes to the goal of achieving a number of female directors representing at least 30% of the total Board Members by 2020.**

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Explanation of findings

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Eight of the members of the Board of Directors at December 31, 2018 have joined in the last 3 years, and these (representing forty percent of the incorporations) are women.

C.1.8 If applicable, explain the reasons for appointing Proprietary Board Members at the request of shareholders who have a holding of less than 3% of share capital.

Indicate whether any formal requests by a shareholder to have a Board Member appointed were denied although the shareholder holds the same or a higher number of shares than another shareholder at whose request Proprietary Board Members were appointed. In this case, explain the grounds for denying this request:

Yes	No
	X

C.1.9 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s):

Name or company name of the Board Member:	Brief description:
MR. FLORENTINO PEREZ RODRIGUEZ	ALL POWERS CORRESPONDING TO THE BOARD EXCEPT THOSE THAT CANNOT BE TRANSFERRED
MR. MARCELINO FERNÁNDEZ VERDES	ALL POWERS CORRESPONDING TO THE BOARD EXCEPT THOSE THAT CANNOT BE TRANSFERRED

C.1.10 Identify, if applicable, the Board Members who hold office as Board Members or executives at other companies forming part of the listed company's group:

Name or company name of the Board Member	Company name of the group entity	Position	Executive functions?
MR. MARCELINO FERNANDEZ VERDES	HOCHTIEF AG	CHAIRMAN AND CEO	YES
MR. MARCELINO FERNANDEZ VERDES	CIMIC GROUP LIMITED	EXECUTIVE CHAIRMAN	YES
MR. ANTONIO GARCIA FERRER	DRAGADOS. S.A.	BOARD MEMBER	NO
MR. ANTONIO GARCIA FERRER	ACS SERVICIOS. COMUNICACIONES Y ENERGÍA S.L.	BOARD MEMBER	NO
MR. ANTONIO GARCIA FERRER	ACS SERVICIOS Y CONCESIONES S.L.	BOARD MEMBER	NO
MR. JOSE LUIS DEL VALLE PEREZ	HOCHTIEF AG	MEMBER OF THE SUPERVISORY BOARD	NO
MR. JOSE LUIS DEL VALLE PEREZ	DRAGADOS. S.A.	BOARD MEMBER/SECRETARY	NO
MR. JOSE LUIS DEL VALLE PEREZ	CIMIC GROUP LIMITED	BOARD MEMBER	NO
MR. JOSE LUIS DEL VALLE PEREZ	ACS SERVICIOS. COMUNICACIONES Y ENERGÍA S.L.	BOARD MEMBER/SECRETARY	NO
MR. JOSE LUIS DEL VALLE PEREZ	ACS SERVICIOS Y CONCESIONES S.L.	BOARD MEMBER/SECRETARY	NO
MR. JOSE LUIS DEL VALLE PEREZ	COBRA GESTIÓN DE INFRAESTRUCTURAS, S.L.	BOARD MEMBER/SECRETARY	NO
MR. MANUEL DELGADO SOLIS	DRAGADOS. S.A.	BOARD MEMBER	NO
MR. JAVIER ECHENIQUE LANDIRIBAR	ACS SERVICIOS. COMUNICACIONES Y ENERGÍA S.L.	BOARD MEMBER	NO
MR. MARIANO HERNANDEZ HERREROS	DRAGADOS, S.A.	BOARD MEMBER	NO

Name or company name of the Board Member	Company name of the group entity	Position	Executive functions?
MR. MARIANO HERNANDEZ HERREROS	ACS, SERVICIOS Y CONCESIONES, S.L.	BOARD MEMBER	NO
MRS. MARIA SOLEDAD PEREZ RODRÍGUEZ	DRAGADOS, S.A.	BOARD MEMBER	NO
MRS. MARIA SOLEDAD PEREZ RODRÍGUEZ	ACS SERVICIOS. COMUNICACIONES Y ENERGIA S.L.	BOARD MEMBER	NO
MR. PEDRO JOSE LOPEZ JIMENEZ	HOCHTIEF AG	CHAIRMAN OF THE SUPERVISORY BOARD	NO
MR. PEDRO JOSE LOPEZ JIMENEZ	DRAGADOS. S.A.	DEPUTY CHAIRMAN	NO
MR. PEDRO JOSE LOPEZ JIMENEZ	CIMIC GROUP LIMITED	BOARD MEMBER	NO
MR. PEDRO JOSE LOPEZ JIMENEZ	ACS SERVICIOS. COMUNICACIONES Y ENERGIA S.L.	DEPUTY CHAIRMAN	NO
MR. PEDRO JOSE LOPEZ JIMENEZ	ACS SERVICIOS Y CONCESIONES S.L.	DEPUTY CHAIRMAN	NO

C.1.11 List, if applicable, any Board Members or legal representatives of Members of the company who are members of the Boards of Directors or legal representatives of Members of other non-group companies that are listed on official securities markets in Spain, as disclosed to the company:

Name or company name of the Board Member	Company name of the Group company	Position
MRS. CATALINA MIÑARRO	MAPFRE, S.A.	BOARD MEMBER
MR. JOSE MARIA LOIZAGA VIGURI	ZARDOYA OTIS. S.A.	DEPUTY CHAIRMAN
MR. JOSE MARIA LOIZAGA VIGURI	CARTERA INDUSTRIAL REA. S.A.	BOARD MEMBER
MR. JAVIER ECHENIQUE LANDIRIBAR	BANCO SABADELL. S.A.	DEPUTY CHAIRMAN
MR. JAVIER ECHENIQUE LANDIRIBAR	GRUPO EMPRESARIAL ENCE. S.A.	BOARD MEMBER
MR. JAVIER ECHENIQUE LANDIRIBAR	TELEFONICA, S.A.	BOARD MEMBER
MRS. CARMEN FERNÁNDEZ ROZADO	ENERGÍAS DE PORTUGAL (EDP)	BOARD MEMBER
MR. MIGUEL ROCA JUNYENT	ENDESA, S.A.	BOARD MEMBER
MR. MIGUEL ROCA JUNYENT	AIGUES DE BARCELONA	BOARD MEMBER

C.1.12 Indicate, and if applicable, explain whether the Company has established any rules about the number of Boards on which its Board Members may sit:

Yes	No
	X

C.1.13 Indicate the overall remuneration for the Board of Directors:

Remuneration of the Board of Directors (thousands of euros)	27,905
Amount of rights accumulated by current Board Members as regards pensions (thousands of euros)	74,804
Amount of rights accumulated by former Board Members as regards pensions (thousands of euros)	0

C.1.14 Identify the Senior Executives who are not Executive Board Members and indicate the total remuneration paid to them during the year:

Name or company name	Position
Mr. Ángel Manuel García Altozano	Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Ángel Manuel Muriel Bernal	Deputy Director General Manager to CEO of ACS, Actividades de Construcción y Servicios, S.A.
Mrs. Cristina Aldámiz-Echevarria Gonzalez de Durana	Finance and Corporate Development Manager of ACS Actividades de Construcción y Servicios, S.A.
Mr. Alejandro Mata Arbide	Administration Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Alfonso Esteban Moreno García	Chief Fiscal Consulting of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Adolfo Valderas Martínez	Chief Executive Officer of Dragados, S.A.
Mr. Enrique José Pérez Rodríguez	Chief Executive Officer of Cogesa, S.A.
Mr. Luis Nogueira Miguelsanz	Secretary General for Construction, Concessions and Environment
Mrs. Marta Fernández Verdes	Finance Director of Dragados, S.A.
Mr. Ricardo Cuesta Castiñeyra	Head of the Legal Department of Dragados, S.A.
Mr. Eusebio Arnedo Fernández	Head of Human Resources of Dragados, S.A.
Mr. Diego Miguel Zumaquero García	Manager Canadá in Dragados, S.A.
Mr. Ricardo García de Jalón Morga	Manager of Building at Dragados, S.A.
Mr. Santiago García Salvador	Manager for Europe of Dragados, S.A.
Mr. Ricardo Martín de Bustamante Vega	Contract Manager, Dragados, S.A.
Mr. Ricardo Franco Barberán	Manager for Civil Work in Dragados, S.A.
Mr. Alejandro Emilio Canga Botteghelz	Manager for rest Europe of Dragados, S.A.
Mr. Gonzalo Gómez-Zamalloa Baraibar	Manager of Iberoamérica en Dragados, S.A.
Mr. Julián Garí Munsuri	Risk and Management Control Manager in Dragados, S.A.
Mr. José Antonio López-Monís Plaza	Studies and International Developments Manager of Dragados, S.A.
Mr. José María Aguirre Fernández	Sole Director of Vías y Construcciones, S.A.
Mr. Gustavo Tunell Ayuso	Manager of Gravity, INC
Mr. Pablo Fernández Fernández	General Manager of Geotecnia y Cimientos, S.A. (Geocisa)
Mr. Eloy Domínguez-Adame Bozzano	General Manager of Drace Infraestructuras, S.A.
Mr. Francisco Reinoso Torres	Administration and Finance Manager of ACS Servicios y Concesiones, S.L.
Mrs. Nuria Haltwanger	Chairman of Iridium, Concesiones de Infraestructuras, S.A.
Mr. David Cid Grueso	Administration Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. Carlos Royo Ibáñez	Operations Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. Cristóbal Valderas Alvarado	Natural person representing the Sole Administrator of Clece, S.A.
Mr. Javier Román Hernando	General Manager of Clece, S.A.
Mr. Raúl Gutierrez Rodríguez	Administration and Finance Manager of Clece, S.A.
D <sup>a</sup> . Purificación González Pérez	Human Resources Manager of Clece, S.A.
Mr. Eugenio Llorente Gómez	Chairman and CEO of the Industrial Services Area
Mr. José Alfonso Nebrera García	General Manager of ACS Servicios Comunicaciones y Energía, S.L.
Mr. Epifanio Lozano Pueyo	Corporate General Manager of ACS Servicios Comunicaciones y Energía, S.L.
Mr. Cristobal González Wiedmaier	Finance Manager of ACS Servicios Comunicaciones y Energía, S.L.
Mr. Andrés Sanz Carro	Manager in ACS, Servicios Comunicaciones y Energía, S.A.
Mrs. Aída Pérez Alonso	Head of the Legal Department of ACS Servicios Comunicaciones y Energía S.L.
Mr. José María Castillo Lacabex	General Manager of Cobra Instalaciones y Servicios, S.A.
Mr. José Reis Costa	Chairman of Procme LTD
Mr. Miguel Ángel Martínez Anguita	Chairman of Sociedad Española de Montajes Industriales, S.A. (SEMI).
Mr. Carlos Díaz Hidalgo	Chairman of Imesapi, S.A.
Mr. Marco Antonio Rodriguez	Chairman of CYMI

Name or company name	Position
Mr. José M <sup>a</sup> Pau	Chairman of Masa
Mr. José Antonio Fernández García	General Manager of Grupo Etra y Cobra Energía
Mr. Raúl Llamazares de la Puente	CEO of Intecsa, Initec and Makiber
Mr. José Luis Celorrio García	General Manager of Maetel, S.A.
Mr. Pedro Ascorbe Trian	Chairman of Dragados Off Shore, S.A.
Mr. Antonio Pérez Hereza	Chairman of Sice, Tecnología de Sistemas, S.A.
<b>Total Senior Executive remuneration (thousand euros)</b>	
	33,392

The list of senior management members provided in this section does not include executives of the ACS Group whose activities are concerned with listed companies like Hochtief and Cimic.

**C.1.15 Indicate whether any amendments have been made to the Rules of the Board of Directors during the year:**

	Yes	No
		X

**C.1.16 Indicate the procedures for selection, appointment, re-election, evaluation and removal of Board Members. List the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.**

Procedures for selection, appointment, reappointment and removal of members of the Board of Directors of the Company are governed by the Rules of Procedure of the Board of Directors. The Board of Directors of the Company is composed of a minimum of eleven members and a maximum of twenty. In accordance with this guideline, the Board of Directors of the Company (having previously informed the Appointments Committee) is responsible for proposing to the General Shareholders' Meeting both the number of directors and the appointment or reappointment of natural or legal persons, except in the case of independent directors, whose nominations are submitted to the Appointments Committee. The appointment nominations must include the category of the proposed Directors and must in any case be accompanied by a report justifying the competence, experience and merits of the nominee to the Board, as well as the diversity criteria as referred to in the diversity policy (Articles 3 and 5 of the RCA).

In addition, in the event of any vacancies, the Board of Directors may provisionally appoint Directors by co-optation until the next General Shareholders' Meeting, following a report or at the proposal of the Appointments Committee depending on the category of director and applying the aforementioned procedures (Art. 3 of the RCA).

In this regard, the Board of Directors, with the collaboration and support of the Appointments Committee, must ensure that the selection procedures of its members promote diversity in its various aspects and does not entail any bias or any kind of discrimination and, in particular, facilitate the selection of Board Members in sufficient number to allow a balanced representation of men and women, taking into account the fact that the criteria established in the Diversity Policy of the Company was reviewed by the Board of Directors on February 27, 2019.

The appointment of the Board Members shall expire when their term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous fiscal year. However, the Proprietary Directors must offer the Board of Directors their resignation when the shareholder they represent fully transfers their shareholder position for any other title (art. 13 RCA).

**C.1.17 Explain to what extent the annual assessment of the Board led to significant changes to its internal organization and to the procedures applicable to its activities.**

Description of amendments

In accordance with article 9 of the regulation of the Board of Directors, the ACS board will evaluate its functioning each year.

The self-assessment process of the Board carried out in 2018 with respect to 2017, which included questionnaires and personal interviews with members of the Board, included the collaboration of an external consultant. This assessment resulted in a work plan aimed at strengthening the areas for improvement identified by the Board Members.

Moreover, the assessment of the 2018 financial year, including questionnaires and personal interviews with members of the Board, is currently underway. In any case, the result of the assessment will be reported in next year's Annual Corporate Governance Report.

Describe the assessment process and the areas assessed by the Board of Directors with the assistance, where applicable, of an external consultant, with regard to the functioning and composition of the board and its conditions, any other area or aspect that has been the subject of evaluation.

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

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The Board performs an annual evaluation of its operation and that of its Committees (Executive Committee, Audit Committee, Appointments Committee and Remunerations Committee) consisting of a broad-ranging written survey addressed by the Secretary of the Board to all its members and to all the members of the respective Committees, commenting subsequently on their results and any measures to be taken in order to improve their operation.

As noted above, the self-assessment process of the Board carried out in 2018 with respect to 2017, which included questionnaires and personal interviews with members of the Board, included the collaboration of an external consultant. Among other issues, the composition of the Board and its Committees, its organization and functioning and performance of responsibilities and the performance of the Chairman, the CEO and the Secretary General was evaluated. Following the self-assessment process, a work plan was developed to make progress in the areas for improvement identified by board members.

Also as part of the self-assessment process, an analysis of the recommendations was carried out on the corporate governance of the relevant investors for the company, in order to identify the degree of alignment of ACS' practices and policies with external reference standards.

**C.1.18 Provide a breakdown for those financial years in which the assessment process involved an external consultant, of the business relationships that the consultant or any company in its group maintains with the company or any company in its group.**

The external consultant commissioned to participate in the assessment process of the Company provides services to the Company on non-financial information and has collaborated on the design of its compliance system. The members of the external team carrying out the work do not have any personal or family relationships with the directors of the Company, are not significant shareholders and there are no conflicts of interest that could impair their objectivity.

**C.1.19 Indicate the cases in which the Board Members must resign.**

In accordance with Article 13 of the Rules of the Company's Board of Directors, the Proprietary Board Members shall resign from the Board of Directors when the shareholder they represent fully disposes of its shares by any means.

**C.1.20 Are qualified majorities, other than statutory majorities, required for any type of decision?**

Yes	No
	X

C.1.21 State whether there are specific requirements, other than those related to Board Members, to be nominated as Chairman.

Yes	No
	X

C.1.22 Indicate whether the By-laws or the Rules of the Board of Directors set any age limit for Board Members:

Yes	No
	X

C.1.23 Indicate if the Company By-laws or the Rules of the Board of Directors establish a limited mandate or other additional stricter requirements than those set forth in law for Independent Board Members, differing from that laid down in the regulations:

Yes	No
	X

C.1.24 Indicate whether the Company By-laws or the Rules of the Board of Directors establish specific rules for delegating votes on the Board of Directors, the form of doing so and, in particular, the maximum number of delegations that a Board Member can hold, as well as any limitations established with regard to the classes of Board Member to whom votes may be delegated above and beyond the legal restrictions established. Where applicable, give a brief description of these rules.

In accordance with article 11 of the Rules of the Board of Directors, and without prejudice to attendance obligations, Board Members who are unable to attend Board meetings in person may be represented and cast a vote through another Board Member. This delegation must be in writing to the Chairman and must be in the form of a letter, email or any other written means that acknowledges receipt by the addressee. Non-executive Board Members may only delegate their votes to other non-executive Directors.

C.1.25 Indicate the number of meetings that the Board of Directors held during the year. In addition, indicate the number of times the Board has met without the presence of the Chairman, if applicable: In this calculation, Board Members who have granted proxies without specific instructions shall be considered to present:

Number of Board meetings	9
Number of Board meetings without chairman's attendance	0

If the chairman is also an executive director, indicate the number of meetings held under the chairmanship of the coordinating director without the attendance in person or by proxy of any executive director:

Number of meetings	8
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Indicate the number of meetings held by the coordinating director with the other directors, without the assistance or representation of any other board member:

Number of meetings	0
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Indicate the number of meetings held during the year by the different board committees:

Commission	Nº de Meetings
Executive Committee	11
Audit Committee	7
Appointments Committee	2
Remuneration Committee	2

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and the data about attendance with all members present.

Number of meetings attended by at least 80% of the directors	8
Number of attendances as a % of the total votes during the year	97.2%
Number of meetings with attendance in person or representations made with specific instructions of	8
Number of votes cast with attendance in person and representations made with specific instructions as a % of the total votes during the year	97.2%
Number of meetings attended by all Board Members	4
Number of attendances as a % of the total votes during the year	97%

C.1.27 Indicate whether the individual and consolidated financial statements are certified before being presented to the Board of Directors for approval:

Yes	No
X	

Identify, if applicable, the person(s) who certified the company's individual and consolidated financial statements for authorization by the Board:

Name	Position
ÁNGEL MANUEL GARCÍA ALTOZANO	CORPORATE GENERAL MANAGER

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being presented at the General Shareholders' Meeting without a qualified auditors' report.

As established in the current Article 24 of the Rules of Procedure of the Board of Directors, meetings shall be held with the Audit Committee at the beginning and end of the audit of the Company's and the Group's individual and consolidated financial statements, and before the issue of the pertinent audit reports. The Committee shall also meet on the occasion of the preparation of the mandatory financial information which the Company is required to publish.

The meetings of the Audit Committee shall be attended, when expressly summoned, where appropriate, by the auditor of the Company for the purposes of explaining the more salient aspects of the audits, which allows the Commission to compare, with sufficient notice, any divergences between the accounting policies of the Company and its Group of Companies and the interpretation of the Auditor.

In addition, the functions of the Audit Committee are:

- To supervise the preparation and integrity of the company's, and where applicable the group's, financial information, reviewing compliance with regulatory requirements and ensuring appropriate definition of the scope of consolidation and proper application of accounting criteria and, in particular, to know, understand and monitor the effectiveness of the internal financial reporting control system (ICFR).

To inform, in advance to the Board of Directors on all matters provided for in the law, the By-Laws and the Rules of Procedure of the Board of Directors and in particular on the financial information that the company must periodically make public.

#### C.1.29 Is the Secretary of the Board a Board Member?

	Yes	No
	X	

#### C.1.30 Indicate the mechanisms, if any, established by the company to preserve the independence of the external auditors, of financial analysts, investment banks and of rating agencies.

The mechanisms established by the Company to preserve the independence of the external auditors, financial analysts, investment banks and rating agencies are part of the functions of the Audit Committee referred to in Article 24 of the Rules of Procedure of the Board of Directors, which was amended by the Board of Directors on February 27, 2019 in order to adapt it essentially to Guideline 3/2017 of the CNMV on audit committees of public interest entities.

Regarding the auditor, Article 24 of Rules of Procedure of the Board of Directors expressly provides that the functions of the Audit Committee include that of establishing appropriate relations with the external auditor to receive information, for consideration by the Committee, on any issues that could jeopardize their independence and any other issues related to the conduct of the audit and, where appropriate, the authorization of services other than those prohibited under the provisions of the applicable regulations, as well as any other communications provided for in the audit legislation and auditing standards.

The Audit Committee is also responsible for raising any proposals for the selection, appointment, reappointment and removal of the external auditor with the Board of Directors. In so doing, it assumes responsibility for the selection process and the conditions of their employment, and to this end shall: (i) define the procedure for selecting the auditor; and (ii) issue a reasoned proposal containing at least two alternatives for the appointment of the auditor, except in the case of reelection thereof and collect information on the audit plan from the external auditor on a regular basis, as well as on its implementation and any other matters related with the audit process, particularly any discrepancies that may arise between the auditor and management of the Company, in addition to preserving their independence in the exercise of their functions.

In turn, the Audit Committee, which is responsible for relations with the external auditors of the Company, shall refrain from proposing to the Board of Directors, and this to raise it at the general meeting, the appointment of any auditing company that is in a situation of incompatibility under the audit legislation.

#### C.1.31 Indicate whether the company changed its external auditors during the year. If so, identify the incoming and outgoing auditors:

	Yes	No
		X

#### C.1.32 Indicate whether the audit firm performs other non-audit work for the company and/or its group and, if so, state the amount of fees received for such work and the percentage they represent of the fees billed to the company and/or its group:

	Yes	No
	X	

	Company	Group	Total
Amount of other non-audit work (thousands of euros)	126	1,052	1,178
Amount of other non-audit work/total amount billed by audit firm (as a %)	14.15%	8.88%	9.25%

C.1.33 Indicate whether the Auditors' report on the financial statements for the previous year had any reservations or qualifications. If so, indicate the reasons given by the chairman of the Audit Committee to explain the content and scope of the reservations or qualifications.

	Yes	No
		X

C.1.34 Indicate the number of uninterrupted years that the current auditing firm has carried out the audit of the financial statements of the Company and/or its Group. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the financial statements have been audited:

	Company	Group
Number of uninterrupted years	17	17
Number of years audited by current auditing firm /Number of years that the company has been audited in %	58.62%	58.62%

C.1.35 Indicate whether there is a procedure for Board Members to be able to receive outside advisory services, and if so, give details:

	Yes	No
	X	

#### Detail of procedure

In the performance of his duties, the Director of the Company is under the obligation to request, and has the right to obtain from the company, adequate and necessary information to help fulfill his obligations. Unless the Board of Directors has been exceptionally convened for reasons of urgency, the Directors must be furnished with information relevant to the performance of their duties with sufficient notice and in the right format (Articles 17 and 21.2.c) of the Rules of Procedure of the Board of Directors).

In relation to this, and given the importance that the company gives to adequate information from the Directors for its decision-making process, Article 7 of the Rules of Procedure of the Board of Directors states that any observations made by members of the Board, particularly those that could affect the availability of the necessary information to issue their opinion and vote must be included in the Minutes of the Board of Directors in which the accounts are formulated.

C.1.36. Indicate if the company has established rules which oblige the Board Members to report and, where applicable, to resign in cases which may involve causing damage to the company's credit and reputation, and if so explain said rules:

	Yes	No
	X	

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Explanation of rules

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The rules are included in Articles 14 and 15 of the Regulations of the Board of Directors, and make reference to the duties of the Directors and govern any potential conflicts of interest. Specifically, Article 14.2. details the duty of loyalty of the Directors and requires the necessary measures to be taken to avoid any situations in which their interests may conflict with corporate interests and their duties to the Company.

In this regard, the Board Members must inform the Company of the most significant changes that occur in their professional situation, especially those that affect the qualities taken into account for their designation as such. In addition, they will inform the Company of any procedure, legal or administrative, that due to their importance, may seriously affect the Company's reputation.

In turn, article 15 specifies the obligation of directors to notify the Board of Directors of any situation of conflict, direct or indirect, that they or persons related to them may have with the company's interest.

C.1.37 Indicate whether any member of the Board of Directors has informed the Company that legal action has been taken or that a lawsuit had been filed against him or her for any of the crimes set forth in Article 213 of the Spanish Companies Law:

Yes	No
	X

C.1.38 Detail the significant agreements entered into by the Company that will come into force, be modified or terminate in the event of a change in control over the Company resulting from a takeover bid, and the effects thereof.

- Issue by ACS Actividades Finance 2 B.V. of bonds convertible into Iberdrola shares for an outstanding face value of EUR 235 million at December 31, 2018, maturing on March 27, 2019 and bearing nominal annual interest at a fixed rate of 1.625%. These bonds are listed on the unregulated Freiverkehr market of the Frankfurt Stock Exchange. The bonds may be redeemed early at the discretion of bondholders under certain conditions.
- Issue by ACS, Actividades de Construcción y Servicios, S.A. of Euromarket Notes for a total of EUR 500 million on March 16, 2015 under its Euro Medium Term Note Program (EMTN Program) authorized by the Central Bank of Ireland. This issue matures in five years and was paid on April 1, 2015. The annual coupon is 2.875% and the issue price was 99.428%. The Notes are listed on the Irish Stock Exchange.

C.1.39 Identify, in form, and indicate, in detail, the agreements between the Company and its executive and management posts or employees who have termination benefits, guarantee or golden parachute clauses, when they resign or are dismissed unfairly or the contractual relationship ends due to a takeover bid or other type of operation.

The General Meeting shall be deemed to have been informed of the clauses to the extent that they may be mentioned in the Annual Remuneration Report submitted for approval at the General Meeting on a consultative basis only.

**Number of beneficiaries: 0**

**Type of beneficiary:**

Members of senior management, including Executive Board Members.

**Description of agreement:**

The contracts expressly envisaged the right to compensation when dismissed without due cause from their executive duties, or if the employment relationship was concluded as a result of a change in control of the

Company, with maximum compensation of between 3 and 5 years of their remuneration. These contracts were signed on the basis of market conditions at the time and with an age limit for each executive. As this age limit has been exceeded, at the date of this report there is no possibility of such compensation being paid. Furthermore, the terms of current legislation are now applicable to senior management contracts.

In the case of Marcelino Fernández Verdes, Managing Director of ACS since his appointment at the General Shareholders' Meeting of May 4, 2017, he is also a member of the Executive Board of Hochtief A.G. As a result of his membership on the board, he is entitled to compensation equivalent to one year of his fixed annual salary in the event that his contract is not extended. In order for this departing compensation to be paid, as a member of the Executive Board of Hochtief A.G. he must be in at least his second term as member of the committee and less than 65 years old at the time that the contract is terminated.

If the contract is terminated early, the compensation shall not exceed the amount of his annual salary for two years (compensation cap) and the compensation shall not be paid for an amount greater than the remaining time on the contract.

For further details on this item you may refer to the Hochtief 2017 annual report at <http://www.hochtief.com/>

**Indicate whether or not besides the cases set forth by the standards, these contracts have to be disclosed to and/or approved by the bodies of the Company or of its Group. Indicate whether, beyond the cases stipulated in the regulations, these contracts have to be disclosed to and/or approved by the bodies of the Company or of its Group. If so, specify the procedures and scenarios and the nature of the bodies responsible for their approval or disclosure:**

	Board of Directors	General Meeting
Body authorizing the clauses	Yes	No

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

## C.2 COMMITTEES OF THE BOARD OF DIRECTORS

C.2.1 Detail all the Committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external Board Members on them:

### Executive Committee

Name	Position	Type
MR. FLORENTINO PÉREZ RODRÍGUEZ	CHAIRMAN	Executive
MR. MARCELINO FERNÁNDEZ VERDES	MEMBER	Executive
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	VICE CHAIRMAN	Other External
MR. JOSÉ MARÍA LOIZAGA VIGURI	MEMBER	Other External
MR. ANTONIO GARCÍA FERRER	MEMBER	Executive
MR. JAVIER ECHENIQUE LANDIRIBAR	MEMBER	Proprietary
<b>% Executive Board Members</b>		50.00%
<b>% Proprietary Board Members</b>		16.67%
<b>% Other External Members</b>		33.33%

**Explain the functions delegated or assigned to this committee which differ from those already described in section C.1.10 and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate the most important actions during the year and how each of the functions assigned, either in the law, bylaws or other corporate agreements has worked in practice.**

The Executive Committee will exercise all duties delegated to it by the Board of Directors, except for those that by Law or the Company By-laws are considered non-transferable. However, the Board of Directors may address and decide on any matters of its competence, while the Executive Committee, on the other hand, may submit any matter requiring a decision to the Board of Directors should the Committee consider that the Board of Directors should decide on the issue, even if it is the responsibility of the Executive Committee.

The Committee shall meet as often as it is convened by its Chairman, on his or her own initiative or at the request of at least two of its members. It shall be deemed to be in session when the majority of its members attend, present or by proxy, and, unless the legislation in force, the Corporate Bylaws or the Regulations of the Board of Directors provide otherwise, it shall adopt its agreements by majority vote of those attending, in person or by proxy.

The Secretary of the Board of Directors serves as Secretary of the Committee and with voice but not vote.

To the extent that it is necessary and with the natural adaptations, the functioning of the Executive Committee shall be governed by the provisions of the Board of Directors Regulations.

During the 2018 financial year, the Executive Committee met 11 times to analyze in depth the financial information of the Company, and took decisions in the various areas of its competence, particularly in relation to the objectives and strategies to be followed when conducting business.

### Audit Committee

Name	Position	Class
MRS. CARMEN FERNÁNDEZ ROZADO	CHAIRMAN	Independent
MR. EMILIO GARCÍA GALLEGRO	BOARD MEMBER	Independent
MR. JOSE MARIA LOIZAGA VIGURI	BOARD MEMBER	Other External
MR. CATALINA MIÑARRO BRUGAROLAS	BOARD MEMBER	Independent
MR. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	BOARD MEMBER	Proprietary
<b>% Proprietary Board Members</b>		20.00%
<b>% Independent Board Members</b>		60.00%
<b>% Other External Board Members</b>		20.00%

**Explain the functions assigned to this committee, including, where appropriate, any additional functions to those provided for in the law, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate the most important actions during the year and how each of the functions assigned, either in the law, bylaws or other corporate agreements has worked in practice.**

The functions of the Audit Committee are as follows:

Regarding supervision of financial information:

- a) To report to the General Shareholders' Meeting on the issues arising in relation to those matters within the competence of the Committee and, in particular, on the outcome of the audit, explaining how this has contributed to the integrity of the financial information and the function that the Committee has played in this process.
- b) To oversee the preparation and integrity of the company's, and where applicable the group's, financial information, reviewing compliance with regulatory requirements and ensuring appropriate definition of the scope of consolidation and proper application of accounting criteria and, in particular, to know, understand and monitor the effectiveness of the internal financial reporting control system (ICFR). The Committee may submit recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of financial information.
- c) To report, in advance, to the Board of Directors on the financial information that the Company must periodically make public.

- d) To ensure that the Board of Directors submit the accounts to the General Shareholders' Meeting without any limitations or qualifications in the audit report and that, in exceptional cases in which there are exceptions, both the Chairman of the Committee and the auditors should clearly explain to the shareholders the content and scope of such limitations or exceptions.

Regarding the supervision of internal controls and audit:

- e) To monitor the effectiveness of the Company's internal controls and audit, and discuss any significant weaknesses in the internal control system detected during the audit with the auditors, without compromising their independence, with a view to reaching conclusions on the level of trust and reliability of the system. For this purpose, and if applicable, the Committee may submit recommendations or proposals to the Board of Directors and the relevant period for follow up.
- f) To oversee the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the head of the internal audit department; propose the budget for the service; approve its orientation and work plans, ensuring that activities are directed principally towards key risks for the company; receive regular information on internal activities; and ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration; and evaluate the functioning of the internal audit unit and the performance of its duties by their manager.
- g) To establish and supervise a mechanism allowing employees to report any irregularities of potential importance confidentially, particularly financial and accounting irregularities within the company, receiving regular information on its operation and with the power to propose appropriate actions to improve these and reduce risk irregularities in the future.

Regarding the supervision of risk management and control:

- h) To monitor the effectiveness of the risk management systems.
- i) To re-evaluate, at least annually, the list of most significant risks, both financial and non-financial, to assess the tolerance level, and propose, where appropriate, their adjustment to the Board of Directors. To this end, the Committee shall meet with senior officials of the business units at least annually in which they explain the business trends and associated risks.
- j) To directly oversee the performance of the internal control and risk management functions carried out by any unit or Department of the Company.

In relation to the external auditor:

- k) To raise any proposals for the selection, appointment, reappointment and removal of the external auditor to the Board of Directors. In so doing, assuming responsibility for the selection process and the conditions of their employment, and to this end shall:
  - 1. To define the procedure for selecting the auditor; and
  - 2. To submit a reasoned proposal containing at least two alternatives for selecting the auditor, except in the case of reelection of the same.
- l) To collect information on a regular basis from the external auditor on the audit plan and its implementation, and any other issues related to the audit process, particularly regarding any discrepancies that may arise between the auditor and management of the Company, in addition to preserving their independence in the exercise of their functions.
- m) To establish appropriate relations with the external auditor to receive information, for consideration by the Committee, on any issues that could jeopardize their independence and any other issues related to the conduct of the audit and, where appropriate, the authorization of services other than those prohibited under the provisions of the applicable regulations, as well as any other communications provided for in the audit legislation and auditing standards.

In any case, a declaration of independence must be received annually from the external auditors in relation to the entity or entities directly or indirectly related to the Company, as well as information on any additional services of any kind provided and the corresponding fees received from said entities by the auditor, or by persons or entities related thereto, in accordance with the provisions of the applicable legislation on auditing.

- n) To issue an annual report before the issuance of the audit report, expressing an opinion on whether the independence of the auditor has been compromised or not. This report shall in any case address the reasoned assessment of each of the additional non-audit services referred to in the preceding paragraph, considered both individually and as a whole, and the system in place to assure the auditor independence and compliance with prevailing audit regulations.
- ñ) To examine the circumstances and reasons in the event of resignation of the external auditor.
- o) To ensure that the remuneration of the external auditor for their work does not compromise its quality or independence, and establish a guide on the fees that the auditor can receive annually for non-audit services.
- p) To oversee reporting by the company of any change of auditor to the CNMV (Spanish national securities exchange), and to ensure that it is accompanied by a statement with regard to the possible existence of disagreements with the outgoing auditor, if any, and the content thereof.
- q) To ensure that the external auditor holds an annual meeting with the whole of the Board of Directors to report on the audit work carried out and on the evolution of accounting matters and the risks to which the company is exposed.
- r) To ensure that the Company and the external auditor respect prevailing regulations governing the provision of services other than auditing, the limits on the concentration of the auditor's business and all other regulations governing auditor independence in general.
- s) To perform a final assessment of the auditor's actions and how they have contributed to the quality of the audit and the integrity of the financial information.

Other functions:

- t) To report to the Board of Directors on all matters where so required by Law, the By-Laws and the Board Regulations, in particular with regard to:
  1. the economic conditions and the accounting impact and, where appropriate, on the proposed exchange ratio, and the operations and corporate structural changes that the Company plans to carry out.
  2. the creation or acquisition of investments in special purpose entities or registered in countries or territories listed as tax havens; and
  3. related-party transactions.

In addition, the Audit Committee shall supervise compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policies, being assigned the following functions:

- a) To supervise compliance with internal codes of conduct and with the company's corporate governance rules.
- b) To supervise the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders.
- c) To periodically assess the alignment of the company's corporate governance system in order to ensure that it fulfills its mission of furthering the corporate interest and takes the legitimate interests of other stakeholders into account where appropriate.
- d) To review the Company's corporate responsibility policy, ensuring that it is oriented to the creation of value;
- e) To monitor corporate social responsibility strategy and practices, and to assess the level of compliance.
- f) To supervise and evaluate processes affecting different stakeholder groups.
- g) To assess all matters connected with the non-financial risks to which the Company is exposed, including operational, technological, legal, corporate, environmental, political and reputational risks.
- h) To coordinate procedures for reporting non-financial information and on matters of diversity in accordance with applicable legislation and the relevant international standards.



The Audit Committee shall be deemed duly convened when the majority of its members are present, and adopts its resolutions by the majority vote of those present, the Chairman shall have the casting vote in the event of a tie. The Audit Committee shall meet as often as it may be convened by the Chairman, and it shall in any event meet at the beginning and end of the audit of the Company's and the Group's individual and consolidated financial statements, and before the issue of the pertinent audit reports. The Committee shall also meet on the occasion of the preparation of the mandatory financial information which the Company is required to publish. The Company's Auditor may attend meetings of the Audit Committee where specifically summoned to explain key issues arising from the audit procedures carried out.

The Secretary of the Company's Board of Directors shall attend meetings with voice but not vote, and shall take the minutes, copies of which shall be sent upon approval to each of the members of the Board of Directors.

To the extent that it is necessary and with the natural adaptations, the functioning of the Audit Committee shall be governed by the provisions of the Regulations regulating the functioning of the Board of Directors.

In 2018, the Audit Committee met 7 times, and performed, inter alia, the following functions within the scope of its powers:

- Within the framework of its duty of information to the General Meeting, the report on the performance of the Audit Committee was made available to the shareholders when the meeting was convened.
- With regard to monitoring the effectiveness of the internal controls, internal audit and risk management systems:
  - o the Internal Corporate Audit Management presented the 2017 Activities Report and Audit Plan for 2018 to the Audit Committee, in addition to presenting a summary of the reports already made and the situation of the internal audits of the various business areas to the Audit Committee at each of its meetings.
  - o The external auditors issued the "Auditor's report on the internal control system of ACS financial reporting (ICFR)" for 2017.
  - o Regarding internal audits and, in particular, those relating to the ICFR and internal fiscal control standard, the conclusions are included in the audit reports that the Internal Audit Management periodically presented to the Audit Committee.
- In relation to monitoring the preparation and presentation process of financial information, particularly with regard to the individual and consolidated financial statements for 2017:
  - o At its February and March 2018 meetings, with the active presence of the external auditors and CEO, the Audit Committee examined the individual and consolidated financial statements for 2017 and issued a favorable report. The Audit Committee did not identify any significant incidents for which it was necessary to make any recommendations to the Board of Directors to safeguard the integrity of financial information.
  - o Also at the March meeting, the Audit Committee unanimously agreed to issue a favorable opinion on the Annual Corporate Governance Report and the Directors' Remuneration Report.
- The Audit Committee decided to re-elect Deloitte, S.L. as auditor of the Company and its consolidated group, since it considered that its performance had been guided by the principles of independence and professionalism, and proposed that the Board raised to the General Meeting that the appointment be extended for a further year, 2019, in accordance with the legal provisions and internal regulations.
- Regarding the independence of the auditor, it has informed the Audit Committee in writing of its independence.
- Regarding the periodic financial information, the Audit Committee reviews, prior to submission, the quarterly financial information sent to the CNMV. The scope of this review covers both information contained in the official formats of the CNMV and the information that the Company submits to the same in the publication of its quarterly results, verifying that the information expressed therein is coherent, and analyzing the rationality of the criteria applied and the accuracy of its figures.
- Regarding the transactions with related parties reported both in the corresponding Annual Corporate Governance Report for the 2017 financial year (Section D) and under the epigraph of the consolidated annual accounts for the 2017 financial year, which were examined and reported favorably by the Audit Committee, at its meetings on February 28 and March 22, 2018, reference is made to the Transactions and balances with related parties.

- As part of the Board's assessment, the external consultant who took part in said assessment interviewed members of the Audit Committee to review the questionnaires and collate areas for improvement identified by directors. The functioning of the Audit Committee received a positive assessment from its members.

**Identify the Board Member appointed to a seat on the audit committee in view of his/her knowledge and expertise in accounting and audit matters, and indicate the number of years for which the audit committee's chairman has held office.**

<b>Name of Board Member with relevant expertise</b>	MRS. CARMEN FERNÁNDEZ ROZADO MR. JOSÉ MARÍA LOIZAGA
<b>Number of chairman's years in office</b>	2/28/2017

### Appointments Committee

Name	Position	Class
MRS. CATALINA MIÑARRO BRUGAROLAS	CHAIRMAN	Independent
MR. JAVIER ECHENIQUE LANDIRIBAR	BOARD MEMBER	Proprietary
MRS. CARMEN FERNÁNDEZ ROZADO	BOARD MEMBER	Independent
MR. JOAN DAVID GRIMA TERRE	BOARD MEMBER	Other External
MR. JOSE MARIA LOIZAGA VIGURI	BOARD MEMBER	Other External
MR. PEDRO LÓPEZ JÍMENEZ	BOARD MEMBER	Other External
<b>% Proprietary Board Members</b>		28.57%
<b>% Independent Board Members</b>		28.57%
<b>% Other External Board Members</b>		42.85%

**Explain the functions assigned to this committee, including, where appropriate, any additional functions to those provided for in the law, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate the most important actions during the year and how each of the functions assigned, either in the law, bylaws or other corporate agreements has worked in practice.**

In accordance with Article 26 of the Rules of Procedure of the Board of Directors, the Appointments Committee is responsible for proposing and/or reporting to the Board of Directors on:

- Appointments of Directors and the Secretary of the Board of Directors.
- Appointments of senior managers, especially those who will be part of the Group's Steering Committee, as well as the conditions of their contracts.
- Issues relating to gender diversity on the Board of Directors.

To the extent that it is necessary and with the natural adaptations, the functioning of the Appointments Committee shall be governed by the provisions Regulations regarding the functioning of the Board of Directors.

The Appointments Committee shall meet, when convened by the Chairman, at least twice a year. The meeting shall only be deemed to be convened when the majority of its members attend and agreements are adopted by majority vote of those attending, with the Chairman having the casting vote in the event of a tie.

The Secretary of the Company's Board of Directors shall attend meetings with voice but not vote, and shall take the minutes, copies of which shall be sent upon approval to each of the members of the Board of Directors.

During 2018, the Appointments Committee met on 2 occasions, and took decisions in its various areas of competence.

## Remuneration Committee

Name	Position	Class
MR. ANTONIO BOTELLA GARCÍA	CHAIRMAN	Independent
MR. MANUEL DELGADO SOLIS	BOARD MEMBER	Proprietary
MR. EMILIO GARCÍA GALLEGO	BOARD MEMBER	Independent
MR. MARIANO HERNÁNDEZ HERRERO	BOARD MEMBER	Proprietary
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	BOARD MEMBER	Proprietary
MR. MIGUEL ROCA JUNYENT	BOARD MEMBER	Other External
MR. JOSE ELADIO SECO DOMINGUEZ	BOARD MEMBER	Independent
<b>% Proprietary Board Members</b>		33.33%
<b>% Independent Board Members</b>		50.00%
<b>% Other External Board Members</b>		16.67%

**Explain the functions assigned to this committee, including, where appropriate, any additional functions to those provided for in the law, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate the most important actions during the year and how each of the functions assigned, either in the law, bylaws or other corporate agreements has worked in practice.**

In accordance with Article 27 of the Regulations of the Board of Directors, the Remunerations Committee is responsible for proposing and/or reporting to the Board of Directors on:

- The remuneration system of the Chairman of the Board of Directors and other senior executives of the Company.
- The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the shareholders at the General Meeting and, if applicable, the establishment of supplementary remuneration and other payments corresponding to executive Board Members in relation to their functions.
- Remuneration of Board Members.
- Long-term plans that may be established in accordance with the value of the share, such as stock option plans.

The Remunerations Committee shall meet, when convened by the Chairman, at least twice a year. The meeting shall only be deemed to be convened when the majority of its members attend and agreements are adopted by majority vote of those attending, with the Chairman having the casting vote in the event of a tie.

The Secretary of the Company's Board of Directors shall attend meetings with voice but not vote, and shall take the minutes, copies of which shall be sent upon approval to each of the members of the Board of Directors.

During 2018, the Remunerations Committee met on 2 occasions, and took decisions in its various areas of competence.

**C.2.2 Complete the following table with information relating to the number of women Board Members on the Committees of the Board of Directors during the last four financial years.**

	Number of women Board Members							
	2018		2017		2016		2015	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Audit Committee	3	60.00%	3	60.00%	2	40.00%	1	20.00%
Appointments Committee	2	33.33%	2	33.33%	1	14.30%	0	0.00%
Remuneration Committee	1	16.67%	1	14.30%	1	14.30%	0	0.00%

Indicate, if applicable, if there are Rules of the Board Committees, where they can be consulted and amendments made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily.

The Board Committees are governed by Articles 19 to 23 of the Company By-laws and Articles 22 to 26 of the Rules of the Board of Directors. Both documents are available on the corporate website.

Name or company name	Brief description
EXECUTIVE COMMITTEE	The Executive Committee is regulated in articles 19 and 20 Articles of Incorporation in Article 23 of the Rules of the Board of Directors.
AUDIT COMMITTEE	The Audit Committee is regulated in article 21 of the Articles of Incorporation and articles 24 and 25 of the Rules of the Board of Directors, which prepares an annual report on its activities.
APPOINTMENTS COMMITTEE	The Appointments and Remuneration Committee is regulated in article 22 of the Articles of Incorporation and in article 26 of the Rules for the Board of Directors.
REMUNERATION COMMITTEE	The Appointments and Remuneration Committee is regulated in article 22 bis of the Articles of Incorporation and in article 27 of the Rules for the Board of Directors.

## D. RELATED PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

### D.1 EXPLAIN THE PROCEDURE FOR APPROVING TRANSACTIONS WITH RELATED PARTIES AND WITHIN THE GROUP.

#### Procedure for approving related party transactions

In accordance with article 5.2.t) of the Rules of the Board of Directors, corresponding to the Board of Directors, subject to a report from the Audit Committee, the approval of the transactions carried out by the Company or group companies with directors under the terms established by prevailing legislation, or with shareholders owning significant shareholdings either individually or in concert, including shareholders represented on the Company's Board of Directors or shareholders of other companies forming part of the same group, or persons related with the same. To this end, Article 24.6.t) in force of the Regulations of the Board of Directors assigned the Audit Committee the function of informing the Board of Directors, in advance, of any transactions with related parties.

Directors linked, representing or related to the shareholders affected shall abstain from participating in deliberations and voting on the resolution in question. The only exception shall be made in the event of approval of transactions simultaneously meeting the following three conditions:

1. They are carried out under contracts entered based on standard terms and conditions applied en masse to large numbers of customers;
2. They are carried out at prices or rates established in general by the provider of the good or service in question; and
3. The sum involved does not exceed one per cent of the Company's annual revenues.

### D.2 LIST THOSE TRANSACTIONS, WHICH ARE SIGNIFICANT DUE TO THEIR MAGNITUDE OR RELEVANT DUE TO THEIR SUBJECT, CARRIED OUT BETWEEN THE COMPANY OR GROUP COMPANIES AND THE COMPANY'S SIGNIFICANT SHAREHOLDERS:

Does not apply

### D.3 LIST ANY MATERIAL TRANSACTIONS ENTAILING A TRANSFER OF FUNDS OR OBLIGATIONS BETWEEN THE COMPANY OR GROUP COMPANIES AND THE COMPANY'S ADMINISTRATORS OR EXECUTIVES:

Personal or corporate name of the managers or directors	Personal or corporate name of the related party	Link	Nature of the relationship	Amount (thousands of euros):
Pedro López Jiménez	Fidalsar, S.L.	Shareholder	Leases	203
Pedro López Jiménez	Fidalsar, S.L.	Shareholder	Services Received	66
Pedro López Jiménez	Terratest Técnicas Especiales, S.A.	Shareholder	Management or collaboration agreements	1,014
Pedro López Jiménez	Terratest Técnicas Especiales, S.A.	Shareholder	Services Received	3,512
Pedro López Jiménez	Fapin Mobi, S.L.	Shareholder	Dividends and other profit distributed	759
Javier Echenique	Banco Sabadell	Vice chairman	Financing Agreements: Loans and capital contributions (lender)	462,491
José María Loizaga	Zardoya Otis, S.A.	Board Member	Services Received	1,820

Personal or corporate name of the managers or directors	Personal or corporate name of the related party	Link	Nature of the relationship	Amount (thousands of euros):
José María Loizaga	Zardoya Otis, S.A.	Board Member	Services rendered:	29
Florentino Pérez	Rosán Inversiones, S.L.	Shareholder	Services rendered:	19
Florentino Pérez	Comunidad de Propietarios Pablo Aranda, 24	Shareholder	Services rendered:	193

In the epigraph “Other transactions” included all transactions not related to the specific sections included in the periodic public information reported in accordance with the regulations published by the CNMV.

All these commercial transactions were carried out on an arm’s length basis in the ordinary course of business and relate to the normal operations of the Group companies.

No information is included on specific transactions made by subsidiaries listed in countries other than the group parent company, Hochtief and CIMIC in particular (as well as their own subsidiaries) that are subject to their own regulations on corporate governance and transparency for listed companies. Such regulations could restrict the majority shareholder’s ability to determine and publish specific elements that were not made public because of the application of such rules.

In any case, any intragroup transaction carried out with entities established in countries or territories considered to be tax havens will be reported.

#### **D.4 REPORT ANY SIGNIFICANT TRANSACTIONS BY THE COMPANY WITH OTHER ENTITIES IN THE SAME GROUP, WHERE SUCH TRANSACTIONS ARE NOT ELIMINATED IN THE PROCESS OF PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS AND FROM THE STANDPOINT OF THEIR SUBJECT-MATTER OR TERMS AND CONDITIONS ARE NOT PART OF THE COMPANY’S ORDINARY BUSINESS.**

No information is included on specific transactions made by subsidiaries listed in countries other than the group parent company, Hochtief and CIMIC in particular (as well as their own subsidiaries) that are subject to their own regulations on corporate governance and transparency for listed companies. Such regulations could restrict the majority shareholder’s ability to determine and publish specific elements that were not made public because of the application of such rules.

In any case, report any intragroup transaction carried out with entities established in countries or territories considered to be tax havens:

#### **D.5 INDICATE THE VALUE OF THE TRANSACTIONS CARRIED OUT WITH OTHER RELATED PARTIES.**

Does not apply

#### **D.6 LIST THE MECHANISMS IN PLACE FOR DETECTING, IDENTIFYING AND RESOLVING ANY POTENTIAL CONFLICTS OF INTEREST BETWEEN THE COMPANY AND/OR ITS GROUP AND ITS BOARD MEMBERS, EXECUTIVES OR SIGNIFICANT SHAREHOLDERS.**

Article 15 of the Rules of the Board of Directors regulates such matters, establishing that the duty to prevent conflicts of interest obliges Board Members to refrain from the following:

- a) Entering into transactions with the Company, except in the case of minor, ordinary transactions carried out under standard terms and conditions applicable to customers, understood as those which it is not necessary to report to present fairly the equity, financial situation and results of operations of the Company;
- b) Using the Company's name or invoking the condition of Board Member in order improperly to influence private transactions.
- c) Using corporate assets, including confidential information belonging to the Company, for private purposes.
- d) Seeking to benefit from the Company's business opportunities.
- e) Receiving benefits or compensation from third parties outside the Company and its group associated with the discharge of the office of director, unless they consist merely of items.
- f) Undertaking any activities either personally or on behalf of any third party which might result in effective competition, whether actual or potential, with the Company, which might otherwise give rise to any permanent conflict of interests with the Company.

This above obligation to refrain shall be where the beneficiary of the prohibited actions and activities is a person relate to a Board Member. In this regard, the following persons shall be deemed to be related to the Board Members:

- a) A Board Member's spouse or persons with a like affective relationship.
- b) The ancestors, descendants and siblings of any Board Member and/or of his/her spouse.
- c) The spouses of a Board Member's ancestors, descendants or siblings.
- d) Companies with respect to which a Board Member is affected by any of the situations mentioned in article 42.1 of the Spanish Commercial Code, either personally or via any intermediary.

In the case of a legal entity acting as Board Member, the following shall be deemed to be related persons:

- a) Partners affected by any of the situations mentioned in article 42.1 of the Commercial Code with respect to the corporate Board Member.
- b) The *de jure* and *de facto* directors, the liquidators, or representatives holding general powers of attorney granted by the corporate Board Member.
- c) Companies forming part of the same group and their partners.
- d) Persons deemed related parties of Board Members in accordance with paragraph 2 above, standing in such relationship towards the natural person representing the corporate Board Member.

In any event, Board Members shall notify the Board of Directors of any situation of conflict of interests, whether direct or indirect, which they or their related parties might have with the Company.

Any situations of conflict affecting Board Members shall be disclosed in the Annual Report in accordance with prevailing legislation.

#### D.7 IS MORE THAN ONE GROUP COMPANY LISTED IN SPAIN?

Yes	No
	X

## E. RISK CONTROL AND MANAGEMENT SYSTEMS

### E.1 EXPLAIN THE SCOPE OF THE COMPANY'S RISK MANAGEMENT SYSTEMS, INCLUDING TAX RISKS.

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate risks and fulfil the objectives established by the Board of Directors. The diversity and complexity of the sectors in which the Group carries out its activities implies a variety of risks; the Corporate Unit is responsible for defining basic guidelines in order to homogenize performance criteria in each of the divisions to guarantee an adequate level of internal control. The General Policy for Risk Control approved July 29, 2016 and amended by the Company's Board of Directors on July 25, 2018, has the objective of appropriately managing those with a risk level that will enable:

- a) Attaining of the strategic objectives established by the group with controlled volatility;
- b) Providing the highest possible level of guarantees to shareholders;
- c) Protecting the results and the reputation of the Group;
- d) Defending the interests of shareholders, customers and other stakeholder groups in the progress of the Company and society in general; and
- e) Ensuring business stability and financial strength in a sustained manner over time.

The Group's companies and divisions are responsible for developing the required and appropriate internal regulation to govern the implementation of any necessary internal controls, which, in turn, shall guarantee optimum performance of such internal control in accordance with the special circumstances of their activities.

The Corporation approved its organization and management model on July 25, 2018 for the prevention of crimes referred exclusively to the activities carried out directly ACS, Actividades de Construccion y Servicios, SA, which is represented in the following key documents:

- Reference document of the Compliance Management System
- Criminal and Anti-bribery Compliance Policy
- General Risk Control and Management Policy

The adequacy and effectiveness of the model were recognized on December 11, 2018 through obtaining the following certifications:

- ASO-2018/0018, in recognition and certification of the conformity of the management system with the ISO 37001 UNE: 2017 standard.
- GCP-2018/0044, in recognition and certification of the conformity of the management system with the UNE 19601:2017 standard.

When these risks have been identified, a risk map is prepared which is updated regularly based on the different variables involved and the types of activities in which the Group is involved, assessing them on the basis of their impact and the probability of their occurrence.

The risk control systems adopt the Group's decentralized nature, enabling each business unit to exercise its own risk control and evaluation policies, being designed to control and mitigate risks and comply with the following basic principles: Definition of risk appetite and risk limits.

- a) Maximum assumable in each business in accordance with the characteristics and profitability expected from it, and that are considered from the origin of the transactions.
- b) Establishment of the procedures of identification, approval, analysis, control and information of the different risks for each business area.
- c) Coordination and communication so that the policies and procedures of risks of the activity areas are consistent with the overall risk policy of the Group.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding management information required for decisions with the monitoring of the appropriate indicators.

Tax risks are subject to control both within the context of the general risk control system and via specific procedures. At its meeting held on March 24, 2015, ACS' Board of Directors approved the Corporate Tax Policy for the ACS Group, which sets out the tax strategy of the Company and the key criteria underlying the management of tax risks,



establishing specific guidelines to define the best tax practices applicable. In addition, at its meeting of May 12, 2016 it approved an Internal Tax Control Policy that contains specific tax management and internal control procedures to be followed by the companies making up the group, as well as guidelines for review of the correct following of such procedures and the definition of plans for a response in the event of any breach of such rules. The procedures that have been established include a series of standard rules to be observed by all areas of the business, with special emphasis on the identification of parties responsible, as well as a detail of aspects that must be developed by each area, given the uniqueness of the business activity of each one. Such developments was approved in 2016 by the Board of Directors of the three area parent companies in Spain.

Hochtief, the German listed company which has been fully consolidated by the ACS Group since 2011, has defined its risk control policy to be consistent with its business activity and in line with the ACS Group's policies. The detail of these policies and systems is included in the 2018 (2018 Annual Report) on pages 113 to 126 (both inclusive), available on the website [www.hochtief.com](http://www.hochtief.com)

## **E.2 IDENTIFY THE COMPANY BODIES RESPONSIBLE FOR PREPARING AND EXECUTING THE RISK MANAGEMENT SYSTEM, INCLUDING TAX RISK MANAGEMENT.**

The ACS Group's Management Committee defines the Group's risk management policy and, if appropriate, sets up the appropriate management mechanisms to ensure that the risks are kept within the approved levels by the Board of Directors.

The Board of Directors entrusts the Audit Committee with the task of monitoring compliance with the established procedures and effective general supervision of compliance with the established risk levels for each business activity.

The Board of Directors approves the general policy of control and global risk management and its control and management system. The different areas concerned also include management of tax risks.

## **E.3 INDICATE THE MAIN RISKS, INCLUDING TAX RISKS THAT MAY AFFECT THE ACHIEVEMENT OF THE BUSINESS OBJECTIVES.**

The ACS Group's Risk Management System identifies and evaluates various risk scenarios grouped into two categories: business risks and corporate risks.

Business risks are those specifically affecting each of the businesses. These vary according to the characteristics of each activity and are grouped in turn into:

- Operational Risks that correspond to the risks associated with the key business processes, which include risks relating to contracting and tendering for works and projects, to planning and control of execution of the various works and projects, to client and credit risks, to product quality, environmental, purchasing and subcontracting risks.
- Non-Operational Risks, which correspond to the risks associated with the business support processes, including risks relating to risk prevention and health and safety at work, with Human Resources, compliance with the specific legislation and tax regulations applicable to the business, the reliability of accounting and financial information and the management of financial resources and indebtedness.

Corporate risks affect the Group as a whole and the listed Company in particular and can be summarized as:

- Strategic Risks are risks that may emerge as a result of opting for a certain strategy, which may directly or indirectly significantly influence achieving the long-term objectives of the ACS Group.
- Regulatory or Standard Compliance Risks, which include those derived from the Corporate Governance (which among others, include those derived from the reliability of Financial Information published), the litigation of the Company, the regulatory standards of the Securities Market, the Data Protection Law, and the possible changes in the fiscal standards (national and international) and in the civil liability about the integrity of property.

This risk includes fiscal risks (a Corporate Fiscal Policy has been approved), for which two types of tax risk may exist:

- On the one hand, there is the risk of changes in tax legislation which either could not be foreseen at the time when investment decisions involving a relevant tax factor were taken, impacting the attainment of objectives, or which affect the effective application of tax credits carried forward, in turn affecting forecasts of future taxes payable.

- On the other, tax regulations are frequently subject to differing interpretations, which can result in additional appraisals by the tax authorities, even though the corporate tax policy established by ACS prioritizes prudence in the tax practices followed.
- Financial Risks, are those which include the level of indebtedness, liquidity risk, credit risk, risks resulting from fluctuations in exchange rates, risks derived from the fluctuation of interest rates, risks from the use of derivative financial instruments, market risks from investments and exposure to risk from variable yields from investments made in listed companies.
- Reputational Risks, are those with a potential negative impact that may affect the Group's image, such as that of transparency and relations with analysts, investors and the respective stakeholders with expectations regarding the behavior of the Company and the Group.

#### **E.4 IDENTIFY WHETHER THE ENTITY HAS A LEVEL OF RISK TOLERANCE, INCLUDING TAX RISKS.**

The ACS Group's Management Committee has defined a framework for action in order to homogenize the identification, classification, evaluation, management and tracking of the risks of the different divisions. Once the risks have been identified and their magnitude and probability have been evaluated, as well as the indicators for measuring them, these form the basis for preparing the Risk Map, in which all the heads of each of the Divisions or business units are involved, determining the level of tolerance for each variable.

Periodic updating of the Risk Map, both at corporate level and in each of the businesses, is carried out by each of the Heads of the different divisions by tracking the indicators measuring exposure to risk.

#### **E.5 INDICATE WHAT RISKS, INCLUDING TAX RISKS, HAVE ARISEN DURING THE FINANCIAL YEAR.**

The risks inherent in the business model and the different activities engaged in by the ACS Group may occur to some extent throughout any annual reporting period. These risks are mitigated due to the follow-up and monitoring performed by the various management entities of the Group, depending on their importance.

In the current fiscal year, the most cogent risk that has appeared has been the Madrid Radial Motorways. In relation to the participation of the ACS Group in the R3 and R5 Radials (through Madrid and Alazor Accesses) regarding the insolvency proceedings, it is noted that although the agreement proposal corresponding to Accesos de Madrid obtained support in excess of 75%, as it also wanted the agreement to be approved with the parent Alazor but did not obtain the necessary support, the judge of the Juzgado de lo Mercantil No. 6 (Commercial Court) ordered the entry into liquidation of the two concessionaires on November 2, 2017. The Judge declared the company administrators should cease the dissolution of the Companies and the early maturity of all credits, requesting the respective liquidators to present their Liquidation Plans, which they did on November 24, 2017 for Accesos de Madrid and on December 28, 2017 for Alazor. In the plans of both liquidators, the effective delivery of the operation to Sociedad Estatal de Infraestructuras del Transporte Terrestre, S.A. will take place during the first quarter of 2018.

The Company currently values this investment at zero, and does not consider it necessary to record additional provisions.

#### **E.6 EXPLAIN THE PLANS FOR RESPONDING TO AND SUPERVISING THE ENTITY'S MAIN RISKS, INCLUDING TAX RISKS.**

The ACS Group's geographic and business diversification, together with the high level of operating decentralization and autonomous management that characterizes the organization, makes it necessary for it to have a dual system for risk control and supervision. Added to the corporate risk management framework is the system belonging to each business unit or listed company, consistent with the guidelines of the latter, in which each management level is responsible for complying with the standards and the applicable internal procedures.

Their effectiveness is evaluated and verified periodically by the different business areas and divisions and by Corporate Internal Audit, which also contributes to the supervision of the general risks the Group faces in achieving its objectives. The alerts, recommendations and conclusions generated are reported both to Group Management and to the heads of the business areas and companies assessed.

To carry out their duties, the Business and Corporate Internal Audit departments have qualified, expert personnel who are independent of the lines of production.

In the case of taxation, the above-mentioned internal controls on tax approved in 2016 establish in a specific manner the plans for response that identify the person responsible in each group company for taking action upon the appearance of any tax risk, proceeding to perform a diagnosis. It has been established that when the risk cannot be eliminated within the context of regular tax management, it must be reported to senior management of the company with a proposal for action, including, by way of example, the filing of complementary returns, the restructuring of operations, changes in practices, adoption of new procedures, performance of a specific internal audit review, or the assuming of the risk taking specified precautions. In addition, it is established that in certain instances, a report should be made to the senior management of the business area, or if appropriate, of the Group.

## **F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS REGARDING THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFR)**

Describe the mechanisms which make up the risk control and management systems regarding the process of issuing financial information (ICFR) for the entity.

### **F.1 COMPANY'S CONTROL ENVIRONMENT**

Indicate its main characteristics, of the following as a minimum:

#### **F.1.1. WHICH BODIES AND/OR FUNCTIONS ARE RESPONSIBLE FOR: (I) THE EXISTENCE AND MAINTENANCE OF AN ADEQUATE AND EFFECTIVE ICFR; (II) ITS IMPLEMENTATION; AND (III) ITS SUPERVISION.**

The Internal Control over Financial Reporting System hereinafter ICFR is part of the ACS Group's overall internal control system and is set up to provide reasonable assurance regarding the reliability of the financial information published. As stipulated in the Regulations of the ACS Group Board of Directors in its latest version dated February 27, 2019, which will be distributed at the next General Shareholders' Meeting, the Board of Directors is responsible for this system and has delegated the supervisory function thereof to the Audit Committee in accordance with its rules.

In accordance with Article 5 of its Regulations, the Board of Directors is empowered to approve "the financial information to be "periodically" made public by the Company given that it is listed on the stock exchange". In this regard, article 7 of the Regulations establish that "The Board of Directors shall prepare the individual and consolidated Annual Accounts and Management Reports in view of the report issued by the Audit Committee, in order to comply with the prevailing legislation and to facilitate its understanding by shareholders and by the general public."

In accordance with the aforesaid article 5, among the nondelegable functions of the Board are "preparing the financial statements and submitting them for approval at the General Shareholders' Meeting" and approving the "determination of risk management and control policy, including tax risk, and oversight of the internal reporting and control systems".

The ACS Group's General Corporate Management is responsible for the Group's ICFR. This entails defining, updating and monitoring the system to ensure that it operates correctly.

The head of each business area is responsible for designing, reviewing and updating the system in accordance with its own needs and characteristics. General Corporate Management validates these designs and their operation to guarantee compliance with the objectives set to assure the reliability of the financial information reported.

In relation to the above, in accordance with Article 23 of the Regulations of the Board of Directors, the Audit Committee is responsible, inter alia, for the following:

Regarding the supervision of financial information:

a) To report to the General Shareholders' Meeting on the issues arising in relation to those matters within the competence of the Committee and, in particular, on the outcome of the audit, explaining how this has contributed to the integrity of the financial information and the function that the Committee has played in this process.

- b) To oversee the preparation and integrity of the company's financial information and in its case of the group, reviewing the compliance of the regulatory requirements and ensuring appropriate definition of the scope of consolidation and correct application of accounting criteria and, in particular, to know, understand and monitor the effectiveness of the internal financial reporting control system (ICFR). The Committee may submit recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of financial information.
- c) To report, in advance, to the Board of Directors on the financial information that the Company must periodically make public.
- d) To ensure that the Board of Directors submit the accounts to the General Shareholders' Meeting without any limitations or exceptions in the audit report and that, in exceptional cases in which there are exceptions, both the Chairman of the Committee and the auditors clearly explain to the shareholders the content and scope of such limitations or exceptions.
- e) To monitor the effectiveness of the Company's internal controls and internal audit and discuss any significant weaknesses in the internal control system detected during the audit with the auditor, without compromising their independence, with a view to reaching conclusions on the level of trust and reliability of the system. For this purpose, and if applicable, the Committee may submit recommendations or proposals to the Board of Directors and the relevant period for follow up.
- f) To oversee the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the head of the internal audit department; propose the budget for the service; approve its orientation and work plans, ensuring their activities are directed principally towards key risks of the company; receive regular information on their activities; and ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration; and annually evaluate the functioning of the internal audit unit and the performance of its duties by their manager.
- g) To establish and supervise a mechanism allowing employees to report any irregularities of potential importance in a confidential manner, particularly financial and accounting irregularities within the company, receiving regular information on its operation and with the power to propose appropriate actions to improve these and reduce the risk of irregularities in the future.

Regarding the supervision of risk management and control:

- h) To monitor the effectiveness of the risk management systems.
- i) At least once a year, to reassess the list of most significant risks, both financial and otherwise, and evaluating their tolerance level, proposing adjustments to the Board of Directors where necessary. For these purposes, the Committee shall, at least once a year, hold a meeting with the heads of the various business lines, for those managers to explain trends in their line of business, and the associated risks.
- j) To directly oversee the performance of the internal control and risk management functions carried out by any unit or Department of the Company.

On the other hand, Hochtief, which forms part of the ACS Group as an investee, is listed on the German stock market and, in turn, has a majority ownership interest in Cimic, which in turn is listed on the Australian stock market. Both companies have implemented their own risk management and internal control over financial reporting systems in accordance with the applicable legislation. Additional information on these systems can be found in their 2018 annual reports, which are available on [www.hochtief.com](http://www.hochtief.com) and [www.cimic.com.au](http://www.cimic.com.au).

**F.1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:**

**Departments and/or mechanisms responsible for: (i) the design and review of the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) implementing procedures so this structure is communicated effectively throughout the company.**

In accordance with the Regulations of the Board of Directors, the Appointments Committee as a delegate Committee of the Board is responsible, inter alia, for nominating and dismissing Senior Executives, particularly those who are to be members of the Group's Management Committee, and for proposing the basic conditions of their contract.

Organizational structure is defined by the Corporate General Management, in the case of ACS, Actividades de Construcción y Servicios, S.A., and the CEO or Chairman, in the case of the various business areas, in their area of activity and communicating this to the interested parties through the channels provided in each case.

**Code of conduct, approving body, dissemination and instruction degree, including principles and values (stating whether specific reference is made to operations recording and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary actions.**

The ACS Group has a Code of Conduct, the latest update was approved by the Board of Directors on November 12, 2015. This Code has been disseminated and is accessible to all employees via the Group's website.

Both Hochtief AG, as the parent company of its Cimic subgroup, Cimic Group Limited, are companies listed on the German and Sydney stock exchanges, respectively, and they are therefore subject to their own regulatory bodies' rules and both have their own Codes of Conduct and their own internal complaints and control channels, under similar terms to those of the ACS Group. For this reason, the ACS Group's General Code of Conduct does not apply directly to investee companies belonging to the Hochtief Group and the Cimic Group.

Section 1.2 of the Code of Conduct emphasizes the principle of transparency. The Code stipulates that "all employees shall provide truthful, necessary, full and precise information regarding the progress of activities related to their work and areas of competence".

To ensure compliance with the Code of Conduct, resolve incidents or concerns about its interpretation and take the measures required to ensure the best compliance, the above Code provides for the creation of a Code of Conduct Monitoring Committee to be composed of three members appointed by the ACS Board of Directors Group following the proposal of the Appointments Committee. The Company has a set of Rules of Procedure for the Code of Conduct Monitoring Committee, as amended by the Board of Directors on December 13, 2018.

In accordance with this Regulation, this Monitoring Committee has been assigned the following functions:

- To collaborate with the Compliance Committee in promoting the dissemination, knowledge of and compliance with the Code in each and every company of the Group.
- To establish the appropriate channels of communication to ensure that any employee can seek or provide information regarding compliance with this Code, ensuring the confidentiality of complaints processed at all times.
- To interpret the regulations derived from the Code and supervising their implementation.
- To ensure the accuracy and fairness of any initiated proceedings, as well as the rights of persons allegedly involved in possible breaches.
- To maintain a bi-directional communication with the Compliance Committee, especially with regard to the queries or complaints received through the Ethical Channel. In particular, any complaint received on the matter of crime prevention by the Compliance Committee, which translates in the existence of evidence of actions that might infringe the basic principles of the Code of Conduct of the ACS Group, shall be directed to the Code of Conduct Monitoring Committee, so that they assess the need to open an investigation.
- Preparing an annual report on its actions, making the recommendations it deems appropriate to the Board of Directors through the Audit Committee.

The Annual Report on Actions and Recommendations of the Code of Conduct Monitoring Committee for 2018 will be submitted to the Audit Committee in March 2019.

- A reporting channel, allowing communication of any irregularities of a financial or accounting nature to the Audit Committee, as well as breaches of the Code of Conduct and irregular activities within the organization, stating whether reports made through this channel are confidential.

Complaints or comments can be made through the ACS Ethical Channel, managed by the Code of Conduct Monitoring Committee.

The ACS Ethical Channel can be reached at the following address:

Ethical Channel  
 ACS Group  
 Avda. Pío XII 102, 28036 Madrid, Spain  
 canaletico@grupoacs.com

Only two cases were opened in the ACS Ethical Channel in 2018. These were complaints made by third parties outside the organization, and it was found that they were not within the competence of the Committee.

The decrease in the number of communications received by the Ethical Channel is due to the effort to strengthen the Ethical Channels of the various heads of the ACS Group. In terms of all the ethical channels of the Group, with the exception of Hochtief and Cimic, more than 100 communications were received in 2018, resulting in the opening of 92 cases, of which three are still open.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or as well as evaluating the ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

In regard to training and refresher courses, the ACS Group believes that continuous training for its employees and managers both at the corporate level as in the companies of the Group is important. Relevant and up-to-date training on regulations that affect financial reporting and internal control is considered to be necessary to ensure that the information reported to the markets is reliable and in accordance with the regulations in force.

Therefore, in 2018 throughout the entire ACS Group approximately 21,700 hours of training courses in finance, accounting rules, consolidation, auditing, internal control and risk management were given, attended by approximately 1,600 employees.

## F.2 RISK ASSESSMENT OF FINANCIAL INFORMATION, OF AT LEAST:

F.2.1. Which are the main characteristics of the risk identification process, including error or fraud risks, stating whether:

### **If the process exists and is documented.**

The ACS Group has established a risk management model that supports a range of actions in order to comply with the objectives established by the Board of Directors. The Corporate Risk Map summarizes the Group's situation in relation to its main risks, except for those regarding Hochtief and Cimic since they have their own risk control systems.

The Risk Map includes the identification and assessment of risks at Group level and that of the operating divisions. The risks identified are as follows:

- Corporate Risks: affecting the Group as a whole and, in particular, the listed Parent Company.
- Business Risks: specifically affecting each of the business units and varying based on the unique characteristics of each business.

These risks were basically assessed qualitatively, with no defined frequency, in order to establish both their importance and probability of occurrence. However, an objective (quantitative) risk indicator was established where possible.

Accordingly, the risks are classified as follows:

- Operational risks
- Non-operational risks

This system is explained in section E of the ACGR in the description of the ACS Group's general risk policy.

**Whether the process covers all financial reporting objectives, (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.**

In addition to financial risks (liquidity, exchange rate, interest rate, credit and equities), the Group's risks also include those risks relating to the reliability of the financial information, including tax risks.

As part of ICFR management, the ACS Group has a procedure that allows its scope to be identified and maintained by identifying all relevant subgroups and divisions, as well as the significant operating and support processes of each of the subgroups or divisions. This identification was carried out based on the materiality and risks factors that are inherent to each business.

The materiality criteria are established, on one hand, from the quantitative point of view in accordance with the most recent consolidated financial statements based on the various parameters, such as revenue, volume of assets or profit before tax and, on the other hand, from the qualitative point of view in accordance with various criteria, such as the complexity of the information systems, the risk of fraud or accounting based on estimates or bases that may have a subjective component. In practice, this means being able to determine which of the accounting epigraphs of the financial statements are material, as well as other relevant financial information. In addition, the processes or business cycles in which this information is generated are identified.

The ACS Group's Corporate General Management is responsible for updating the scope of the Internal Control over Financial Reporting System and informing the various business areas and the auditor of any changes that occur.

For each process or business cycle included within the scope, the Group has identified the risks that can specifically affect financial reporting taking into account all of the financial reporting objectives (existence and occurrence; integrity; valuation; rights and obligations; and presentation and comparability), and taking into account the different risk categories described in section E of the ACGR to the extent that they could significantly affect financial reporting. During 2018 there has been no change in the identified risks.

**A specific process is in place for identifying the scope of consolidation, taking into account the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.**

This assessment is performed at least on an annual basis and whenever companies are included in or excluded from the Group's scope of consolidation.

**The process takes into account the effects of other types of risks (operational, technological, financial, legal, risks to reputation, environmental, etc.) to the extent that they affect the financial statements.**

The ACS Group's Risk Management System considers operational, technological, legal risks or any other type which, if they arise, could have a significant impact on the Group's financial statements.

**Which of the company's governing bodies monitors the process.**

The Board of Directors has the power to approve the risk management and control policy and the periodic monitoring of the information and control systems, while the Audit Committee has the power to oversee the internal risk management and control systems.

### F.3 CONTROL ACTIVITIES

Indicating their main characteristics, detail at least the following:

F.3.1. Procedures for reviewing and authorizing the financial information and description of the ICFR to be disclosed to the stock markets, indicating who is responsible in each case, as well as documentation and flow charts for activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the specific review of the relevant judgements, estimates, evaluations and projections.

Prior to their approval by the Board of Directors and to their publication, the General Corporate Management must submit both the annual and half-yearly condensed financial statements as well as any other periodic public

information supplied to the stock markets to the Audit Committee, taking into consideration the most relevant impacts and those matters whose contents or components are based on accounting opinions or assumptions for the purpose of calculating estimates and provisions.

Prior to the publication of the financial statements, those responsible for each line of business are required to review the information reported for the purposes of consolidation in their respective areas of responsibility.

This report with the description of the ICFR is prepared by the Corporate General Management based on the information supplied by all affected departments and business areas and is submitted for review and approval by the Audit Committee.

All business areas which are relevant for the purpose of financial reporting have different controls to ensure the reliability of the financial information. These controls are identified for the significant business cycles at a consolidated level, based on the internal procedures used, as well as the reporting systems which are used as the basis for preparing the financial information of each business area.

The Group documents the significant processes, risks and control activities implemented in the business areas in a systematic and homogeneous manner, with the exceptions described for the listed investee companies which follow their own procedures. This documentation is based on the following:

- Identification of the companies and processes or business cycles that may significantly affect the financial information. Each significant process has a flow chart and a description of key activities.
- Identification of the risks and controls established to mitigate the financial reporting risks and those responsible for this control, under a common methodology.

The processes considered within the scope include the operating business cycles and the accounting close, communication of information and consolidation. The possible risks of fraud and the specific review of relevant judgements, estimates, evaluations and projections are taken into account in each of the business cycles. Those companies that fall within the scope of ICFR but have not yet completed the relevant implementation are under the obligation to prepare a plan to proceed with implementation and execution report to General Corporate Management.

**F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, operating continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.**

Following a policy of decentralization and independence of each of its business areas, the ACS Group does not centrally manage its information systems, but rather each business area manages these resources based on the particular features of each business. This is not an obstacle hindering each of the business areas from defining its policies, standards and procedures for internal control over the reporting systems and security management.

Access to the information systems is managed in accordance with tasks assigned to each job position, and each company defines its users' profiles for accessing, modifying, validating or consulting information following a criterion of segregation of duties defined by each area. Management of access, changes in the applications and the flows of approval are defined in the procedures of each business area, as are the responsibilities of those responsible for monitoring and control.

The control mechanisms for the recovery of information and information systems are defined in the corresponding continuity plans. Each of the business areas has storage and backup processes at different locations that provide for contingencies if necessary. Each Group company also establishes the required security measures against leakage or loss of physical and logical information, depending on the level of confidentiality.

The main information systems have protection against viruses and Trojans and have elements that are periodically updated to prevent intrusions to the information systems.



F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The ACS Group does not usually subcontract work to third parties that could materially affect the financial statements. In any case, when the ACS Group outsources work to third parties, it ensures the technical training, independence and skills of the subcontractor. In the case independent experts are used, the person responsible for contracting these experts must validate the work and conclusions reached from their work.

In the specific case of valuations made by independent experts, the criteria and results thereof are revised by Group management or by management of the business areas affected, requesting comparison valuations when necessary.

#### F.4 INFORMATION AND COMMUNICATION

Indicating their main characteristics, detail at least the following:

F.4.1. A specific function in charge of defining accounting policies, keeping them up to date (accounting policies area or department) and resolving any doubts or disputes that may arise over their interpretation, which is in regular communication with the team in charge of operations, as well as a manual of accounting policies regularly updated and communicated to all the company's operating units.

Corporate General Management, through the Corporate Administration Department, is responsible for defining and updating the accounting policies and responding to queries and doubts arising from the implementation of the applicable accounting regulations. This can be done in writing and replies to queries are made as quickly as possible depending on their complexity.

The Group has an accounting policies manual that is in line with the International Financial Reporting Standards (IFRS) as these are adopted by the European Union. This manual, updated in January 2018, is applicable to all companies included in the Group's scope of consolidation and to its joint ventures and associates.

In cases where the ACS Group does not have control but does have a significant influence, the required adjustments and reclassifications are made to the associate's financial statements in order to ensure that the accounting criteria are uniform with those of the Group.

Group companies may have their own manual as long as it does not contradict that indicated in the Group's manual, so as to be able to ensure the uniformity of the accounting policies of ACS.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning the ICFR.

Reporting to the ACS Group's Corporate General Management is carried out in accordance with the following guidelines:

##### 1) Frequency of information reporting

Once the meeting schedule of the Executive Committee and the Board of Directors has been set, the reporting dates and type of information to be reported are sent to the various heads of the divisions or Group companies on an annual basis.

##### 2) Typology of information

The information to be reported varies and is detailed based on the reporting period (monthly / quarterly / half-yearly / annually).

##### 3) Financial reporting format

The information sent to the Administration Department (Corporate General Management) by the various business areas was reported using the SAP BPC consolidation program that gathers both accounting information (mainly for the statement of financial position, the income statement, the comprehensive statement of recognized income

and expense and the cash flow statement) and off-balance sheet report. This information is complemented with various Excel templates parameterized and automated for the aggregation and elaboration of various items of information, usually of an off-balance sheet and of management.

For the preparation of the consolidated statements, all business areas must report any changes in the scope of consolidation of their business area prior to the end of the month. Before making the openings for the corresponding month, the consolidation program includes all the parameterization of the consolidation system, which specifically includes the scope of consolidation affecting the entire ACS Group.

#### 4) Model for internal control information

The ACS Group has defined a reporting system for the most significant controls included within the framework of the Internal Control over Financial Reporting System, in which each person responsible for its implementation and monitoring must send the Group's General Corporate Management a report detailing its operations during the period.

This reporting took place in 2018 on a half-yearly basis, at the same time as the publication of the ACS Group's interim half-yearly financial statements.

## F.5 SUPERVISION OF SYSTEM OPERATION

Indicating their main characteristics, detail at least the following:

**F.5.1.** The ICFR supervision activities carried out by the Audit Committee, as well as whether the company has an internal audit function which includes support to the Committee in its work on supervising the internal control system, including the ICFR, among its duties. Furthermore, indicate the scope of the assessment of the ICFR carried out in the financial year and of the procedure by which the person responsible communicates the results, whether the entity has an action plan that details possible corrective actions and whether its impact on the financial information has been considered.

The ACS Group's Internal Audit Department is set up as an independent service, the function of which is to provide support to the Group's Board of Directors and senior management in the examination, evaluation and supervision of the internal control and risk management systems both of the Parent Company as the other companies forming part of the Group.

The ACS Group's Internal Corporate Audit functions are carried out by the Internal Audit Department, which coordinated internal auditing of the Group's various business areas.

The Corporate Internal Audit Department is included in the organizational structure as a body reporting hierarchically to the Corporate General Management and functionally to the Audit Committee of the Board of Directors. It has no hierarchical or functional link to the business areas. Therefore, the appointment/dismissal of the person responsible is at the suggestion of the Audit Committee. In this regard, Hochtief and Cimic, as noted in point F.1, have their own control systems and the internal audits for these companies report to their Audit Committees, as indicated in the Hochtief Risk Report included in the 2018 Annual Report (available at [www.hochtief.com](http://www.hochtief.com)) and in Cimic Group Limited "2018 Corporate Governance Statement" (available at [www.cimic.com.au](http://www.cimic.com.au)).

In turn, the internal audit departments of the Parent Companies of the Group's non-listed business areas report hierarchically to the Chairman and/or CEO of the same and functionally to the Corporate Internal Audit Department. The functions assigned to the Internal Audit Department are as follows:

- Review the implementation of policies, procedures and standards established in the Group's business areas, as well as the operations and transactions they perform.
- Identifying faults or errors in the systems and procedures, indicating their causes, issuing suggestions for improvement in the internal controls established and monitor the approved recommendations by the Management of the various Business Areas.
- Review and assess in the performance of their work, the internal controls established, included among which are those which make up the risks associated with the financial information for the audited units.

- Reporting any anomalies or irregularities identified, recommending the best corrective actions and following up on the measures taken by the management of the different business areas.

The Corporate Internal Audit Department submits the Annual Audit Plan each year for approval by the Audit Committee. This Audit Plan consolidates the internal audits of the Group companies, except for Hochtief and Cimic.

The Corporate Internal Audit Management periodically submits to the Audit Committee a summary of the reports already drafted and the status of the internal audits of the various business areas.

The Corporate Internal Audit Department submitted the 2018 Activities Report and the 2019 Audit Plan to the Audit Committee in March 2019, which include among other aspects a substantial increase in the review of the operation of the control and activities procedures included in the internal control system for financial information. The audits carried out in 2018 were of the following type:

- Audits of specific projects.
- Audits of branches or geographic areas within a company.
- Audits of processes or specific areas.
- Audits of companies or groups of companies.

A total of 116 audits were carried out in all Business Areas of the Group in 2018, representing 41% of the ACS Group's total revenues excluding Hochtief and Cimic.

During the 2018 fiscal year, the audits completed specifically carried out a review process for the Financial Information Internal Control System of the company, project or agency audited, and identified a set of key controls to verify its functionality. Coverage of the scope of the work was adapted to the companies and processes that are actually significant and in which the ICFR has been implemented.

The purpose of this review consisted in obtaining evidence of financial information control at company and branches level as well as the risk and control matrices, indicating in the corresponding audit report the weaknesses identified in internal control and proposing plans of action through respective recommendations to be adopted by the company to mitigate such risks and weaknesses, should any be detected.

Furthermore, all processes were reviewed in which the Internal Control System of the Financial Information of the Corporation and the Central Services of each Business Area has been implemented, issuing in each case a report on the weaknesses identified in internal controls.

The methodology employed consisted of reviewing the supporting documentation for the evidence with regard to each control and questioning the personnel responsible for executing each of the controls to determine if the control procedures described have been implemented and are in operation.

It was concluded that there was no evidence of significant noteworthy incidents, and in general the controls reviewed satisfactorily cover the risks to which they were assigned, and the evidence provided adequately supports the application of such controls.

**F.5.2. If there is in place a discussion procedure whereby the auditor (pursuant to TAS), the Internal Audit Department and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or administrators. Also report any action plan is in place to correct or mitigate weaknesses observed.**

In accordance with the Regulations of the Board of Directors, the Audit Committee has the following functions:

- Monitoring the effectiveness of the company's internal control, internal audit, and if applicable, risk management systems, and discussing any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.
- Establishing the appropriate relationships with auditors or audit firms with the purpose to receive information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication established in the Spanish legislation regarding auditing accounts and technical auditing standards.

As a result of this work, the internal audit departments of the companies of the Group issue a written report which summarizes the work carried out, the situations identified, the action plan including, where applicable, the timetable and persons responsible for correcting the situations identified, and opportunities for improvement. These reports are sent to the head of the Business Area and to Corporate General Management.

As mentioned above, the Corporate Internal Audit Manager submits an Activities Report to the Audit Committee which contains a summary of the activities carried out and the reports drawn up during the year, as well as monitoring the main significant aspects and recommendations contained in the various reports.

The Audit Committee holds meetings with the external auditor on a regular basis and, in any case, whenever there is a review of the interim financial statements for the first and second half of the year prior to their approval, and prior to the meeting held by the Board of Directors to prepare the full annual individual financial statements of the parent Company, as the consolidated statements of the ACS Group. Additionally, it holds formal meetings to plan the external auditors work for the current year, as well as to report the results that have been obtained in the preliminary review prior to the end of the financial year.

During the 2018 financial year, the Internal Auditor attended five meetings of the Audit Committee and the External Auditor attended six meetings of the Audit Committee, at the invitation of the Chairman and in relation to the items on the agenda for which their presence was required.

## **F.6 OTHER RELEVANT INFORMATION**

### **F.7 EXTERNAL AUDITOR'S REPORT**

**F.7.1. Whether the ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be included as an appendix. Otherwise, explain the reasons for the absence of this review.**

The information relating to the ICFR issued to the stock markets for 2018 was reviewed by the external auditor.

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

ASSURANCE' REPORT ON THE 2018 "INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF ACS, Actividades de Construcción y Servicios, S.A.

To the Directors of  
ACS, Actividades de Construcción y Servicios, S.A.:

As requested by the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. ("the Entity") and in accordance with our engagement letter of October 8<sup>th</sup> 2018, we have applied certain procedures to the accompanying "Information relating to the ICFR" of ACS, Actividades de Construcción y Servicios, S.A. for 2018, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR).

In this regard it should be noted, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2018 described in the accompanying information on the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the current Spanish Audit Law, we do not express an audit opinion in the terms provided in that Law.

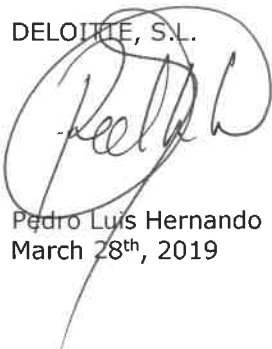
The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report - and assessment of whether this information addresses all the information required considering the minimum content described in section F, of the ACGR form, relating to the description of the ICFR system as established in CNMV Circular 5/2013 of June 12<sup>th</sup> 2013, subsequently modified by CNMV Circular 7/2015 of December 22<sup>nd</sup> 2015 and CNMV Circular 2/2018 of June 12<sup>th</sup> 2018 (the "Circulars").
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Entity.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing the ICFR systems. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.
4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR obtained through the procedures applied during the financial statement audit work.
5. Reading of the meetings minutes of the Board of Directors, Audit and Control Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of article 540 of Corporate Enterprises Act and by Circulars published by the Spanish National Securities Market Commission for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.



Pedro Luis Hernando  
March 28<sup>th</sup>, 2019

## G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Code of good governance in listed companies.

If any recommendations are not followed or are only partially followed, a detailed explanation of the reasons for this must be included so that the shareholders, investors and the market in general have sufficient information to assess the company's conduct. Explanations of a general nature will not be acceptable.

1. The By-laws of listed companies may not limit the number of votes held by a single shareholder or impose other restrictions on the company's takeover via the market acquisition of its shares.

Complies	Explain
X	

2. In the event that a parent and subsidiary company are separately listed, they must publish an exact definition of:
- The type of activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies;
  - The mechanisms in place to resolve possible conflicts of interest.

Complies	Partially complies	Explain	Not applicable
			X

3. During the annual general meeting, the chairman of the board of directors should supplement the published annual corporate governance report with a sufficiently detailed verbal report to shareholders on key corporate governance issues in the company, including in particular the following:
- Changes since the last annual general meeting.
  - The specific reasons why the company does not follow any of the Corporate Good Governance recommendations, and whether any alternative rules are applied to the matters in question.

Complies	Partially complies	Explain
	X	

The company complies with point a). At the Annual General Meeting held on May 8, 2018, the Chairman outlined the changes made.

4. The company should define and promote a policy of communication and contact with shareholders, institutional investors and proxy advisors which fully respects insider trading rules and accords equal treatment to all shareholders who are in the same position.

The company should publish this policy on its website, including information regarding the ways in which it is put into practice and identifying interlocutors and the officers responsible for implementation.

Complies	Partially complies	Explain
X		

5. The board of directors should not seek the delegation from annual general meetings of powers to issue shares or convertible bonds where such issues exclude preferential subscription rights and exceed 20% of share capital at the time of delegation.

Where the board of directors approves any issue of shares or convertible securities involving the exclusion of preferential subscription rights, the company should immediately publish the reports on such exclusion required in accordance with prevailing companies' legislation on its website.

Complies	Partially complies	Explain

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X

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6. Listed companies preparing the reports mentioned below, whether on a mandatory or voluntary basis, should publish the same on their corporate website sufficiently advance of the date of the annual general meeting, even where publication is not mandatory:

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

Complies	Partially complies	Explain
	X	

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The report on the operations of the audit committee was published, which includes the report on the independence of the auditor and the report about the corporate social responsibility policy.

Nevertheless, the reports on the operation of the other Advisory Committees are not published, nor the report of the Audit Committee about the related operations, because it is not considered that they provide any relevant information in addition to that already published in other documents. Specifically, related party transactions are published with a wealth of detail both in the notes to the annual accounts and in the annual corporate governance report itself, both in section D on related party transactions and in section H in the case of all such matters not expressly included in mentioned section D. In the case of the report on the operation of the appointments and remuneration committees, it is considered that the information that would be included therein are already published in section C of this report, regardless of the Annual Remuneration Report also being published.

7. The company should broadcast shareholders' general meetings live on its website.

Complies	Explain
X	

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8. The audit committee should ensure as far as possible that the auditor's report on the financial statements presented by the board of directors for approval by the shareholders at their annual general meeting is free of scope limitations or qualifications, and that in exceptional cases where the auditor's report is qualified to ensure that both the chairman of the audit committee and the auditors themselves clearly explain to the shareholders the content and scope of any such scope limitations or qualifications;

Complies	Partially complies	Explain
X		

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9. The company should publish the requirements and procedures required to accredit ownership of shares, the right of attendance at shareholders' general meetings and the delegation of voting rights on its website on a permanent basis.

Such requirements and procedures should be designed to foster attendance and the exercise of voting rights by shareholders, and they should be applied on a non-discriminatory basis.

Complies	Partially complies	Explain
X		

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10. Where any shareholder may legitimately have exercised the right to make any addition to the agenda or presented new proposals for resolutions before the date of the annual general meeting, the company should:



- a) Immediately publish such additional agenda items and new proposals for resolutions.
- b) Publish the form of the attendance card, proxy voting form or remote voting form containing the necessary changes to allow voting on the new points on the agenda and alternative proposals, in accordance with the terms proposed by the board of directors.
- c) Submit all such agenda items or alternative proposals to a vote applying the same voting rules as in the case of matters or proposals made by the board of directors, including in particular any assumptions or deductions with regard to the nature of votes.
- d) After the shareholders' general meeting, the company should provide a breakdown of votes cast on any such additional agenda items or alternative proposals.

Complies	Partially complies	Explain	Not applicable
			X

11. If the company intends to pay any premiums for attendance at the annual general meeting, it should establish a general policy regarding such premiums in advance and apply said policy on a stable basis.

Complies	Partially complies	Explain	Not applicable
X			

12. The board of directors should perform its duties with unity of purpose and independence, according all shareholders the same treatment. It shall be guided at all times by the company's best interest, to be understood as establishing a profitable business that is sustainable in the long run, promoting business continuity and maximizing the company's value.

In pursuit of the corporate interest, the company should not only abide by applicable laws and regulations and act in good faith, ethically and with due respect for custom and generally accepted best practice, but also seek to reconcile said corporate interest with the legitimate interests of its employees, suppliers, customers and other stakeholders potentially affected by the conduct of affairs, and with the impact of the company's activities on the community as a whole and on the environment.

Complies	Partially complies	Explain
X		

13. In the interests of the effectiveness and participatory nature of its functioning, the board of directors should comprise between five and fifteen members.

Complies	Explain
X	

There are currently 18 Board Members, which is a number comprised within the 11 to 21 member limit provided in Article 13 of the Company By-laws and is in accordance with the Spanish Capital Companies Law. To date, this was considered to be most appropriate number in accordance with the company's needs and characteristics with regard to shareholder structure.

14. The board of directors should approve a policy for the selection of directors which:

- a) Is concrete and verifiable.
- b) Ensures that proposals for appointment or re-election of members are based on a prior analysis of the needs of the board of directors.
- c) Favors diversity of expertise, experience and gender.

The result of the prior analysis of the needs of the board of directors should be set forth in a report of the appointments, which shall be published on the occasion of the call to the shareholders' general meeting at which the ratification, appointment or re-election of each board member is to be sought.

The policy for the selection of board members should contribute to the objective of ensuring that at least 30% of the total directors are female by 2020.

The appointments committee should verify compliance with the policy for the selection of board members on an annual basis and explain its findings in the annual corporate governance report.

Complies	Partially complies	Explain
	X	

The ACS Group promotes all those policies necessary to ensure equality of opportunity and in this regard, the Statutes of the ACS Board of Directors, amended February 27, 2019, expressly establishes that the Board must ensure that the selection procedures of its members favors the diversity of gender, experiences and knowledge, among other aspects, and that do not suffer implicit biases that may imply any discrimination, and in particular, that facilitate the selection of advisors in a number that allows reaching a balanced presence of women and men.

However, it is considered that the criteria for compliance with this Recommendation is partial, given that, even if the selection procedures of the Board members attempt to facilitate the selection of female members in a number that allows reaching a balanced presence of men and women, at December 31, 2018, the number of female members represents 16.7% of the total. In any case, complying with the terms of the Board regulations and the Group's Code of Conduct, the Appointments Committee must favor the diversity of gender in relation to the potential candidates, on the basis that they always possess the appropriate professional profile and meet objective merit and capability criteria.

For this purpose, the Group has a policy on new Board of Director membership designed to achieve the recommendations established by the Code of Good Governance, coordinating principles of representation with those of equality and independence. In this regard, the vacancies that have taken place in the last 6 years have been used to incorporate women members, so that 33% of incorporations have been women.

15. A broad majority on the board of directors should be proprietary and independent board members and the number of executive board members should be the minimum necessary, taking into account the complexity of the group of companies as well as each executive board members' holding in the share capital of the company.

Complies	Partially complies	Explain
	X	

16. The percentage of the total non-executive board members represented by proprietary board members should not be greater than the proportion of capital represented on the board and the remainder of the company's capital.

This proportional criterion may be relaxed

- a) In large cap companies where few ownership interests attain the legal threshold for significant shareholdings.
- b) In companies where multiple, otherwise unrelated shareholders are represented on the board of directors.

Complies	Explain
X	

17. The number of independent board members should represent at least half of all board members.

Nevertheless, in companies which are not large cap concerns, or if they are, where a single shareholder or several acting in concert to control more than 30% of share capital, the number of independent board members should represent at least one third of the total board members.

<b>Complies</b>	<b>Explain</b>
	X

The Company considers that the composition of the Board of Directors is appropriate for the representation of the interests of the shareholders, whether majority or minority. To this end, the Board of Directors, with the support of the Appointments Committee, ensures the necessary diversity of the Board as a whole so that its members bring together the requisite knowledge, training, work experience and other aspects that may be relevant to the sectors and international character of the ACS Group, with the current directors' knowledge of the Company and its Group being valued very highly. In turn, it is also important to note that in the case of three of the other external directors, while legally cannot be qualified as independent directors as they have been directors for more than 12 years, it is considered that in view of their personal and professional qualities, they can perform their duties without being conditioned by their relations with the company or its group, its significant shareholders or managers. It should be considered that three of the Other External directors, who legally cannot be qualified as independent board members, because they were board members for over 12 years; however, because of their personal and professional qualifications, they can perform their duties without being constrained by any relationship with the company or its group, its major shareholders or its management.

18. Companies shall post the following information regarding the board members on their websites, and keep them permanently updated:

- a) Professional experience and background.
- b) Board memberships held at other companies, listed or otherwise, and any other remunerated activities of any kind in which the board member may engage.
- c) An indication of the board member's classification as executive, in the case of proprietary board members stating the shareholder they represent or have links with.
- d) The date of their first and subsequent appointments or reselection as a company board member.
- e) Shares held in the company and any options thereon.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>
		X

19. Subject to verification by the appointments committee, the annual corporate governance report should explain the reasons for the appointment of proprietary board members at the request of shareholders holding equity interests of less than 3% of share capital. Likewise, the reasons for the refusal, where applicable, of any formal requests for seats on the board made by shareholders holding interests of equal size or greater than the interests owned by other shareholders at whose request proprietary board members were appointed.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
			X

20. Proprietary board members shall resign when the shareholders they represent dispose of the shares owned in their entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary board members, the latter's number should be reduced accordingly.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

21. The Board of Directors may not propose the removal of any independent board members before the expiry of the statutory term for which they were appointed, as mandated by the by-laws, except where just cause is found by the board based on a report of the appointments committee. In particular, just cause will be presumed when a board member takes up any new posts or contracts new obligations such as might prevent him/her from dedicating the necessary time to the discharge of the duties proper to the office of director, is found to be

in breach of the duties inherent in his/her position or comes under one of the grounds leading to disqualification as independent, in accordance with the provisions of applicable legislation.

The removal of Independent board members may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure and such changes in the structure of the board of directors are a consequence of the proportionality criterion set out in Recommendation 16.

<b>Complies</b>	<b>Explain</b>
X	

22. Companies shall lay down rules requiring board members to inform the board, and if necessary, resign, in cases where the company's name and reputation is harmed. In particular, board members shall be required to inform the board of directors immediately of any criminal charges brought against them and the progress of any subsequent trial.

When a board member is accused of or brought to trial for any of the offences defined by prevailing legislation, the board should examine the matter as soon as possible and, in view of the specific circumstances, should decide whether or not the board member so arraigned should be called upon to resign. The board should also disclose all such determinations in the annual corporate governance report.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>
X		

23. All board members should express clear opposition when they feel a proposal submitted for approval by the board of directors might harm the corporate interest. In particular, independents and other board members unaffected by potential conflicts of interest should challenge any decision that could be detrimental to the interests of shareholders lacking board representation.

When the board of directors makes any material or recurring decisions on any matter about which a board member has expressed serious reservations, then he or she should draw the pertinent conclusions. Board members resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, whether or not he/she is also a board member.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

24. Board members who resign or otherwise step down before their term expires, shall explain their reasons for doing so in a letter sent to all members of the board of directors. Regardless whether such resignation is filed as a significant event, the motive for it must be explained in the annual corporate governance report.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

25. The appointments committee should ensure that non-executive board members have sufficient time available for the appropriate discharge of their duties.

The board regulations should establish a maximum number of other companies' boards on which the board members may hold seats.

Complies	Partially complies	Explain
	X	

The Appointments Committee ensures that the non-executive board members have sufficient time availability to correctly perform their functions. However, the company is considered to be partly compliant, because although it must be taken into account that the Rules of the Board of Directors do not establish a maximum number of other companies' boards on which the board members may hold seats, this is not considered to be the only variable that can impact on the dedication of the Company's directors, with the performance of their professional activity outside the Company's Board being one relevant variable. The Company considers that with the aim of maintaining a balance between dedication to the Company and the benefits and experience they contribute from their own activity and presence on other boards, their presence on them cannot be restricted, as it is a personal matter to be decided by the board members themselves, if they consider that they cannot offer the dedication necessary for an appropriate performance. At no time has the existence been detected of any lack of time or dedication by Board Members for the adequate performance of the duties with which they have been charged.

26. The board of directors should meet as often as necessary to perform its functions effectively and at least eight times per year, following a schedule of dates and issues established at the start of the year. However, each board member may also individually propose other initially unscheduled items for inclusion in the agenda.

Complies	Partially complies	Explain
	X	

27. Failure on the part of board members to attend meetings should be confined to unavoidable cases and non-attendance should be quantified in the annual corporate governance report. Proxies should be arranged with instructions in the event of inability to attend.

Complies	Partially complies	Explain
	X	

As stated in section C.1.26, the Company has had 97.2% attendance at the meetings of the Board of Directors, so the assistance with representation has been very limited. Likewise, as regards the delegation with voting instructions, it is not considered, in many cases, advisable, given that one of the characteristics of Board meetings is their deliberative nature, the Directors expressing their different positions and opinions and thus being able to arrive at conclusions different from the initial ones.

28. Where the directors or the secretary express any concerns over a proposal, or in the case of board members, over the conduct of the company's affairs, and such concerns are not resolved at a meeting of the board of directors, the concerns raised shall be recorded in the minutes at the request of the party expressing the same.

Complies	Partially complies	Explain	Not applicable
X			

29. The company should establish appropriate channels to allow the directors to obtain the necessary advice to discharge their duties, including external advisory services payable by the company where circumstances so require.

Complies	Partially complies	Explain
	X	

30. Irrespective of the expertise required of board members for the discharge of their duties, companies should offer board members training programs to refresh their knowledge and skills, where circumstances so require.

Complies	Partially complies	Explain
X		

31. The agenda for board meetings should indicate clearly the points on which the board of directors is required to adopt a decision or resolution, so that the directors can examine or obtain the necessary information in advance.

Where the chairman may wish in exceptional circumstances and for reasons of urgency to propose decisions or resolutions which are not included in the agenda for approval by the board of directors, the express prior consent of the majority of the board members present shall be required and shall be recorded in the minutes.

Complies	Partially complies	Explain
X		

32. Board members shall be periodically informed of changes in the shareholder structure and of the opinions of the company held by significant shareholders, investors and rating agencies.

Complies	Partially complies	Explain
X		

33. As the officer responsible for the effective functioning of the board of directors, the chairman shall exercise the functions attributed by law and the by-laws, and shall prepare and submit to the board of directors a schedule of dates and an agenda, organize and coordinate periodic assessments of the board, and where appropriate, of the company's chief executive officer. The chairman shall likewise be responsible for directing the work and effective functioning of the board, ensuring that sufficient time is given over to the discussion of strategic issues, and agreeing and reviewing the programs established to refresh the knowledge of each director where circumstances so require.

Complies	Partially complies	Explain
X		

34. Where there is a coordinating director, the by-laws or rules of the board of directors shall attribute the following functions to said officer in addition to the powers legally assigned to the same: to chair the board of directors in the absence of the chairman and deputy chairmen, where applicable; to take note of the concerns voiced by non-executive directors; to maintain contacts with investors and shareholders in order to learn their points of view and form an opinion of their concerns, in particular with regard to corporate governance of the company; and to coordinate the plan for succession of the chairman.

Complies	Partially complies	Explain	Not applicable
	X		

The Rules of Procedure of the Board of Directors of the Company, in its Article 18.4, governs the post of the coordinating director although one of the functions envisaged in the Recommendation is not assumed.

35. The secretary to the board of directors shall oversee the actions and decisions of the Board of Directors, ensuring that they are based on the good governance recommendations applicable to the company as set forth in the Code of Good Governance.

<b>Complies</b>	<b>Explain</b>
X	

36. The board of directors shall meet once per year in full session to evaluate and, where appropriate, adopt an action plan to correct any weaknesses identified with respect to:

- a) The quality and effectiveness of the board's functioning.
- b) The functioning and membership of its committees.
- c) The diversity of the board's membership and powers.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of each director, focusing in particular upon the directors responsible for each of the board committees.

Assessments of the different committees shall be based upon the reports submitted by the same to the board of directors, while the evaluation of the board itself shall be based on the report submitted by the appointments committee.

Every three years, the board of directors shall be assisted in its evaluation by an external consultant, whose independence shall be verified by the appointments committee.

Business relations maintain by the company or any group company with the consultant or any company forming part of the consultant's group shall be duly disclosed in the annual corporate governance report.

The processes and areas evaluated shall be described in the annual corporate governance report.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>
X		

37. Where an executive committee exists, the membership structure of the different classes of director shall be similar to that of the board of directors, and its secretary shall be the secretary to the board.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
	X		

Currently, there are no longer any independent members on the Executive Committee. This circumstance is due to the fact that the election of the members of this Committee is made according to the person (due to his personal and professional profile) and not according to his category of director.

38. The board of directors shall at all times be apprised of the matters debated and decisions taken by the executive committee, and all board members shall receive copies of the minutes to meetings of the executive committee.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

39. The members of the audit committee, and in particular its chairman, shall be appointed in view of their knowledge and expertise in accounting, audit and risk management matters, and the majority of its members shall be independent directors.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>
X		

40. A unit shall be set up under the supervision of the audit committee to perform the internal audit function and oversee the proper functioning of information and internal control systems. The internal audit unit shall report functionally to the non-executive chairman of the board or to the audit committee.

Complies	Partially complies	Explain
X		

41. The head of the internal audit unit shall submit an annual work plan to the audit committee and shall report directly on any matters arising in the course of the procedures carried out, as well as presenting an annual report on activities at the end of each financial year.

Complies	Partially complies	Explain	Not applicable
X			

42. In addition to those established by law, the audit committee should perform the following functions:

1. In relation to information systems and internal control:

- a) To supervise the preparation and integrity of the company's, and where applicable the group's, financial information, reviewing compliance with regulatory requirements and ensuring the adequacy of the consolidation scope defined and appropriate application of accounting criteria.
- b) To oversee the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the head of the internal audit department; propose the budget for the service; approve its orientation and work plans, ensuring that activities are directed principally towards key risks for the company; receive regular information on internal activities; and ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration.
- c) To establish and oversee a whistle-blowing mechanism allowing employees confidentially and, if possible and deemed appropriate, anonymously to report any potentially material irregularities, especially of a financial or accounting nature, which they may observe in the company.

2. In relation to the external auditor:

- a) To examine the circumstances and reasons in the event of resignation of the external auditor.
- b) To ensure that the remuneration of the external auditor's work does not compromise quality or independence.
- c) To oversee reporting by the company of any change of auditor to the CNMV, and to ensure that it is accompanied by a statement with regard to the possible existence of disagreements with the outgoing auditor, if any, and the content thereof.
- d) To ensure that the external auditor holds an annual meeting with the whole of the board of directors to report on the audit work carried out and on the evolution of accounting matters and the risks to which the company is exposed.
- e) To ensure that the Company and the external auditor respect prevailing regulations governing the provision of services other than audit, the limits on the concentration of the auditor's business and the terms of regulations governing auditor independence in general.

Complies	Partially complies	Explain
X		

43. The audit committee may call any employee or executive of the company, and may even require attendance without the presence of any other executive.

Complies	Partially complies	Explain
X		

44. The audit committee shall be apprised of all information concerning transactions involving structural or corporate changes which the company or any company forming part of its group plan to carry out. The



committee shall examine such information and report in advance to the board of directors on the financial terms and accounting impact of such transactions, and in particular on the exchange ratio proposed, if any.

Complies	Partially complies	Explain	Not applicable
X			

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

- a) The different types of financial and non-financial (operational, technological, legal, corporate, environmental, political and reputational) risk to which the company is exposed, including contingent liabilities and other off-balance sheet risks among the financial and business risks identified.
- b) The level of risk which the company considers acceptable.
- c) The measures established to mitigate the impact of the risks identified, in the event any should materialize.
- d) The information and internal control systems used to control and manage risks, including contingent liabilities and off-balance sheet risks.

Complies	Partially complies	Explain
X		

46. An internal control and risk management function headed up by an internal unit or department of the company should be set up under the direct supervision of the audit committee or, where appropriate, of a specialized board committee to take charge of the following functions:

- a) To ensure the proper functioning of internal control and risk management systems and, in particular, to ensure that the same adequately identify, manage and quantify all significant risks to which the company may be exposed.
- b) To participate actively in the preparation of the risk strategy and significant decisions with regard to risk management.
- c) To ensure that risk control and management systems adequately mitigate risks within the framework of the policy defined by the board of directors.

Complies	Partially complies	Explain
X		

47. The members of the appointments and remuneration committee (or of the appointments committee and remuneration committee where separate) should be appointed in view of their knowledge, skills and experience of the functions they will be required to discharge, and the majority should be independent board members.

Complies	Partially complies	Explain
	X	

In accordance with applicable legislation, the internal regulations and the policies approved by the Board of Directors, particularly on diversity, the Company promotes selection procedures for directors that take into account appropriate knowledge, skills and experience for the functions that they are expected to perform, and diversity in its various aspects constitutes an essential requirement in the selection process. To this end, half the members of the Remuneration Committee are independent directors, and the Appointments Committee has two independent directors as established by the Companies Capital Act. In addition, the Chairpersons of both Committees are independent and have a casting vote.

48. Large cap companies should establish a separate appointments committee and remuneration committee.

Complies	Partially complies	Explain
X		

49. The appointments committee shall consult with the chairman of the board and the company's chief executive officer, in particular on matters relating to executive board members.

Any board member may request that the appointments committee to take potential candidates to cover vacancies in the board of directors into consideration, where they understand the same to be suitable.

Complies	Partially complies	Explain
X		

50. The remuneration committee shall exercise its functions independently. In addition to those attributed by law, said functions shall comprise the following:

- a) To propose the basic terms and conditions of senior management contracts to the board of directors.
- b) To verify compliance with the remuneration policy established by the Company.
- c) Periodically to review the remuneration policy applied to board members and senior executives, including share-based remuneration systems and their application, if any, and to provide assurance that individual remuneration is proportionate and in line with the compensation paid to other directors and senior executives of the company.
- d) To ensure that potential conflicts of interest do not adversely affect the independence of external advice provided to the Committee.
- e) To verify information on the remuneration of board members and senior executives contained in corporate documents, including the annual report on board members' remuneration.

Complies	Partially complies	Explain
X		

51. The remuneration committee shall consult with the chairman or chief executive officer, especially on issues involving executive board members and senior executives.

Complies	Partially complies	Explain
X		

52. The rules governing the membership and functioning of supervisory and control committees should be set forth in the rules of the board of directors and should be consistent with those applied by law to mandatory committees in accordance with the foregoing recommendations, including:

- a) Membership should comprise exclusively non-executive board members, with a majority of independent board members.
- b) Committee chairpersons should be independent board members.
- c) The board of directors should appoint the members of committees in view of the knowledge, skills and experience of board members and the duties entrusted to each committee, debating the relevant proposals and reports. Each committee should likewise held to account for its activity and the work carried out at the first full session of the board of directors held after each of its meetings.
- d) The committees may seek external advice where considered necessary for the due discharge of their functions.
- e) Minutes shall be kept of each meeting and shall be provided to all of the board members.

Complies	Partially complies	Explain	Not applicable
			X

53. Compliance with the rules of corporate governance, internal codes of conduct and corporate social responsibility policy shall be supervised by one or more board committees, which may be the audit committee, the appointments committee, the corporate social responsibility committee, where applicable, or a specialized committee set up by the board of directors for that purpose in the exercise of its powers of self-organization and vested with at least the following powers:

- a) To supervise compliance with internal codes of conduct and with the company's corporate governance rules.
- b) To supervise the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders.
- c) Periodically to assess the alignment of the company's corporate governance system in order to ensure that it fulfils its mission of furthering the corporate interest and takes the legitimate interests of other stakeholders into account where appropriate;
- d) To review the Company's corporate responsibility policy, ensuring that it is oriented to the creation of value;
- e) To monitor corporate social responsibility strategy and practices, and to assess the level of compliance.
- f) To supervise and evaluate processes affecting different stakeholder groups.
- g) To assess all matters connected with the non-financial risks to which the Company is exposed, including operational, technological, legal, corporate, environmental, political and reputational risks.
- h) To coordinate procedures for reporting non-financial information and on matters of diversity in accordance with applicable legislation and the relevant international standards.

Complies	Partially complies	Explain
X		

54. The corporate social responsibility policy should include the principles and undertakings voluntarily assumed by the company in its relations with stakeholders and should determine at least:

- a) The objectives of the corporate social responsibility policy and the instruments implemented to support the same.
- b) Corporate strategy in relation to sustainability, the environment and social issues.
- c) Specific practices in matters relating to shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, human rights and the prevention of unlawful conduct.
- d) The methods and monitoring systems applicable to the specific practices referred to in point c) above, the associated risks and their management.
- e) Mechanisms established to monitor non-financial risks, ethics and business conduct.
- f) Channels established for communication, participation and dialogue with stakeholders.
- g) Responsible communication practices to prevent the manipulation of information and safeguard personal integrity and honor.

Complies	Partially complies	Explain
X		

55. The company shall report on matters relating to corporate social responsibility in a separate document or in the management report, applying internationally accepted methodologies for this purpose.

Complies	Partially complies	Explain
X		

56. Directors' remuneration should be set at the necessary levels to attract and retain board members with the desired profile, and to reward the dedication, qualifications and responsibility required by their office, but it should not be set so high as to compromise the independence of non-executive board members.

<b>Complies</b>	<b>Explain</b>
X	

57. Variable remuneration linked to the company's results and personal performance should be confined to the executive directors, as should remuneration systems based on the allocation of shares, options or rights over shares or other instruments linked to the share price, and long-term savings systems such as pension plans or retirement and other prudential schemes.

Share-based remuneration may be considered for non-executive board members subject to the condition that any securities delivered by held until the board member concerned leaves office. This condition shall not apply to any securities which the board member concerned may need to dispose of, where applicable, to settle acquisition costs.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>
X		

58. In the case of variable pay, remuneration policies should establish the necessary limits and technical precautions to ensure that such rewards relate to the professional performance of beneficiaries and do not accrue merely as a result of the general evolution of the markets, the industry in which the company operates or other similar circumstances.

In particular, variable pay components should:

- a) Be linked to predetermined, measurable performance criteria, and such criteria should take into account the risks assumed to obtain results.
- b) Promote the sustainability of the company and should include non-financial criteria related to long-run value creation, as well as compliance with the company's internal rules and procedures, and with its risk control and management policies.
- c) Should be structured on the basis of balance between the attainment of objectives in the short, medium and long term, so as to remunerate ongoing success and performance over a sufficient period of time to appreciate the contribution made to the sustainable creation of value and ensure that the performance variables measured do not refer only to one-off, occasional or extraordinary events.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

59. Payment of a relevant part of variable remuneration components should be deferred over a minimum timespan to allow verification that the performance conditions established have actually been fulfilled.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

60. Compensation that is tied to the company's earnings shall take into account the qualifications, if any, contained in the auditor's report where the same reduce results.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

61. A relevant percentage of the variable remuneration paid to executive board members should be linked to delivery of shares or financial instruments indexed to the share price.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

62. Once shares, options or rights over shares have been assigned in remuneration systems, the board members shall not transfer ownership of a number shares equal to twice the amount of their fixed annual remuneration, nor shall they exercise any options or rights, until a period of at least three years has elapsed since the allocation was made.

This condition shall not apply to any securities which the board member concerned may need to dispose of, where applicable, to settle acquisition costs.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
			X

63. Contractual agreements with directors should include a clause allowing the company to claim reimbursement of variable remuneration items where payment was not in line with the performance conditions established, or where payment was made in view of data later found to be inaccurate.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

64. Severance payments made on the termination of contracts should not exceed an amount equal to two years' total annual remuneration, and they should not be made until the company has been able to verify that the board member concerned fulfils the performance criteria established.

<b>Complies</b>	<b>Partially complies</b>	<b>Explain</b>	<b>Not applicable</b>
X			

## H. OTHER INFORMATION OF INTEREST

1. If there are any relevant aspects relating to corporate governance in the company or group entities which have not been reflected in the other sections of this report, but which need to be included to give more complete and reasoned information on the structure and governance practices in the company or its group, detail them briefly.
2. This section can also include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.  
In particular, indicate whether the company is subject to any legislation other than the Spanish legislation on corporate governance and, if so, include the information that it is required to furnish, where such information differs from that required in this report.
3. The company may also indicate whether it has adhered voluntarily to other codes on ethical principles or good practices, whether international or applying to the sector or other scope. Where applicable, identify the code in question and the date of adherence.

### SECTION. - H.3

The Company at the meeting of its Board on November 19, 2010 took a decision to adhere to the Code of Best Tax Practice drawn up by the Spanish Revenue Service and notified the Agency of the fact on December 1, 2010. The objective of this Code is to underpin transparency and cooperation in the Company's tax practices, and to enhance legal certainty with regard to the interpretation of tax regulations.

This Annual Corporate Governance Report was approved by the Board of Directors of the Company at its meeting held on 3/28/2019.

Indicate whether any Board Members voted against or abstained in relation to the approval of this Report.

Yes	No
	X