
ISSUER'S PARTICULARS

Financial year-end: [31/12/2019]

Tax Code: [A-08168064]

Corporate name:

[GRUPO CATALANA OCCIDENTE, S.A.]

Registered office:

[PASEO DE LA CASTELLANA, 4 MADRID]

A. OWNERSHIP STRUCTURE

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

Date of last amendment	Share capital (€)	Number of shares	Number of voting rights
25/05/2006	36,000,000.00	120,000,000	120,000,000

Indicate whether different types of shares exist with different associated rights:

- Yes
 No

A.2. Details of direct and indirect owners of significant holdings at the end of the financial year, excluding directors:

Name or corporate name of the significant shareholder	% voting rights attributed to shares		% voting rights through financial instruments		total % of voting rights
	Direct	Indirect	Direct	Indirect	
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	0.00	61.42	0.00	61.42	61.42

Breakdown of indirect holding:

Name or corporate name of the indirect owner	Name or corporate name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	total % of voting rights
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	LA PREVISIÓN 96, S.A.	25.00	0.00	25.00
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	INOC, S.A.	7.01	0.00	7.01
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CORPORACIÓN CATALANA OCCIDENTE, S.A.	29.40	0.00	29.40
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	DEPSA 96, S.A.	0.01	0.00	0.01

Indicate the most significant movements in the shareholder structure during the year:

A.3. Complete los the following tables, list the members of the Board of Directors (hereinafter, “directors”) with voting rights on company shares:

Name or corporate name of the director	% of voting rights attributed to shares		% of voting rights through financial instruments		total % of voting rights	% voting rights that <u>can be transmitted</u> through financial instruments		
	Direct	Indirect	Direct	Indirect		Direct	Indirect	
MR. JOSÉ MARÍA SERRA FARRÉ	0.41	0.00	0.00	0.00	0.41	0.00	0,00	
MR. FEDERICO HALPERN BLASCO	0.02	0.00	0.00	0.00	0.02	0.00	0.00	
MS. MARÍA ASSUMPTA SOLER SERRA	2.10	0.00	0.00	0.00	2.10	0.00	0.00	
MR. FRANCISCO JOSÉ ARREGUI LABORDA	0.05	0.03	0.00	0.00	0.08	0.00	0.00	
MR. HUGO SERRA CALDERÓN	0.01	0.00	0.00	0.00	0.01	0.00	0.00	
COTYP, S.L.	0.01	0.00	0.00	0.00	0.01	0.00	0.00	
VILLASA, S.L.	0.07	0.00	0.00	0.00	0.07	0.00	0.00	
MR. ENRIQUE GIRÓ GODÓ	0.22	0.00	0.00	0.00	0.22	0.00	0.00	
% of total voting rights held by the Board of Directors							2.92	

Breakdown of indirect holding:

Name or corporate name of the director	Name or corporate name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	total % of voting rights	% voting rights that <u>can be transmitted</u> through financial instruments
MR. FRANCISCO JOSÉ ARREGUI LABORDA	MS. CELIA BRAVO ARÉVALO	0.02	0.00	0.02	0.00

Name or corporate name of the director	Name or corporate name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	total % of voting rights	% voting rights that <u>can be transmitted</u> through financial instruments
MR. FRANCISCO JOSÉ ARREGUI LABORDA	MS. BEATRIZ ARREGUI BRAVO	0.00	0.00	0.00	0.00

A.4. Where applicable, indicate any family, commercial, contractual or business relationships between owners of significant shareholdings, insofar that they are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except for those detailed in section A.6:

Related-party name or corporate name	Type of relationship	Brief description
No data		

A.5. Indicate, where applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related-party name or corporate name	Type of relationship	Brief description
No data		

A.6. Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of corporate directors.

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Name or corporate name of the related director or representative	Name or corporate name of the significant related shareholder	Corporate name of the company of the group of the significant shareholder	Description of relationship/post
MR. JOSÉ MARÍA SERRA FARRÉ	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Chairman

Name or corporate name of the related director or representative	Name or corporate name of the significant related shareholder	Corporate name of the company of the group of the significant shareholder	Description of relationship/post
MR. JORGE ENRICH IZARD	DEPSA 96, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Director
MR. FEDERICO HALPERN BLASCO	DEPSA 96, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Director
MR. FRANCISCO JOSÉ ARREGUI LABORDA	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Director-Secretary
MR. HUGO SERRA CALDERÓN	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Joint Managing Director
JUSAL, S.L.	LA PREVISIÓN 96, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Minority shareholder
COTYP, S.L.	INOC, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Director and minority shareholder
VILLASA, S.L.	INOC, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Director and minority shareholder
GESTIÓN DE ACTIVOS Y VALORES, S.L.	INOC, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Deputy Chairman
ENSIVEST BROS 2014, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Joint Managing Director
LACANUDA CONSELL, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Joint Managing Director

Mr. Enrique Giró Godó and Ms. Assumpta Soler Serra were appointed proprietary directors at the proposal of INOC, S.A., although they have no relationship with this shareholder.

A.7. Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Corporate Enterprises Act ("LSC"). Provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes
 No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Where applicable, briefly describe them:

Yes
 No

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8. State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Spanish Securities Market Act. If so, identify them:

Yes
 No

Name or corporate name
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.

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

At year end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
	2,095,017	1.75

(*) Through:

Name or corporate name of direct shareholder	Number of shares held directly
SOCIEDAD GESTIÓN CATALANA OCCIDENTE, S.A.	2,095,017
Total	2,095,017

There has been no change in the direct holder of the participation with respect to previous reports. Sociedad Gestión Catalana Occidente, S.A.U. is the new denomination of Salerno 94, S.A.U. as a consequence of the merger by virtue of which this company, as an absorbing company, acquired the denomination of the absorbed company (Sociedad Gestión Catalana Occidente, S.A.U.).

A.10. Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury stock:

The Board of Directors of Grupo Catalana Occidente, S.A. (hereinafter, "the Company") is authorised and empowered for the derivative acquisition of treasury shares, either directly or through subsidiaries, for any of the acquisition modalities allowed by law, within the limits and subject to the requirements established in the Corporate Enterprises Act ("LSC"), and, in particular, to the following:

- (i) The nominal value of the shares acquired, directly or indirectly, in addition to those already owned by the acquiring company and its subsidiaries, and, where appropriate, the parent company and its subsidiaries, may not exceed 10% of the Company's capital stock.
- (ii) The acquisition of shares, including those that the company or person acting on its own behalf but on behalf of the latter had previously acquired and had in the portfolio, may not produce the effect that the net equity, as defined in Article 146 LSC, is less than the amount of the share capital plus legal or statutory reserves unavailable.
- (iii) The acquisition modalities may consist of both buying and selling and swapping as well as any other business modality for consideration, depending on the circumstances, of fully paid out shares, free of any charge or encumbrance and that do not entail the obligation to perform accessory benefits.
- (iv) The minimum and maximum acquisition value will be that of its contribution value reduced or increased by 10%, respectively, on the date on which the transaction in question is completed.

The current authorisation was granted for a period of five years at the General Shareholders' Meeting held on 23 April 2015. In this sense, and before the next expiration of the previous term, the agenda of the General Shareholders' Meeting called for upcoming 30 April 2020 includes the renewal of said authorization for the same period.

Within the framework of the aforementioned authorization, the Board of Directors will establish the treasury stock action policy, being able to delegate the execution of said policy to the Chairperson and / or the Managing Director of the Company. Likewise, the Board of Directors must especially ensure that, at the time of any authorized acquisition, the conditions established in the agreement, in the Law and the criteria established by the regulator are respected. In all cases, the rules and limits contained in the Internal Code of Conduct of Grupo Catalana Occidente, S.A. and its subsidiaries (hereinafter, the "Group" or "Grupo Catalana Occidente") must be respected, in particular with regard to their price.

Moreover, the acquisitions that are made based on the aforementioned authorization may have as their object actions to be delivered, in application of compensation programs of the Company and its Group, to the workers or administrators of the Company and its subsidiaries, directly or as a consequence of the exercise of the option that they are the holders, for which the Company's existing treasury stock may be used, or new acquisitions may be completed under the authorization indicated.

A.11. Estimated floating capital:

	%
Estimated floating capital	33.91

A.12. State whether there are any restrictions (articles of association, legislative or of any other nature) placed on the transferability of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and any regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

- Yes
- No

Description of restrictions

There are no restrictions on the right to vote, since each action entitles one vote. Nevertheless, in accordance with the Company's Bylaws and the Regulations of the General Meeting, a minimum of 250 shares registered in the corresponding Accounting Registry are

required to attend the General Shareholders' Meeting, at least five days before the date of the meeting. Shareholders holding a lower number of shares may group them together until at least said number is completed, appointing a representative among them.

Similarly, the restrictions of the insurance regulations apply (Act 20/2015, of 14 July on the organization, supervision and solvency of the insurance and reinsurance entities and their development regulations) that subject to administrative requirements the direct or indirect acquisition of shares or insurance companies based on certain thresholds.

A.13. Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

- Yes
 No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted:

A.14. State if the company has issued shares that are not traded on a regulated EU market.

- Yes
 No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer:

B. OWNERSHIP

B.1. Indicate the quorum required for constitution of the General Shareholders' Meeting established in the company's Articles of Association. Describe how it differs from the system of minimum quorums established in the LSC:

- Yes
 No

B.2. Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework set forth in the LSC:

- Yes
 No

B.3. Indicate the rules governing amendments to the company's Articles of Association. In particular, indicate the majorities required to amend the Articles of Association and, if applicable, the rules for protecting shareholders' rights when changing the Articles of Association.

The existing rules for the modification of the Articles of Association are the same as those established in the LSC. Thus, article 10 of the Articles of Association establishes that in order for the Board to validly agree on the increase or decrease of capital and, in general, any modification of the Articles of Association, attendance quorums will be required and, where appropriate, the majorities provided in articles 194 and 201 LSC.

Likewise, in accordance with the provisions of articles 286 and 287 LSC, in case of modification of the Articles of Association, the administrators or, where appropriate, the shareholders bringing forth the proposal must write the full text of the modification they propose and a written report justifying the modification, which must be made available to the shareholders on the occasion of the call of the meeting to discuss said modification.

Under articles 197.bis LSC and 4.8 of the Regulations of the General Meeting, matters which are substantially independent, such as amendments to the Articles of Association, will be voted on separately, in which case, each article or group of articles with independent content will be voted separately. Nevertheless, proposals for approval of a full text of the Articles of Association will be voted together.

B.4. Give details of attendance at General Shareholders' Meetings held during the year of this report and the two previous years:

Date of General Meeting	Attendance Data				Total
	% physically present	% present by proxy	% distance voting		
			Electronic voting	Other	
27/04/2017	69.31	14.38	0.00	0.12	83.81
Of which, free float	4.20	14.36	0.00	0.12	18.68
26/04/2018	65.79	15.58	0.00	0.52	81.89
Of which, free float	1.89	15.55	0.00	0.52	17.96
25/04/2019	65.19	15.11	0.00	0.20	80.50
Of which, free float	0.53	15.08	0.00	0.20	15.81

B.5. State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason:

- Yes
 No

B.6. State whether the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

- Yes
 No

Number of shares required to attend the General Meetings	250
Number of shares required for distance voting	1

B.7. State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting:

- Yes
 No

B.8. Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings which must be made available to shareholders on the website:

The address of the company's corporate website is: www.grupocatalanaoccidente.com

The way of accessing the content of the information on corporate governance and other information on the general meetings that must be made available to the shareholders through the indicated corporate website, is within the section "General Meeting of Shareholders", clearly accessible through the links "Shareholders and Investors" - "Corporate Governance".

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of Directors	18
Minimum number of Directors	9
Number of directors set by the general meeting	16

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

Name or corporate name of the director	Representative	Director category	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MR. JOSÉ MARÍA SERRA FARRÉ		Executive	CHAIRMAN	15/04/1975	27/04/2017	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. JORGE ENRICH IZARD		Proprietary	DIRECTOR	29/04/1993	27/04/2017	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. FEDERICO HALPERN BLASCO		Proprietary	DIRECTOR	25/11/1993	28/04/2016	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE		Executive	MANAGING DIRECTOR	26/04/2012	25/04/2019	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. FRANCISCO JAVIER PÉREZ FARGUELL		Independent	DIRECTOR	25/02/2015	25/04/2019	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. JUAN IGNACIO GUERRERO GILABERT		Independent	DIRECTOR	28/04/2011	27/04/2017	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING

MS. MARÍA ASSUMPTA SOLER SERRA		Proprietary	DIRECTOR	24/09/2009	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MS. MARÍA ASSUMPTA SOLER SERRA		Proprietary	DIRECTOR	24/09/2009	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. FRANCISCO JOSÉ ARREGUI LABORDA		Executive	DIRECTOR-SECRETARY	29/01/1998	25/04/2019	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. HUGO SERRA CALDERÓN		Executive	DIRECTOR	27/06/2013	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
JUSAL, S.L.	MR. JOSÉ MARIA JUNCADELLA SALA	Proprietary	DIRECTOR	29/04/2010	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
COTYP, S.L.	MR. ALBERTO THIEBAUT ESTRADA	Proprietary	DIRECTOR	23/02/2012	28/04/2016	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
VILLASA, S.L.	MR. FERNANDO VILLAVECCHIA OBREGÓN	Proprietary	DIRECTOR	26/06/1997	28/04/2016	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
GESTIÓN DE ACTIVOS Y VALORES, S.L.	MR. JAVIER JUNCADELLA SALISACHS	Proprietary	VICE CHAIRMAN	25/05/2017	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
ENSIVEST BROS 2014,S.L.	MR. JORGE ENRICH SERRA	Proprietary	DIRECTOR	25/02/2015	27/04/2017	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
LACANUDA CONSELL, S.L.	MR. CARLOS FEDERICO HALPERN SERRA	Proprietary	DIRECTOR	29/04/2010	26/04/2018	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING
MR. ENRIQUE GIRÓ GODÓ		Proprietary	DIRECTOR	28/02/2019	25/04/2019	RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING

Total number of directors	16
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State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was member	Indicate whether the director left before the end of the term
INVERSIONES GIRÓ GODÓ, S.L.	Proprietary	28/04/2016	28/02/2019	None	Yes

Reason for resignation and other comments

INVERSIONES GIRÓ GODÓ, S.L. presented their resignation at the Board on 28/02/2019, being appointed director by the co-opting procedure on the same date his natural person representative, Mr. Enrique Giró Godó, being ratified by the General Meeting on 25/04/2019.

C.1.3 Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS		
Name or corporate name of the director	Post in the organisational chart of the company	Profile
MR. JOSÉ MARÍA SERRA FARRÉ	EXECUTIVE CHAIRMAN	He holds a degree in Law and Business from the Universidad Pontificia de Comillas (ICADE). Senior Management Program at the IESE Business School. He has been president of the Governing Council of the Cooperative Research Institute between Insurance Entities and Pension Funds and President of the Family Business Institute.
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	CEO	He holds a degree in Economics and Business Administration from the Universidad Comercial de Deusto.
MR. FRANCISCO JOSÉ ARREGUI LABORDA	MANAGING DIRECTOR	Holds a degree in Law from the University of Barcelona. State Attorney on leave. Senior Management Program at the IESE Business School.
MR. HUGO SERRA CALDERÓN	VICE CHAIRMAN-MANAGING DIRECTOR	He holds a degree in Business Administration from UPC. BSBA by University of Wales and MBA by IESE Business School.

Total number of executive directors	4
% of the Board	25.00

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of the director	Name or corporate name of the significant shareholder represented or that has proposed their appointment	Profile
MR. JORGE ENRICH IZARD	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Holds a degree in Law from the University of Madrid.
MR. FEDERICO HALPERN BLASCO	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Holds a degree in Economics from the University of Barcelona. Diploma in Industrial Insurance from the Escuela de Organización Industrial. Graduated from the Escuela Oficial de Periodismo de Madrid.
MS. MARÍA ASSUMPTA SOLER SERRA	INOC, S.A.	Holds a degree in Geography and History from the Universidad de Barcelona.
JUSAL, S.L.	JUSAL, S.L.	Holds a degree in Economics and Business Administration from the Universidad de Barcelona.
COTYP, S.L.	INOC, S.A.	Holds a degree in Economics and Business Administration from the Universidad Complutense de Madrid. MBA from Instituto de Empresa.
VILLASA, S.L.	INOC, S.A.	Holds a degree in Architecture from the Escuela Superior de Arquitectura de Barcelona, Universitat Politècnica de Catalunya.
GESTIÓN DE ACTIVOS Y VALORES, S.L.	INOC, S.A.	Holds a degree in Economics. MBA from ESADE Business School.
ENSIVEST BROS 2014, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	BBA in International Business from Schiller International University. PDD from IESE Business School.
LACANUDA CONSELL, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Holds a degree in Physical Sciences from the Universidad Complutense de Madrid. MBA from IESE Business School. AMP from Harvard Business School.
MR. ENRIQUE GIRÓ GODÓ	INOC, S.A.	Diploma in Business from the University of Barcelona.

Total number of proprietary directors	10
% of the Board	62.50

The profiles included with regard to legal persons refer to natural persons representing them.

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of the director	Profile
MR. JUAN IGNACIO GUERRERO GILABER	Holds a degree in Economics and Business Administration from the Universidad de Barcelona. Insurance Actuary by the Universidad de Barcelona. PhD holder in Financial and Actuarial Mathematics from the Universidad of Barcelona. Currently, Director-Managing Director of "Domasa Inversiones, S.L." and was CEO – Managing Director of "Aresa, Seguros Generales, S.A.".
MR. FRANCISCO JAVIER PÉREZ FARGUELL	Holds a degree in Law from the Universidad de Barcelona and a degree in Business Administration and MBA from ESADE Business School. Executive Program at Stanford Business School. Diploma by Harvard and INSEAD. Director at Mahou-San Miguel between 2005 and 2015. Managing Partner at Clearwater International. Member of the Advisory Council of Foment del Treball National and full member of the Barcelona Chamber of Commerce.

Total number of independent directors	2
% of the Board	12.50

List any independent Directors who receive from the company or group any amount or payment other than standard Director remuneration or who maintain or have maintained during the last year a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

If applicable, include a statement from the Board detailing the reasons why the said Director may carry out their duties as an independent Director.

Name or corporate name of the director	Description of the relationship	Reasons
No data		

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:			
Name or corporate name of the director	Reasons	Company, executive or shareholder with whom the relationship is maintained	Profile
No data			

Total number of other external directors	N/A.
% of the Board	N/A.

List any changes in the category of each Director which have occurred during the year:

Name or corporate name of the director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of directors for each category			
	Year 2019	Year 2018	Year 2017	Year 2016	Year 2019	Year 2018	Year 2017	Year 2016
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	10.00	10.00	10.00	10.00
Independent					0.00	0.00	0.00	0.00
Other external					0.00	0.00	0.00	0.00
Total	1	1	1	1	6.25	6.25	6.25	6.25

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

- Yes
 No
 Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

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

Description of policies, objectives, measures and how they have been implemented, including results achieved

In accordance with Article 16 of the Regulations of the Board of Directors (the "Board Regulations"), the Appointments and Remuneration Committee is entrusted with the basic function of formulating and reviewing the criteria that shall be followed for the composition of the Board of Directors and the selection of candidates. In particular, said Committee has been ensuring, and will continue to do so, that the candidate selection processes do not suffer from implicit biases that might hinder diversity, by raising proposals or informing the Board of Directors, as the case may be, with total objectivity and respect for the principle of equality and diversity, according to their professional conditions, experience and knowledge. This principle has always presided over the performance criteria of the aforementioned Committee, so it is not necessary to adopt any additional measures, as there are no discriminations to eliminate. The right candidate has always been sought, regardless of issues such as age, gender, or disability. Additionally, the Appointments and Remuneration Committee is entrusted with the duty, in accordance with Article 16 of the Board Regulations, to establish a

representation goal for the least represented sex on the Board of Directors and to develop guidelines on how to achieve said goal, in case there are any vacancies. However, this objective has not yet been established as said vacancies have not occurred.

C.1.6 Describe the measures, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors, and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between women and men:

Explanation of measures

The Appointments and Remuneration Committee ensures that the measures indicated in the previous section are respected and that persons of both sexes who meet the necessary requirements and skills for the position are taken into consideration. Additionally, in accordance with Article 16.5.k) of the Board Regulations, said Committee has the duty to establish a representation goal for the least represented sex on the Board of Directors and to develop guidelines on how to achieve said goal, in case there are any vacancies. However, this objective has not yet been established as said vacancies have not occurred.

When, despite the measures taken, there are few or no women Directors, explain the reasons:

Explanation of reasons

The appointment of new directors depends, to a large extent, on the creation of vacancies within the Board of Directors, which does not happen frequently. In this sense, over the last years, the only movements that have taken place have been re-elections, substitutions of a natural person director by a legal person, a legal person by its representing natural person, or changes in the legal person but keeping the natural person acting as representative.

C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the selection policy for directors. Particularly whether the policy pursues the goal of having at least 30% of total Board places occupied by women Directors before the year 2020.

The absence of effective vacancies on the Board of Directors, together with the fact that a large part of the directors are proprietary directors appointed at the proposal of shareholders with significant participation, has made it unnecessary until now to approve a policy for the selection of directors, thus being unnecessary to verify it. Notwithstanding the foregoing, and with regard to the percentage of female directors on the Board of Directors, as indicated in the preceding section, the Appointments and Remuneration Committee has the function of establishing a representation goal for the less represented sex on the Board of Directors and elaborating guidelines on how to achieve said goal that, where appropriate, will try to implement when the indicated vacancies occur.

C.1.8 Explain, when applicable, the reasons why proprietary Directors have been appointed upon the request of shareholders who hold less than 3% of the share capital:

Name or corporate name of the director	Justification
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Although the aforementioned shareholder does not have a direct shareholding of more than 3%, as indicated in section A.7 above, it exercises indirect control over the Company in accordance with Article 42 of the Commerce Code.
JUSAL, S.L.	Jusal, S.L. ceased to hold a direct shareholding of more than 3% in the Company, although it indirectly holds a 4.27% interest in the Company.

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:

- Yes
 No

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name or corporate name of the director or committee	Brief description
JOSÉ MARÍA SERRA FARRÉ	The Executive Chairman has been expressly delegated to him all the powers and competences of the Board of Directors, except those that cannot be delegated by Law or by the Regulations of the Board of Directors.
JOSÉ IGNACIO ÁLVAREZ JUSTE	The CEO has been expressly delegated to him all the powers and competences of the Board of Directors, except those that cannot be delegated by Law or by the Regulations of the Board of Directors, as well as the power to sell, pledge and in any other way transmit and / or tax, the shares, social interests or quotas of all kinds of companies and entities that are part of the same group as the Company, in accordance with the provisions of Article 42 of the Commerce Code.
FRANCISCO JOSÉ ARREGUI LABORDA	The Managing Director has broad powers of representation of the Company for its ordinary management (with the exclusions indicated for the CEO), limited to 10 million euros jointly, being able to exercise them without monetary limit jointly with the Vice Chairman-Managing Director.
HUGO SERRA CALDERÓN	The Vice Chairman-Managing Director has broad powers of representation of the Company for its ordinary management (with the exclusions indicated for the CEO), limited to 10 million euros jointly, being able to exercise them without monetary limit in a joint manner with the Managing Director.

C.1.10 Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
MR. JOSÉ MARÍA SERRA FARRÉ	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CHAIRMAN	YES
MR. JOSÉ MARÍA SERRA FARRÉ	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CHAIRMAN	NO
MR. JOSÉ MARÍA SERRA FARRÉ	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	DIRECTOR	NO

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
MR. JORGE ENRICH IZARD	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. JORGE ENRICH IZARD	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	DIRECTOR	NO
MR. FEDERICO HALPERN BLASCO	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	CHAIRMAN	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	YES
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	DIRECTOR	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	YES
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	BILBAO HIPOTECARIA, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO	DIRECTOR	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	CHAIRMAN	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	ATRADIUS N.V.	CHAIRMAN SUPERVISORY BOARD	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, A.I.E.	CHAIRMAN	NO
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	CHAIRMAN	NO
MR. FRANCISCO JAVIER PÉREZ FARGUELL	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. FRANCISCO JAVIER PÉREZ FARGUELL	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
MR. JUAN IGNACIO GUERRERO GILABERT	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. JUAN IGNACIO GUERRERO GILABERT	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MS. MARÍA ASSUMPTA SOLER SERRA	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	SOCIEDAD GESTIÓN CATALANA OCCIDENTE, S.A.	REPRESENTATIVE SINGLE ADMINISTRATOR	YES
MR. FRANCISCO JOSÉ ARREGUI LABORDA	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR-SECRETARY AND MANAGING DIRECTOR	YES
MR. FRANCISCO JOSÉ ARREGUI LABORDA	CATOC SICAV, S.A.	CHAIRMAN	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	BILBAO HIPOTECARIA, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO	DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	COSALUD SERVICIOS, S.A.	REPRESENTATIVE SINGLE ADMINISTRATOR	YES
MR. FRANCISCO JOSÉ ARREGUI LABORDA	HERCASOL, S.A. SICAV	PRESIDENTE	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	REPRESENTATIVE DIRECTOR	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	ATRADIUS N.V.	VICE CHAIRMAN SUPERVISORY BOARD	NO
MR. FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, A.I.E.	DIRECTOR	NO

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
MR. FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	YES
MR. HUGO SERRA CALDERÓN	CATOC SICAV, S.A.	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	CHAIRMAN	NO
MR. HUGO SERRA CALDERÓN	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	HERCASOL, S.A. SICAV	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	GCO GESTORA DE PENSIONES EGFP, S.A.	CHAIRMAN	YES
MR. HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE ACTIVOS INMOBILIARIOS, S.L.	CHAIRMAN	YES
MR. HUGO SERRA CALDERÓN	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	DIRECTOR	NO
MR. HUGO SERRA CALDERÓN	ATRADIUS N.V.	MEMBER SUPERVISORY BOARD	NO
MR. HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, A.I.E.	DIRECTOR	YES
MR. HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	DIRECTOR	YES
JUSAL, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
COTYP, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO

Name or corporate name of the director	Corporate name of the group company	Position	Do they have executive duties?
VILLASA, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
GESTIÓN DE ACTIVOS Y VALORES, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	VICE CHAIRMAN	NO
ENSIVEST BROS 2014, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
LACANUDA CONSELL, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO
MR. ENRIQUE GIRÓ GODÓ	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	DIRECTOR	NO

Company directors Mr. José Maria Serra Farré, Mr. José Ignacio Álvarez Juste, Mr. Francisco José Arregui Laborda, Mr. Hugo Serra Calderón, Mr. Juan Ignacio Guerrero Gilabert and Mr. Francisco Javier Pérez Farguell resigned from their positions in the board of directors of Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros on 23 December 2019 (yet effective from 1 January 2020) due to the modification of the administration system of said company.

Similarly, and effective from 1 January 2020, director Mr. José Ignacio Álvarez Juste no longer holds the position of CEO of the companies Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. and Seguros Catalana Occidente S.A. de Seguros y Reaseguros.

In addition to the charges indicated in said Section, the representing natural person of Lacanuda Consell, S.L., Don Carlos Halpern Serra, serves as a director at Atradius Crédito y Caución, S.A. de Seguros y Reaseguros.

C.1.11 List any legal-person directors of your company who are members of the Board of Directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Name or corporate name of the director	Corporate name of the listed company	Position
No data		

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

- Yes
 No

Explanation of the rules and identification of the document where this is regulated

In accordance with the provisions of Article 29 of the Board Regulations, so that the Director may devote the time and effort necessary to perform his function effectively, he or she may not be part of a number of boards greater than six.

For the purposes of calculating the indicated number, the following will not be considered: the boards of companies of the Group on which a Director is proposed by the Company or by any company of the Group; those Boards of equity companies owned by the Directors or their immediate family members; or those which constitute vehicles or complements for the

professional practice of the Director, of their spouse or person with similar relationship of affectivity or of their close relatives. Nor will be boards of companies which have as their object leisure activities, assistance or assistance to third parties, or similar, complementary or accessory object of any of these activities.

C.1.13 State total remuneration received by the Board of Directors:

Board remuneration in financial year (thousand euros)	6,324
Cumulative amount of rights of current Directors in pension schemes (thousands of euros)	5,319
Cumulative amount of rights of current Directors in pension schemes (thousands of euros)	

Additionally, there are 106 thousand euros corresponding to long-term variable remuneration that has not been effectively settled, but is deferred and its perception is conditioned by the terms of the Company's Remuneration Policy, published in the corporate website.

The amount of rights accrued by current directors with regard to pensions includes both consolidated and unconsolidated economic rights.

C.1.14 List any members of senior management who are not executive Directors and indicate total remuneration paid to them during the year:

Name or corporate name	Position(s)
MR. JUAN CLOSA CAÑELLAS	MANAGING DIRECTOR OF TRADITIONAL BUSINESS
MR. DAVID CAPDEVILA PONCE	MANAGING DIRECTOR OF ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS
MR. JAVIER MAIZTEGUI OÑATE	MANAGING DIRECTOR OF BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.
MR. AUGUSTO HUESCA CODINA	MANAGING DIRECTOR OF NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.
MR. LUÍS ESTRELLA DE DELÁS	DEPUTY COMMERCIAL MANAGING DIRECTOR
MR. JORDI COTS PALTOR	GENERAL MANAGER OF INTERNAL AUDIT
Total remuneration received by senior management (thousands of euros)	2,793

The positions held by Mr. Juan Closa Cañellas and Mr. David Capdevila Ponce have been effective since 1 January 2020.

Additionally, there is a total amount of 221 thousand euros corresponding to the long-term variable remuneration of the members of the Senior Management that has not been effectively liquidated, but is deferred and its perception is conditioned in the terms of Remuneration Policy of the Company.

Furthermore, the total remuneration includes the remuneration received by Mr. José Manuel Cuesta Díaz (former General Manager of Internal Audit) until his retirement on 1 July 2019, and the remuneration of his successor, Mr. Jordi Cots Paltor, from said date until the end of the fiscal year.

C.1.15 Indicate whether any changes have been made to the Board Regulations during the year:

Yes

No

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, procedures and criteria used for each of these procedures.

The Directors will be appointed by the General Meeting or by the Board of Directors, in accordance with the rules contained in the LSC.

The proposals for the appointment of Directors submitted by the Board of Directors for the consideration of the General Meeting and the appointment decisions adopted by said body by virtue of the powers of co-optation vested in it must be preceded by the corresponding report of the Appointments and Remuneration Committee. Additionally, as regards the independent Directors, it is up to the Appointments and Remuneration Committee to previously submit to the Board its proposal for appointment. In any case, the proposals for the appointment of Directors must be accompanied by a justifying report from the Board, which will be attached to the minutes of the General Meeting or the Board itself.

In the appointment of external Directors, the Board of Directors and the Appointments and Remuneration Committee, within the scope of their powers, shall ensure that the election of candidates falls on persons of recognised solvency, competence and experience.

Proposals for the re-election of Directors that the Board of Directors decides to submit to the General Meeting must be subject to a formal process of preparation, for which a report issued by the Appointments and Remuneration Committee will necessarily be included, except in the case of re-election of independent Directors, and a report of the Board itself. Additionally, as regards the independent Directors, it is up to the Appointments and Remuneration Committee to previously submit to the Board its re-election proposal. When the Board departs from the recommendations of the Appointments and Remuneration Committee on the appointment or re-election of Directors, it must state the reasons for its conduct and record its reasons in the minutes.

The Directors shall hold their office for periods of four years, renewing the Board in fifths or the number that is closest each year. However, they may be re-elected indefinitely except for independent Directors who in no case remain in their position as such for a period of more than twelve years.

The Directors appointed by co-optation will exercise their position until the conclusion of the General Meeting immediately following the appointment, at which they may be ratified or not. However, if a vacancy occurs once the General Meeting has been convened and prior to its celebration, the co-opted designee will serve until the next General Meeting is held.

The Directors will cease in office when the period for which they were appointed has elapsed and when the General Meeting decides. The proposals for the resignation of Directors that the Board of Directors submits for the consideration of the General Meeting and the decisions adopted in that regard by said body must be preceded by the corresponding report of the Appointments and Remuneration Committee.

Additionally, as regards the independent Directors, it is up to the Appointments and Remuneration Committee to submit its proposal for termination to the Board. When the Board departs from the recommendations in this regard of the Appointments and Remuneration Committee, it must state the reasons for its conduct and record its reasons in the minutes.

The Director who terminates his or her mandate or ceases in the performance of his or her position for any other reason may not provide services in another entity that has a corporate purpose similar to that of the Company for a period of two years. The Board of Directors, if deemed appropriate, may waive the outgoing Director of this obligation or shorten the period of its duration.

The Board will not propose the cessation of any independent Director to the General Meeting before the deadline for which he or she has been elected, unless there is a justifying cause, assessed by the Board of Directors after a report from the Appointments and Remuneration Committee. In particular, the proposal for termination shall be understood as justified when: (i) the Director had breached the duties inherent to the position or had incurred in some of the circumstances described for this purpose in the Code of Good Governance of Listed Companies, or (ii) there are changes in the shareholding structure of the Company that imply a reduction in the number of independent Directors.

C.1.17 Explain to what extent this evaluation has prompted significant changes in its internal organisation and the procedures applicable to its activities:

Description of amendments

The result of the self-assessment measures, through the questionnaires on the functioning of the Board of Directors, the performance of the Executive Chairperson, the functioning of the Audit Committee and that of the Appointments and Remuneration Committee, has yielded a positive result regarding the perception of the suitability of the procedures that are currently applied. Therefore, notwithstanding the fact that the suggestions and aspects that the Directors have considered improvable have been taken into account, it has not been necessary to implement relevant changes in said procedures.

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the assessment process and the assessed areas

In accordance with the Regulations of the Board of Directors, the Board assesses its quality and efficiency, as well as the performance of the duties of the Chairperson of the Board, starting in each case from the report submitted to it by the Appointments Committee. Similarly, the Board of Directors evaluates the operation of its Committees, on the basis of the report that they submit to it.

In the last evaluation process carried out, in relation to FY2019, the Board of Directors has evaluated: (i) the quality and efficiency of the operations of the Board of Directors; (ii) the functioning of the Committees of the Board of Directors, and (iii) the performance of the duties of the Chairperson of the Board of Directors.

For this, it has taken into account both the recommendations issued at the end of FY2018 by the external consultants (KPMG Asesores, S.L.) on the quality and efficiency of the functioning of the Council, its committees, as well as the performance of the functions of the Chairperson, the Chief Executive Officer and the Secretary of the Board, as the Technical Guides issued by the CNMV (the Spanish Securities & Exchange Commission, by its Spanish acronym) in relation to the Audit Committee and the Appointments and Remuneration Committee.

First, the Appointments and Remuneration Committee has been analysing throughout the year the structure, size and composition of the Board of Directors to carry out the annual evaluation of the operation of the Board of Directors, issuing a preliminary report that has subsequently been raised to the Board of Directors. In this context, said Committee analysed the level of compliance with the recommendations issued by the external consultants and with the aforementioned CNMV Technical Guides.

In turn, the Board of Directors has carried out an evaluation of the quality and efficiency of the functioning of the Audit Committee and the Appointments and Remuneration Committee based on self-evaluation surveys carried out on the members of said committees, and the reports issued in this regard. Similarly, the analysis carried out on the level of compliance with the recommendations issued by the external consultants and the aforementioned CNMV Technical Guides were taken into account.

Lastly, the performance of the duties of the Chairperson of the Board of Directors, as Chairperson and as Chief Executive, has been carried out by the Board of Directors based on the previous report by the Appointments and Remuneration Committee.

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

During this year, the Company has not been assisted by an external consultant to carry out the annual evaluation of the operation of the Board of Directors.

C.1.19 Indicate the cases in which Directors are required to resign.

In accordance with the provisions of Article 23.3 of the Board Regulations, the Directors shall make available to the Board of Directors and formalise, if it deems it appropriate, the corresponding resignation in certain cases (detailed in Section C.1.42 below), after a report from the Appointment and Remuneration Committee.

C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?

- Yes
 No

If applicable, describe the differences.

C.1.21 State whether there are any specific requirements other than those relating to the Directors, to be appointed chairperson of the board of directors:

- Yes
 No

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

- Yes
 No

C.1.23 State whether the Articles of Association or the Board regulations establish any stricter term limits or other requirements for independent directors other than those required by law:

- Yes
 No

C.1.24 State whether the Articles of Association or Board Regulations establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if there is any limit regarding the categories in which it is possible to delegate, beyond the limits imposed by law. If so, give brief details.

Although there are no formal processes for the delegation of the vote in the Board of Directors; in accordance with Article 18.1 of the Board Regulations, the Directors shall do everything possible to attend the meetings of the Board and, when they cannot do so personally, they shall ensure that the proxy they grant in favour of another member of the Board includes the appropriate instructions. In any case, non-executive directors may only delegate their representation to another non-executive director.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairperson present. Meetings where the chairperson sent specific proxy instructions are to be counted as attended.

Number of Board meetings	11
Number of Board meetings without the attendance of the chairperson	0

In State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0
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Indicate the number of meetings of the various Board committees held during the year:

Number of meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	6
Number of meetings of the AUDIT COMMITTEE	11

C.1.26 State the number of meetings held by the Board of Directors during the year and the information on member attendance:

Number of meetings with the physical attendance of at least 80% of directors	11
--	----

% of in situ attendance in terms of the total votes during the year	98.30
Number of meetings with the physical attendance, or proxies with specific instructions, of all directors	11
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	100.00

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

Yes
 No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior for their authorisation for issue by the Board:

Name	Position
MR. JOSÉ IGNACIO ÁLVAREZ JUSTE	CHIEF EXECUTIVE OFFICER
MR. FRANCISCO JOSÉ ARREGUI LABORDA	MANAGING DIRECTOR
MR. CARLOS FELIPE GONZÁLEZ BAILAC	CHIEF FINANCIAL OFFICER

C.1.28 Explain any measures established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Shareholders' Meeting with qualifications in the auditors' report.

In accordance with the provisions of the Company's Bylaws and the Board Regulations, the Audit Committee has, among its functions, the responsibility for:

- (i) Supervising the internal control effectiveness of the Company, internal audit and risk management systems, including the internal control system of financial information, as well as discussing with the account auditors the significant weaknesses of the internal control system detected in the audit.
- (ii) Knowing and supervising the process of preparation and presentation of regulated financial information.
- (iii) Reviewing the Company's accounts, monitoring compliance with legal requirements and the correct application of generally accepted accounting principles.
- (iv) Supervising the information that the Board of Directors must approve and include in its annual public communication.
- (v) Liaising with the external auditors and issue annually, prior to the issuance of the account audit report, a report in which they will express their opinion on their independence.

In the exercise of these duties, the Audit Committee shall meet with the external Auditor prior to the presentation of the individual and consolidated accounts, accounting for the work performed during the year, to ascertain and record that until that moment no qualifications are observed in the Audit Report.

The audit reports of the annual accounts formulated by the Board of Directors have been issued historically without qualifications, as stated in the information on the Company that can be found on the CNMV website (www.cnmv.es).

C.1.29 Is the Secretary of the Board also a Director?

- Yes
 No

Complete if the Secretary is not also a Director:

C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

In accordance with the provisions of Article 15 of the Board Regulations, the Audit Committee shall be responsible for liaising with external auditors to receive information on issues that may jeopardise their independence and any others related to the process of development of the audit of accounts, as well as those other communications foreseen in the legislation of audit of accounts and in the technical norms of audit. In any case, they shall receive annually from the account auditors the written confirmation of their independence from the entity or entities linked to it directly or indirectly, as well as the information of the additional services of any kind provided to these entities by the aforementioned auditors or by the persons or entities linked to them in accordance with the provisions of the Accounts Audit Law. Moreover, one of the responsibilities of the Audit Committee is to issue an annual report, prior to the issuance of the account audit report, in which it will express an opinion on the independence of the account auditors or audit firms.

Regarding the financial analysts, investment banks and rating agencies, no mechanisms have been developed to preserve their independence since no situation that requires their implementation has occurred or is foreseen to occur, the communication channels with these being established through the Policy of communication and contacts with shareholders, institutional investors and voting advisors of the Company, which can be consulted on the corporate website.

C.1.31 State whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor:

- Yes
 No

If there were any disagreements with the outgoing auditor, please provide an explanation:

- Yes
 No

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or Group:

- Yes
 No

	Company	Company of the group	Total
Amount of non-audit work (thousands of euros)	29	11	40
Amount of non-audit work / amount of audit work (in %)	5.04	0.32	1.00

C.1.13 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairperson of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.

- Yes
 No

C.1.14 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidates
Number of consecutive years	2	2

	Individual	Consolidated
Number of fiscal years audited by the current audit firm/ number of fiscal years the company has been audited (by %)	5.26	5.26

C.1.15 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

- Yes
 No

Details of procedure

In accordance with the provisions of Article 25 of the Board Regulations, the Director is vested with the broadest powers to inform him or herself of any aspect of the Company, to examine its books, records, documents and other background of social operations and to inspect all its facilities. The right to information extends to subsidiaries, whether national or foreign.

In order not to disturb the ordinary management of the Company, the exercise of the powers of information will be channelled through the Chairperson or the Secretary of the Board of Directors, who will attend the Director's requests by directly providing the information, offering the appropriate interlocutors or arbitrating the precise measures so that you can practice the desired insight and inspection.

In addition, in accordance with the provisions of Article 17.2 of the Board Regulations, the Board shall be convened by letter, fax, telegram or email, and shall be authorised with the signature of the Chairperson or the Secretary or Deputy Secretary by order of the Chairperson. The call will be made at least five days in advance, unless there are extraordinary circumstances appreciated by the Chairperson.

C.1.16 State and, where appropriate, give details of whether the company has established rules obliging Directors to inform the Board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be:

- Yes
 No

Explanation of rules

Article 23 of the Board Regulations establishes that the Directors will place their position at the disposal of the Board of Directors and will formalise, if it deems it appropriate, after a report from the Appointments and Remuneration Committee, the corresponding resignation in the following cases:

- (i) When they cease the executive positions to which their appointment as Director was associated.
- (ii) When they are involved in any of the cases of incompatibility or prohibition provided by law.
- (iii) When they are prosecuted for an allegedly criminal act or are subject to disciplinary proceedings for a serious or very serious offense instructed by the supervisory authorities.
- (iv) When the Board itself so requests for having breached its obligations as Directors.
- (v) When their permanence on the Board may jeopardise the interests of the Company or when the reasons for which they were appointed disappear.
- (vi) In those cases in which they may damage the credit and reputation of the Company and, in particular, when they are charged in a criminal case and are prosecuted or oral judgment is opened for any of the crimes indicated in the corporate legislation.

In addition, the Board of Directors will not propose to the General Meeting the cessation of any independent Director before the deadline for which he or she has been elected, unless there is a justifying cause, assessed by the Board of Directors after a report from the Commission of Appointments and Remuneration.

On the basis of the above, and stating that no situation has occurred in recent years such as those described, the Directors would report on any assumption that could damage the credit and reputation of the Company and would resign at the request of the Board.

C.1.37 State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the Corporation Act:

- Yes
- No

C.1.38 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

As part of the acquisition of the company Seguros de Vida y Pensiones Antares, S.A. ("Antares") from its former owner, Grupo Telefónica, an exclusivity commitment was signed for a certain period with Antares regarding certain collective policies whose taker are companies of said Group, the Company acting as guarantor. The aforementioned exclusivity commitment may be unilaterally terminated by Grupo Telefónica in the event of a change of control in the Company.

C.1.39 Identify individually, for directors, and collectively, in other cases, and provide details of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of operation.

Number of beneficiaries	2
Type of beneficiary	Description of the agreement
Chief Executive Officer and Director-Managing Director	The Chief Executive Officer is entitled to compensation equivalent to one and a quarter (1.25) years in the event of termination of his or her contract except in the case serious and guilty breach of his contractual obligations. The termination of the contract at the request of either party requires a notice of 3 months, and in case of breach must be compensated for an amount equivalent to wages corresponding to the time remaining to complete said period. The Director-Managing Director is entitled to compensation in the event of termination of his or her contractual relationship except in the case of resignation not founded on just cause or

	for serious and guilty breach of his contractual obligations, for an amount equivalent to that which would have corresponded to a worker with an ordinary employment relationship in the case of an unqualified qualifying dismissal.
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State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group, beyond the cases stipulated by regulations. If so, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising clauses	√	

	Yes	No
Are these clauses notified to the General Shareholders' Meeting?		√

C.2. Board Committees

C.2.1 Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
MR. FRANCISCO JAVIER PÉREZ FARGUELL	CHAIRMAN	Independent
MR. JUAN IGNACIO GUERRERO GILABERT	MEMBER	Independent
GESTIÓN DE ACTIVOS Y VALORES, S.L.	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties exercised by this committee, including any that are in addition to those stipulated by law, and describe the rules and procedures it follows for its organisation and functioning. For each one of these functions, briefly describe their most important actions during the year and how they have exercised in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions

APPOINTMENTS AND REMUNERATION COMMITTEE ("CNYR" BY ITS SPANISH ACRONYM)

1) According to the wording of Article 16 of the Board Regulations, the CNYR will consist of between 3 and 5 members, all external Directors and the majority being independent directors; however, the Executive Directors will attend the meetings without a vote unless it is not convenient for their Chairperson. Any member of the management team or staff that is required shall attend the sessions of the CNYR and provide their collaboration and access to the information available to them.

2) The CNYR shall regulate its operation, appointing its Chairperson from among its independent members. The Secretariat shall be carried

out by the Secretary of the Board, the Deputy Secretary or one of the members and, in matters not provided for, the rules established by the Board Regulations in relation to the Board shall apply, provided they are compatible with the nature and function of the CNYR. The CNYR will be constituted when at least half of its members attend, present or represented and their agreements will be adopted by an absolute majority of their assistants, the Chairperson's vote being decisive.

3) The CNYR shall ensure that the Company has an orientation program that provides new Directors with sufficient knowledge of the Company and its corporate governance rules. This CNYR may have only powers of information, advice and proposal in the matters determined by the Board Regulations, without excluding the Board from deciding on these matters, always obtaining the CNYR report. A decision may not be taken against the opinion of the CNYR except by agreement of the Board. The CNYR may seek the advice of external professionals.

4) The CNYR has, among others, the following functions (a complete enumeration can be read in Article 16 of the Board Regulations):

- (i) formulating and review the criteria that must be followed for the composition of the Board and selection of candidates and verify that they meet the qualification requirements;
- (ii) submitting to the Board a report on the appointment of Directors so that it may proceed directly to appoint them or submit the appointment to the decision of the General Meeting ("GM"), as well as on the appointment of natural persons representing legal persons acting as Directors. Reporting on the cessation proposals of the members of the Board. In the case of independent Directors, proposing their appointment or removal;
- (iii) reporting on the appointment and removal of the Secretary and the Deputy Secretary of the Board;
- (iv) proposing to the Board the members that must be part of each of the delegated bodies of the Board; reporting on the performance of the functions of the Chairperson of the Board and / or the Chief Executive, on the quality and efficiency of the work of the Board and on its own functioning;
- (v) examining or organising the succession of the Chairperson and / or the Chief Executive and, where appropriate, make proposals so that it occurs in an orderly and planned manner;
- (vi) proposing to the Board the remuneration policy of the Directors and of the Managing Directors or of those who carry out their senior management functions under the direct dependence of the Board, of Executive Committees or of CEOs, as well as the remuneration and other contractual conditions of Executive Directors, ensuring their observance;
- (vii) reporting on the appointments and dismissals of senior managers that the first executive proposes to the Board, as well as the basic conditions of their contracts;
- (viii) reviewing the compensation programs, weighing their adequacy and performance; as well as the remuneration policy applied to directors and managers, verifying the information on their remuneration;
- (ix) reporting in relation to transactions that imply conflicts of interest, related transactions and, in general, the matters contemplated in Chapter IX of the Board Regulations;
- (x) establishing a representation goal for the less represented sex in the Board and developing guidelines on how to achieve said objective.

The CNYR has exercised the functions (i), (ii), (v), (vii), (ix) and (x) during the year under review.

AUDIT COMMITTEE		
Name	Position	Category
MR. JUAN IGNACIO GUERRERO GILABERT	CHAIRMAN	Independent
MR. FRANCISCO JAVIER PÉREZ FARGUELL	MEMBER	Independent
LACANUDA CONSELL, S.L.	MEMBER	Proprietary

% of executive Directors	0.00
% of proprietary Directors	33.33
% of independent Directors	66.67
% of other external Directors	0.00

The Secretary of the Board of Directors of the Company (executive director) performs the functions of non-member secretary of the Audit Committee. In particular, said director is not only licensed in law but lawyer of the state on leave and, therefore, amply complies with all the necessary requirements to be able to exercise the functions entrusted and, in particular, those provided for in Article 529 octies LSC for the secretary of the board of directors and which can be extrapolated to the secretary of the Audit Committee, and among which we highlight "Ensuring that the actions of the board of directors comply with the applicable regulations and comply with the bylaws and other internal regulations".

In this regard, the Board of Directors has understood that, given the increase in the functions and responsibilities attributed to the Audit Committee by the legislative reforms, said appointment would guarantee that its development will be carried out in accordance with said regulations, allowing Committee members focus on the substantive aspects of their mission.

Likewise, it should be noted that the executive director who acts as a non-member secretary of the Committee, as such, has no vote in the decisions taken by the same.

Explain the duties exercised by this committee, including any that are in addition to those stipulated by law, and describe the rules and procedures it follows for its organisation and functioning. For each one of these functions, briefly describe their most important actions during the year and how they have exercised in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

AUDIT COMMITTEE ("CAU" BY ITS SPANISH ACRONYM)

- 1) According to the wording of Article 15 of the Board Regulations, the Board of Directors will constitute a CAU that will be composed of between 3 and 5 members, all of them non-executive Directors, appointed by the Board, being the majority independent and having, as a whole, the relevant technical knowledge and experience. The Board will choose, from among the independent members, the Chairperson of the CAU shall be replaced every 4 years, being able to be re-elected once one year has elapsed since his or her termination.
- 2) The CAU will be constituted when at least half of its members, present or represented, attend and their agreements will be adopted by an absolute majority of their assistants, the Chairperson's vote being decisive. Any member of the management team or the staff that is required will be obliged to attend and provide your collaboration and access to the information available to them.
- 3) Executive Directors who are not members of the CAU may attend the sessions, in an advisory capacity, at the request of the Chairperson of the committee.
- 4) The CAU may seek the advice of external professionals.
- 5) The CAU will have, among others, the following functions (a complete enumeration can be read in Article 15 of the Board Regulations), all of which it has exercised during the fiscal year object of this Report:
 - (i) reporting, in the GM, on the issues raised by the shareholders in matters of their competence and, in particular, on the result of the audit;
 - (ii) proposing the selection, appointment, re-election and contract and mandate conditions, as well as revocation / non-renewal of external account auditors;
 - (iii) supervising the effectiveness of the internal control of the Company, the internal control system of financial information, internal auditing and risk control systems, as well as discuss with the account auditors the significant weaknesses detected;
 - (iv) functions related to the internal audit unit;
 - (v) liaising with the external auditors and being informed about those issues that may jeopardise their independence, and any others related to the audit process. Receiving annually from the auditors written confirmation of their independence from the Company or entities linked to it;
 - (vi) annually issuing a report on the independence of the auditors, ruling on the provision of additional services by these or their related persons;
 - (vii) collecting information on structural modifications and corporate operations and their economic conditions and accounting impact;
 - (viii) evaluating the results of each audit;
 - (ix) knowing the process of preparation, integrity and presentation of financial information, reviewing the accounts of the Company, monitoring compliance with the legal requirements, the adequate delimitation of the consolidation perimeter and the correct application of generally accepted accounting principles;
 - (x) supervising the information that the Board must approve and include in its annual public documentation;
 - (xi) examining compliance with the Internal Rules of Conduct of the Company and its Group, the Board Regulations and, in general, the rules of corporate governance of the Company; making proposals for improvement and periodically assess their adequacy; and
 - (xii) functions related to corporate responsibility policy and communication strategy and relationship with shareholders and investors.
- 6) The CAU will inform the Board prior to the adoption of all those matters on which it is required.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	MR. JUAN IGNACIO GUERRERO GILABERT / MR. FRANCISCO JAVIER PÉREZ FARGUELL / LACANUDA CONSELL, S.L.
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Date of appointment of the chairperson	25/07/2019
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C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

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

C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

There are no specific regulations that regulate the activity of the Board Committees, as they are subject to regulation sufficiently detailed in the Board Regulations.

A report on the activities of the Audit Committee that is made available to shareholders at the time of convening the General Meeting of Shareholders and which can be consulted on the corporate website of the Company is made annually on a voluntary basis.

D. REATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1. Describe, if applicable, the procedure for approval of related-party and intragroup transactions.

Without prejudice to other delegations conferred, the Board of Directors is aware of the most relevant matters for the Company and, in particular, by adopting agreements to be approved as provided in the Law or the Statutes, it is responsible for the treatment, among other matters which have the character of reserved, the one referring to the transactions that the Company carries out with Directors, with significant shareholders or represented on the Board of Directors, or with related persons ("related transactions").

Such related transactions must be authorised by the Board of Directors, after a favourable report from the Appointments and Remuneration Committee (which also has the responsibility to report on transactions that imply or may imply conflicts of interest) or, where appropriate, the Committee audit. The Directors affected by these transactions, in addition to not exercising or delegating their voting rights, must be absent from the meeting room while the Board of Directors deliberates and votes on them.

However, the previous authorization the report of the Appointments and Remuneration Committee will not be necessary, in those related transactions that simultaneously meet the following three conditions:

- (i) that they are made under contracts whose conditions are standardised and are en masse;
- (ii) that they are carried out at prices or tariffs established in general by those who act as suppliers of the goods or service in question; and
- (iii) that its amount does not exceed 1% of the annual income of the Company.

As previously mentioned, and in accordance with the Regulations of the Board of Directors, in order to implement part of its supervisory powers, the Audit Committee has, among other powers, that of informing the Board of Directors prior to the adoption by the corresponding agreement of all related operations, when the Appointments and Remuneration Committee has not informed them.

D.2. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders:

Name or corporate name of the significant shareholder	Name or corporate name of the company or entity in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	2
DEPSA 96, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	4
INOC, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	3

Name or corporate name of the significant shareholder	Name or corporate name of the company or entity in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
CORPORACIÓN CATALANA OCCIDENTE, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	3
LA PREVISIÓN 96, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Operating lease agreements	3
INOC, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Corporate	Dividends and other profit distributed	6,430
CORPORACIÓN CATALANA OCCIDENTE, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Corporate	Dividends and other profit distributed	29,546
LA PREVISIÓN 96, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Corporate	Dividends and other profit distributed	25,131

D.3. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or Directors:

Name or corporate name of the administrators or managers	Name or corporate name of the related party	Relationship	Nature of the operation	Amount (thousands of euros)
No data				N/A.

In accordance with the provisions of Order EHA / 3050/2004, of 15 September, it is hereby stated that, regardless of the remuneration received by the Directors reflected in Section C.1.13 and the dividends received, where appropriate, by the Directors (for total amount of 3,218.43 thousand euros) and members of Senior Management (for a total amount of 9.68 thousand euros) as shareholders, there have been no related transactions with administrators, executives or assimilated for this purpose, or with persons related to them, except those that, belonging to the ordinary traffic of the company, have been carried out under standard conditions for the clients and are of little relevance (understood as those whose information is not necessary to express the true image of the patrimony, of the financial situation and the results of the entity), or are already described in this Annual Corporate Governance Report.

D.4. List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Name of the company in its group	Brief description of the transaction	Amount (thousands of euros)
SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	LOANS	10,656
BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	LOANS	67,320
SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	INTEREST ACCRUAL FROM LOANS	897
BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	INTEREST ACCRUAL FROM LOANS	1,743
SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	ACTUARIAL FUNCTION SERVICES	151
SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	RISK MANAGEMENT SERVICES	92
BILBAO COMPAÑÍA ANÓNIMA DE	ACTUARIAL FUNCTION SERVICES	80

Name of the company in its group	Brief description of the transaction	Amount (thousands of euros)
SEGUROS Y REASEGUROS, S.A.		
BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	RISK MANAGEMENT SERVICES	49
NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	ACTUARIAL FUNCTION SERVICES	53
NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	RISK MANAGEMENT SERVICES	32
NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	INTERNAL AUDIT SERVICES	68
PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	ACTUARIAL FUNCTION SERVICES	133
PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	RISK MANAGEMENT SERVICES	81
GCO REASEGUROS, S.A.	ACTUARIAL FUNCTION SERVICES	27
GCO REASEGUROS, S.A.	INTERNAL AUDIT SERVICES	16
GCO REASEGUROS, S.A.	RISK MANAGEMENT SERVICES	13
GCO REASEGUROS, S.A.	REGULATORY COMPLIANCE SERVICES	12
GCO REASEGUROS, S.A.	CONTABILIDAD	6
ATRADIUS CRÉDITO Y	ACTUARIAL FUNCTION SERVICES	217

Name of the company in its group	Brief description of the transaction	Amount (thousands of euros)
CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS		
ATRADIUS REINSURANCE DAC	ACTUARIAL FUNCTION SERVICES	54
CGO GESTORA DE PENSIONES EGFP, S.A.	INTERNAL AUDIT SERVICES	3
CGO GESTORA DE PENSIONES EGFP, S.A.	RISK MANAGEMENT SERVICES	3
CGO GESTORA DE PENSIONES EGFP, S.A.	REGULATORY COMPLIANCE SERVICES	3
GRUPO CATALANA GESTIÓN DE ACTIVOS, S.A. S.G.I.I.C.	REGULATORY COMPLIANCE SERVICES	8
GRUPO CATALANA GESTIÓN DE ACTIVOS, S.A. S.G.I.I.C.	RISK MANAGEMENT SERVICES	9
CATALANA OCCIDENTE CAPITAL, AGENCIA DE VALORES, S.A.	RISK MANAGEMENT AND REGULATORY COMPLIANCE SERVICES	6
SEGUROS CATALANA OCCIDENTE DE SEGUROS Y REASEGUROS	ACCOUNTING SERVICES	163
BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	ACCOUNTING SERVICES	67

Name of the company in its group	Brief description of the transaction	Amount (thousands of euros)
NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	ACCOUNTING SERVICES	92
PLUS ULTRA SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	ACCOUNTING SERVICES	353

D.5. State the amount of any transactions conducted with other related parties that have not been reported in the previous sections:

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)
No data		N/A

D.6. Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

Article 33 of the Regulations of the Board of Directors establishes that the Directors shall notify the Board of Directors of any conflict situation, direct or indirect, that they may have in the interest of the Company.

In the event of a conflict, the affected Director shall refrain from intervening in the operation to which the conflict is referred. In particular, Directors shall refrain from attending and intervening in deliberations that affect matters in which they may be personally interested.

The Director may not, directly or indirectly, carry out relevant professional or commercial transactions with the Company, unless he or she previously communicates the conflict situation and the Board, after a report from the Appointments and Remuneration Committee, approves the transaction.

In the case of ordinary transactions with the Company, it will be sufficient for the Board of Directors to approve, in a generic way, the line of operations.

In any case, the relevant transactions between the Company and its Directors and, in general, situations of conflict of interest in which the Directors of the Company are, directly or indirectly, will be subject to information in the Annual Corporate Governance Report, in accordance with the provisions of the applicable legislation and the provisions of Article 45 of the Board Regulations.

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

- Yes
 No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax compliance risk:

The Risk Control and Management System of the Company and its Group operates in an integral manner, consolidating said management by business, activity, subsidiary and support area at the corporate level.

The Company defines its strategy based on the level of risk it is willing to assume and ensures that its integration with the business strategy allows it to comply with the appetite and risk tolerance set by the Board of Directors. For this purpose, through the process of establishing the Risk Control and Management System, the Company identifies and determines, among others, (i) the different types of risk it faces (including tax nature), (ii) the level of risk that is considered acceptable, (iii) the measures envisaged to mitigate the impact of the identified risks, should they materialise, and (iv) the internal information and control systems used in the management of said risks .

Within the framework of compliance with the requirements established in Article 66 of Act 20/2015 on the organization, supervision and solvency of insurance and reinsurance entities ("LOSSEAR") and its development by Article 44 of the Royal Decree Law 1060/2015, of 20 November, on management, supervision and solvency of the insurers and reinsurers ("ROSSEAR"), the Company has developed written policies that, together with existing technical standards, guarantee the proper management of risks. Specifically, it has a risk management policy that establishes the general guidelines for managing them and serves as an umbrella for the following policies: (i) subscription risk policy, risk of provision of provisions and claims management, (ii) reinsurance policy, (iii) investment policy, (iv) operational risk policy, (v) internal risk assessment and solvency policy ("ORSA") and (vi) policies related to the Partial Internal Model for Subscription risk concerning Crédito y Caución.

Each of them, and in relation to its purpose, identifies the risks of the affected area, establishes measures to quantify the risk, determines the actions to be taken to mitigate its impact and defines both internal and external information systems.

Additionally, there is a Corporate Fiscal Policy, applicable at Group level, which describes the fiscal strategy of the Grupo Catalana Occidente and the incorporation into its corporate governance system of the processes and principles that should guide its fiscal compliance policy with the provisions of Article 529 ter (i) of the Corporate Enterprises Act ("LSC").

E.2. Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk:

The Board of Directors, as the main organ of the Company, decides on the general policies and strategies of the Group and, among them, on the general policies of control and risk management. In this sense, the Board of Directors is the one who approves, at the proposal of the Group Management Committee, the main lines of said system, being the administrative bodies of the individual entities of the Group responsible for the execution of the risk strategy. Additionally, the Group Management Committee is responsible for periodically monitoring the implementation and execution of internal information and control systems.

In support of the actions of the Board of Directors and the Management Committee, the Risk Management System is based on the "Three Lines of Defence" principle. This principle establishes the levels of activity, roles and responsibilities that rule over the Risk Control and Management System with the following breakdown:

(i) First Line of Defence (Takes Risks and accepts responsibility for them): It is formed by the business units which are responsible for the specific risks assumed and their management.

(ii) Second Line of Defence (Control and Monitoring): It consists of the Risk Management Control Function, Compliance Verification Function and Actuarial Function, which act as a line of control regarding the risks managed by the business units and ensure compliance with risk management policies.

(iii) Third Line of Defence (Internal Audit): It is made up by the Internal Audit Function, which is responsible for carrying out an independent evaluation of the effectiveness of the Government System, the Risk Management System and the Internal Control.

In particular, and as regards fiscal risk, the Board of Directors encourages the follow-up of the tax principles and good practices contained in the Corporate Fiscal Policy of the Catalana Occidente Group initially approved by the general meeting of 26 November 2015 and which is reviewed annually.

Under the coordination of the Fiscal Advisors of the Company, the good practices included in the aforementioned policy are executed by the different Departments of the entities that make up the Group, who shall establish the control mechanisms and internal rules necessary to ensure compliance with current tax regulations.

This work includes all the countries and territories in which the Group is present and covers all the areas and businesses that are developed by it, which allows for an integrated management of its fiscal positions in a coherent and joint manner to the rest of the risks.

Likewise, said Policy establishes the adoption of the necessary control mechanisms to ensure, within an adequate business management,

compliance with tax regulations and the above principles by all the Group entities, being implemented, under the supervision of the Audit Committee, a system of control and management of risks, including tax, in order to identify them, and define and include prevention and correction measures, together with the relevant internal procedures and controls.

E.3. State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives:

The main risks that may affect the achievement of the Company's business objectives are:

1. Technical risks of the general insurance business:

The risks inherent to this business include loss derived from an adverse change in the value of the Company's liabilities due to (i) fluctuations in relation to the time of occurrence, the frequency and severity of the insured events, and the timing and amount of claims settlement (premium and reserve risks) or (ii) the occurrence of extreme or exceptional events (catastrophic risk).

2. Technical risks of credit insurance:

The risks of credit insurance are specified (i) in the worsening of the non-payment of the credit insurance policy portfolio, and the insolvency of the clients of our insured parties and (ii) in the breach of the clients in the products of guarantee. In the credit insurance business, given its special idiosyncrasy, there are risk authorization systems and processes that are specific. As the limits to be insured increase, the decision about whether or not to ensure a risk requires the authorization of one or more persons and of a higher hierarchy. Even people of high hierarchical levels have authorization limits.

3. Technical risks of the Life insurance business:

In life products, technical risks are summarised in (i) risks biometric (which include the risks of mortality, longevity, morbidity/disability); (ii) portfolio decline; (iii) of expenses; (iv) review; and (v) catastrophe. The variability of each of these risks with respect to their statistical average value is the origin of a potential loss.

4. Financial Risks:

Financial risk is understood as the one arising from a result of (i) movements of interest rates and credit spreads; (ii) the variation in the price of equity and real estate; (iii) the concentration of investments; (iv) lack of liquidity; (v) the volatility of currency exchange rates; and (vi) adverse changes in the financial situation of issuers of securities, counterparties and any debtor to which the Group is exposed. Specific monitoring is carried out for all these risks.

5. Operational Risks:

Operational risk is understood as the risk of loss arising from the inadequacy or dysfunction of internal processes, personnel or systems, or external events. Operational risk management includes: (i) the identification of risks, (ii) their assessment, (iii) the definition of controls in response to said risks and (iv) the analysis and monitoring of residual risk. In particular, such risks include the lack of detection of both internal fraud and external fraud.

6. Regulatory, legal, fiscal and reputational risks:

The different entities of the Group are exposed to a complex and changing regulatory and legal environment, by governments and regulators, which can influence their growth capacity and in the development of certain businesses, in greater capital requirements. The Company, as the Group's head, constantly monitors changes in the regulatory framework that allow it to anticipate and adapt to them sufficiently in advance, adopt best practices and the most efficient and rigorous criteria in its implementation.

In turn, and as part of the financial sector, the Company is subject to an intense level of scrutiny by regulators, governments and by society itself. Negative news or inappropriate behaviour can lead to significant reputational damage and affect the ability of an entity to develop a sustainable business. The attitudes and behaviours of the Group and its members are governed by the principles of integrity, honesty, long-term vision and best practices thanks to, on the one hand, the Code of Ethics of the Grupo Catalana Occidente, its development protocols and the Internal Regulations of Conduct (see Section F below), and, on the other hand, and in reference to the specific tax risk, to the Corporate Fiscal Policy.

Moreover, to complement the previous internal regulations, the Company has a reputational risk management protocol to which the main entities of the Group are adhered.

E.4. State whether the entity has a risk tolerance level, including tolerance for tax compliance risk:

The Company and its dependent entities have risk tolerance levels in accordance with the risk strategy defined by the Group. Starting from the Group's risk strategy, the risk strategy of each of the individual insurance entities belonging to the Group is defined.

The risk strategy is defined by the Company's Board of Directors. In determining the risk strategy, the Board considers, among other elements, the Group's capital management policy and the ORSA process, in which capital needs are projected based on the business plan, both in normal situations and in stressful situations, considering all the quantitative and qualitative risks to which the Company (including tax) as well as the individual insurance entities that belong to the Group are exposed.

E.5. Identify any risks, including fiscal, which have occurred during the year:

The risk control and management system contemplates the main quantifiable risks through the standard formula and the partial internal model for credit insurance and those significant risks not included in said calculation evaluated in the ORSA process. Quantifiable risks are broken down into Life and Non-Life Subscription Risks (technical risks), Market Risk, Counterparty Risk and Operational Risk. Additionally, through the ORSA process, other risks such as reputational, strategic and regulatory are included.

In this sense, during the year 2019, there was no deviation from the risk appetite approved by the Company and no significant risks have materialised for the Company or the entities that form it.

E.6. Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise:

The main risks faced by the Group are those derived from the subscription of its products and the risk derived from investments affecting the provisions generated by them.

Among the actions that the Company and the Group carry out for monitoring and control are:

1. Technical or own risks of the general insurance business:

- (i) Monitoring the adequacy of the technical subscription regulations;
- (ii) Analysis of the products in order to determine the sufficiency of the premiums;
- (iii) Analysis of the evolution of technical provisions;
- (iv) Sensitivity analysis of product portfolios;
- (v) Recruitment of the appropriate reinsurance structure;
- (vi) Appropriate actions related to portfolio surveillance;
- (vii) Quantification of the market value of the business ("Appraisal Value") at an individual and consolidated level; and
- (viii) Calculation of regulatory capital.

2. Technical or own risks of the Life insurance business:

- (i) Monitoring the adequacy of the technical subscription regulations;
- (ii) Analysis of the products in order to determine the sufficiency of the premiums;
- (iii) Analysis of the evolution of technical provisions;
- (iv) Sensitivity analysis of product portfolios;
- (v) Recruitment of the appropriate reinsurance structure;
- (vi) Quantification of the intrinsic value of the life business ("European Embedded Value"), both individually and consolidated; and
- (vii) Calculation of regulatory capital.

The Actuarial Function has carried out a consolidation of the value of some companies that had previously implemented an Appraisal Value system and has assumed the coordination of the calculations of said indicator at the level of the Group's traditional business.

3. Financial Risk:

- (i) Classification of assets managed according to their characteristics (required profitability, risk, liquidity, etc.);
- (ii) Analysis and monitoring of credit risk and monitoring of concentration risks by sector, issuer, currency and country of the managed portfolios;
- (iii) Analysis of the marriage of assets and liabilities ("ALM") in relation to the obligations contracted with the insured;
- (iv) Analysis of the maximum loss ("VaR") that each of the portfolios could experience;
- (v) Sensitivity analysis and future scenarios; and
- (vi) Monitoring of capital requirements as well as the criteria used by rating agencies.

Said analysis and control is carried out at the individual and consolidated level. Additionally, there is an Investment Policy that determines the assets suitable for investment, diversification limits and the main control systems established. The Corporate Internal Control department and the Corporate Internal Audit Department ensure the adequacy, effectiveness and compliance of the established controls.

4. Operational Risk:

The Group has 2 IT tools that allow monitoring and quantification (in traditional and credit insurance). The risks and controls associated with processes have been categorised so that their classification is homogeneous, allowing to obtain the necessary information to improve the management of operational risk by both entity and Group. Likewise, an evaluation of the effectiveness of the internal procedures implemented is carried out and the reported operational losses (including tax) are collected in order to improve the Risk Management System and prevent its recurrence in the future. Information regarding the assessment of operational risks, the degree of performance of the controls defined for mitigation, as well as the operational losses that have occurred, is reported semi-annually to the Board.

5. Regulatory, legal and fiscal risks:

The Group guarantees compliance with the different internal and external regulations that affect it by means of controls that are carried out from different Directorates, highlighting the following:

- (i) Directorate of the Legal Service: Among its objectives is to maintain adequate compliance with legal regulations.
- (ii) Department of Management Control and Planning: It has, among other objectives, to provide and implement adequate control of the Company's financial and financial information and its budgets.
- (iii) Risk control department: It is responsible for controlling the Group's risk management and, in particular, for ensuring application of the solvency regulations.
- (iv) Corporate Internal Audit Department: Its mission is to supervise that the previous bodies have correctly implemented the control and self-control measures defined by the Group.

Regarding the fiscal risk, the Group's Fiscal Advisors are in charge of establishing the control policies and processes to guarantee compliance with the current tax regulations based on the Corporate Fiscal Policy.

Finally, regarding the procedures followed by the Company to ensure that the Board responds to the new challenges that arise regarding the previous risks, it should be noted that it is regularly informed both (i) of any material novelty that is intended to implement in the risk control system, either on its own initiative or as a result of a new regulation or the modification of the current one, as (ii) of any loss derived from said risks. In particular, and in relation to tax risks, prior to the formulation of the Annual Accounts, the person responsible for the Group's tax matters shall inform the Board of the tax strategies applied by the Company and the Group during the year and the degree of compliance with the aforementioned Policy. Likewise, in the case of relevant operations or matters that must be submitted to the Board for approval, the latter shall be informed of their tax consequences when they constitute a relevant factor.

F. INTERNAL CONTROL AND MANAGEMENT SYSTEMS RELATING TO FINANCIAL REPORTING (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the entity.

F.1. Entity control environment.

Report on at least the following, describing their principal features:

F.1.1 Which bodies and/or functions are responsible for: (I) the existence and maintenance of a suitable and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The bodies and functions responsible within Grupo Catalana Occidente S.A.(hereinafter "the Entity") and Dependent Entities (jointly the "Group" or "GCO") to maintain and implement an adequate and effective ICFR as well as to supervise it are the following:

(i) Board of Directors: The Regulations of the Board of Directors, the Risk Management System Policy and the Group's Internal Control Policy, among other documents, grant the Board of Directors the treatment of the general policies and strategies of the Entity and, in particular, the risk control and management policy, as well as the periodic monitoring of internal information and control systems.

Under this delegation, the Board of Directors of the Entity has formally assumed the existence, design, implementation, operation and maintenance of the ICFR.

(ii) Audit Committee: The Audit Committee consists of three members of the Board of Directors, two of them being independent directors, of which one holds the position of chairperson. Members are appointed taking into account their knowledge and experience in accounting and auditing.

The Regulations of the Board of Directors specify that the basic functions of the Audit Committee include, among others, those of:

(a) Supervising the effectiveness of the Entity's internal control, including the internal financial information control system (ICFR), internal auditing and risk management systems; and

(b) Knowing and supervising the process of preparation and presentation of regulated financial information, review the Entity's accounts, monitor compliance with legal requirements and the correct application of generally accepted accounting principles.

In accordance with these functions, the Audit Committee is supervising the ICFR within the framework of internal control and the preparation and presentation of financial information.

(iii) Senior Management: The Entity's Internal Audit Policy establishes that Senior Management is responsible for implementing the necessary measures to ensure that the organisation maintains an appropriate system of internal control and specifically internal financial information control, including an internal audit function at the highest level that oversees the supervision of the ICFR.

(iv) The Corporate Internal Audit Department: As stated in the Internal Audit Policy, its task is to establish, implement and maintain an audit plan, assess the level of control applied and make recommendations if you believe it. appropriate.

As such, the Corporate Internal Audit Department of the Grupo Catalana Occidente assists Senior Management and the Board of Directors in assessing and supervising the adequacy and effectiveness of the internal control system and other elements of the governance system existing in the Grupo Catalana Occidente, including the ICFR.

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

The departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity:

The Board of Directors of the Entity has among its powers the definition of the structure of the group of entities of which the Entity is a dominant company and its internal organization. Thus, it is who designs, updates and reviews the organisational structure at the request of the Senior Management of the Entity and, in particular, of the Group's Management Committee. The organisational structure of the Group at a first level is duly communicated through its publication on the corporate website.

The definition of resource needs is performed by the corresponding area, together with the Department of Human Resources.

Grupo Catalana Occidente has 81 unique positions in relation to personnel involved in the preparation and review of financial information, of which 64 have a description of documented work profiles ("DPT"), the updating of the rest being pending as a result of the restructuring of the Group's financial areas during 2020. These descriptions are made by the person occupying the position and supervised by the person in charge and the Human Resources Department. Mainly, job descriptions correspond to positions with technical or supervisory responsibility. There is a follow-up of the completion and updating of these job descriptions, which is reviewed annually.

Since the financial information is generated in each of the subsidiaries, until it is approved by the Board of Directors of each entity, each step is defined in a calendar of action known to each and every one of the agents involved. The responsibility for monitoring and updating the calendar lies with the Department of Management Control and Corporate Planning, under the Group's Financial Management, involving the corresponding departments depending on the matter to be implemented and disseminated. Once approved by the Board of Directors or the Management Committee, as appropriate, the corresponding dissemination of the information is given through internal circulars whose publication is notified by email to the employees and is made available to them on the corporate intranet.

- **Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action:**

The Entity has a Code of Ethics, which includes the principles and values that shall govern the actions of its Directors, employees, agents and collaborators, in the fulfilment of their functions and in their commercial and professional relations, in such a way that they act in agreement with the laws and respecting the ethical principles established in said Code.

The last version of said Code was approved on 4 July 2017 by the Group Compliance Verification Committee, by virtue of the power granted to it by the General Meeting of 25 June 2015, so that it can implement and disseminate those modifications that must be introduced in the Code of Ethics and its Development Protocols, provided that they have as their motive (a) to be imposed by legal imperative; (b) technical aspects; or (c) minor aspects, informing the Board of Directors of those modifications that had been introduced for the above reasons through the corresponding Semiannual Reports of the Group's Criminal Compliance Officer.

During the last quarter of 2019, an external audit of the Group's criminal risk prevention system was carried out, which included the revision of said Code and its development protocols, from which a series of recommendations was derived to be implemented during financial year 2020.

The Code of Ethics is applicable to Directors and employees, the Group, and the network of agents and collaborators that relate to them, and has wide dissemination through an internal circular in addition to being available on the corporate website.

The Code of Ethics has as general principles and values the (i) integrity and honesty; (ii) impartiality; (iii) transparency and confidentiality; (iv) professionalism; and the (v) corporate social responsibility.

Regarding the preparation of the financial information, Article 4.2 of the Code of Ethics indicates that the Group's financial and financial information shall reflect its economic, financial and patrimonial reality and must be in accordance with generally accepted accounting principles and international financial information standards that are applicable. For this purpose, the Group's economic or financial information should not be hidden or manipulated, so that it is complete, accurate and truthful.

It also includes the prohibition that no subject obligated under the Code conceals or manipulates the Group's economic or financial information, with the persons subject to the Code being obliged to provide active collaboration in the detection and monitoring of such situations, in accordance with the internal regulations of the Group.

On the other hand, the Board of Directors of the Entity approved on 29 September 2016, replacing the previous Code of Conduct, a new Internal Code of Conduct ("RIC" by its Spanish acronym) that is published on the Entity's corporate website.

The RIC is mandatory for the following persons, and must be formally subscribed by each of them ("subject persons"):

- (i) The administrators and members of Senior Management;
- (ii) Personnel assigned to the Presidency or the General Secretariat;
- (iii) The staff of the Unit for
- (iv) Relations with Analysts, Investors and Rating Agencies; (v) The Initiates (as defined in the RIC);

- (vi) Any other person of the Group and the External Advisors who, by reason of their position, employment or provision of services, have access to Inside Information;
- (vii) The Treasury Stock Managers;
- (viii) Any other person expressly included by decision of the Chairperson of the Audit Committee.

The RIC assigns to the Secretary of the Board of the Entity and / or the Regulatory Compliance Unit of the Entity, as appropriate, the following monitoring functions of the matters provided for in the RIC:

- (i) Maintaining at all times a record of the Subject Persons, which includes the date on which said RIC has begun or ceased to be applicable to said persons and is available to the corresponding administrative authorities;
- (ii) Receiving communications of the operations of subscription, purchase or sale or sale, in general, of financial securities or instruments made by the Subject Persons on their own account or by persons linked to them;
- (iii) Receiving information about the possible conflicts of interest of the persons included in the scope of the RIC, because of their family, economic or any other type of relationship with any entity integrated in the Group to which the Entity belongs, and resolving doubts about the possible existence of a conflict of interest;
- (iv) Monitoring, with the support of the Unit for Relations with Analysts, Investors and Rating Agencies, the quotation of financial securities and instruments during the secrecy phase, and the news that the professional diffusers of economic information and the means of disclosure issue and may affect them;
- (v) Disseminating the privileged information, after consultation with the Chairperson of the Board of Directors, when necessary;
- (vi) Keeping the record and file of treasury stock operations carried out; and
- (vii) Keeping duly filed communications, notifications and any other action related to the obligations contained in the RIC.

The Entity Audit Committee is entrusted with the function of informing the RIC to the Subject Persons, examining compliance with the RIC and the Code of Ethics and making the necessary proposals for its improvement and updating. This is also the body responsible for knowing the possible breaches of the provisions of the RIC and the Code of Ethics and, where appropriate, taking appropriate measures in this regard.

- **Whistle-blower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature:**

The Regulations of the Board of Directors of the Entity include in its articles that the Audit Committee may establish and supervise a mechanism that allows the directors, employees of the Group, as well as the network of agents and collaborators, to communicate, in a confidential manner and, if it is considered appropriate, anonymous, irregularities of potential transcendence, specifically financial and accounting irregularities, that they notice within the Entity.

In application of what is established in said Regulation, as previously mentioned, the Entity has a regulation for the development of its Code of Ethics, with a "Protocol of Action in the event of Irregularities and Fraud" that occur within the organization of Grupo Catalana Occidente. The aforementioned Protocol was last updated by the Compliance Verification Committee on 11 December 2018, in order to adapt it to legislative developments regarding data protection and money laundering.

The procedure contemplates the possibility that any obliged subject can communicate via email all those irregularities that can be detected, so that they are communicated to the Corporate Internal Audit Department. Any complaints may also be made by postal mail.

In particular, the email and postal mail to which such complaints should be addressed are included in the Protocol of Action in case of Irregularities and Fraud, posted on the intranet of the Entity and its main subsidiaries, so that all obliged subjects can have easy access to it. Notwithstanding the foregoing, the fact that the intended channels are not used shall not be an impediment for the Corporate Internal Audit Department to analyse the complaints received.

In those cases where the complainant wishes to preserve the confidentiality of his or her identity, the aforementioned Protocol establishes that it must be expressly indicated in the communication. The possibility of receiving anonymous complaints in some cases provided for in the legislation is also contemplated.

In order to guarantee such confidentiality and anonymity, the Director of Corporate Internal Audit is the only person who has access to the email address to which such complaints should be addressed. In these cases, the Director of Corporate Internal Audit ensures that, in the corresponding audit reports on irregularities, the identity of the complainant is not established.

On the other hand, the Protocol also contemplates the prioritisation of the complaints received based on their amount for the corresponding internal control reports and the periodicity of communication to the Senior Management and the Audit Committee.

- Periodic training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR which address, at least, accounting rules, auditing, internal control and risk management:

The Entity provides the personnel of the financial area of the different entities of the Group involved in the preparation and review of the financial information with the possibility of receiving continuous training, either provided internally or through attendance at external courses and seminars.

In particular, and in relation to internal training, those responsible for the financial area, together with the Head of Human Resources, carry out a periodic analysis of the training and updating needs of personnel in that area, as a result of developments in legal, fiscal or accounting matters that may arise. In this sense, during the year 2019, the personnel of these areas have carried out both internal and external training for a total of 2914 hours and 79 persons attending 57 training actions. In this activity, it is remarkable the training related to accounting standards, auditing, internal control and risk management; credit risk, and Solvency II. This is complemented by language training and development of management skills.

F.2. Risk assessment in financial reporting.

Report, at least:

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

The process exists and is documented:

The Entity has identified risks, both business (Department of Internal Control) and financial risks (Department of Management Control and Planning). In relation to the latter, the Entity has defined two types of risk:

- (i) Risk that the information is generated erroneously.
- (ii) Risk that the information is generated in an untimely fashion.

Both the risk of fraud and the risk of error are considered integrated in the first typology.

These risks have been identified as a consequence of the implementation of a process for identifying them, in which the Department of Management Control and Planning, the Department of Internal Control, and external consultants have participated.

The risks related to the erroneous or untimely generation of the financial information are identified in each and every one of the processes related to the financial information formalised by the Entity and the entities that belong to the Group. The supervision of this risk identification process is continuous, especially in those processes which are more relevant due to their materiality (billing, provisions, accidents...) and is formally documented, being the unit responsible for reviewing and updating the Financial Information Internal Control Unit, which is part of the Department of Management Control and Planning.

Said processes detail procedures which include flow diagrams and narratives related to the process of obtaining and preparing financial information. They also describe the controls identified to mitigate the main risks referred to above, especially indicating (i) the control activity, (ii) the responsible personnel, (iii) the periodicity and (iv) the documentation for the execution of said control. The unit responsible for reviewing and updating them is the Financial Information Internal Control Unit. These procedures are within the ICFR and follow the protocol planned so that the information is controlled from when it is generated in the Entity and the entities belonging to the Group until it reaches the Board of Directors of the Entity, through its Financial Directorate and its Directorate General, among other filters.

If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency:

The risk identification process focuses on the risk of financial information being generated erroneously and the risk of information being generated untimely (financial assertions have not been separately identified). The processes in which the financial information is generated are analysed, at least, on an annual basis in order to identify the possible risks of error.

A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose entities, holding companies, etc.:

The accounting, management and fiscal consolidation perimeters are defined and identified in accordance with current regulations and are reviewed and updated when there are changes in the Entity's shareholding, directly or indirectly, in any Group entity, each time any of the Group's entities constitutes or acquires an entity outside said perimeter, is affected by a process of corporate restructuring (merger, division) or is dissolved or liquidated.

The perimeter definition and identification process is carried out by the Entity's Corporate Accounting Department, which communicates any changes that occur and the consolidation differences and adjustments to the Department of Management Control and Planning.

The process addresses other types of risk (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) insofar as they may affect the financial statements:

Within the financial information environment, the technological risk bears special relevance, in addition to the operational, financial and legal risks of the economic sector in which the Entity and the entities that belong to its Group operate.

To mitigate them, a series of specific controls have been established for each process that have been described in Section E.3 above. Likewise, there is a technological contingencies plan in the Entity which has been approved, formalised, implemented and tested.

Which of the company's governing bodies is responsible for overseeing the process:

In accordance with the Regulations of the Board of Directors, the Board has delegated to the Audit Committee of the Entity the function of periodically supervising the ICFR, so that these systems allow the main risks to be properly identified, managed and made known.

F.3. Control activities.

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1 P Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and documentation and flow charts of 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 separate review of critical judgements, estimates, evaluations and projections

The Audit Committee informs the Board of Directors prior to the adoption of decisions by the latter on all matters on which it is required and, in particular, the financial information that the Entity must make public periodically ensuring that the intermediate information is formulated with the accounting criteria of the annual accounts.

The flows of activities and controls are explained in section F.2.1 above. The procedure for reviewing the financial information is as follows:

(i) The different departments (IT Areas, General and Life Insurance Techniques, Accounting, Investments) prepare the financial information that is reviewed by the corresponding person in charge.

(ii) The Department of Management Control and Planning validates that the financial information is correct prior to its publication on the intranet and communication to third-party authorities.

- (iii) Semi-annually, reports on the semi-annual and annual activity are made, including a summary and main conclusions of the audits.
- (iv) The accounting closing procedure is documented in detail and is integrated into the set of descriptive documents of the Financial Information Processes that include the flows of activities and controls. The specific review of judgments, estimates, valuations and projections, which are mainly specified in Technical Provisions, Financial Investments, Impairment of Assets, Corporate Tax Expenditure, Non-Technical Provisions and Periodical Expenses, is duly documented by the responsible Areas.
- (v) All the criteria for calculating the different magnitudes involved in the financial information are defined and documented in the procedures described in point F.2.1, and are therefore known by all the agents involved and have followed the same authorization protocol that is established and planned in the ICFR of the Entity.

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

The Entity has policies, regulations and procedures to ensure the security and reliability of the information. Among the documents available in relation to the internal control of information systems, are the following:

- (i) System of confidentiality of access to the applications of the central computer, which contains its description covering all possible environments;
- (ii) System Development and Maintenance Standard, detailing the security requirements, data validation and maintenance and change management;
- (iii) Information Security Policy, which includes the security guidelines of the information systems defined according to the ISO / IEC 27001 standard that establishes an internationally supported and recognised security reference framework;
- (iv) Business Continuity Standard, detailing the contingency plans to (a) ensure such continuity, (b) allow data recovery in case of loss; and (c) record transactions in the event of a disruption of the systems normally operated;
- (v) Change Management and Control, which details the regulations that guarantee its effectiveness;
- (vi) Segregation of Duties, where it is described as an internal control measure in a way that ensures the reliability and integrity of the information, compliance with norms, policies and legislation, and the safeguarding of assets and their proper use;
- (vii) In the case of the purchase of a new computer application, internal and external validation, testing and user validation procedures defined by the Entity's Operations Department are carried out, in accordance with the policy defined for this purpose; and
- (viii) Data Quality Policy: Its objective is to define the action process to ensure the quality of the data used in the calculation processes of technical provisions and in the process of the internal business model of credit.

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.

Within the framework of compliance with the requirements established in the regulation for organization, supervision and solvency of insurance entities, the Board of Directors of the Entity approved at its general meeting of 29 October 2015 the outsourcing policy of the fundamental functions and critical activities that must be carried out by the insurance and reinsurance entities that make up the Grupo Catalana Occidente, considering them as those essential for the operation of the insurance entities without which it would be incapable to provide its services including:

- (a) the design and pricing of insurance products
- (b) portfolio management or asset investment
- (c) the handling of claims (provided they are not carried out by intermediaries or agents)
- (d) the provision of services that provide regular or constant support in terms of regulatory compliance, internal audit, accounting, risk management or actuarial functions
- (e) the provision of data storage
- (f) the provision of maintenance or support services for computer systems on an ordinary and daily basis
- (g) the self-assessment process for risks and solvency.

The selection of the providers of the fundamental functions and critical activities requires a detailed examination to verify that they can perform their duties and activities satisfactorily verifying that the provider is suitable for (i) providing the service; (ii) developing the functions or activities required satisfactorily, as well as; (iii) possessing the technical and financial capacity and any authorization required by the regulations to provide the service, and that have taken the necessary measures to ensure that no conflict of explicit or potential interest endangers the Entity's needs.

Likewise, the aforementioned policy, which is reviewed annually by the Board of Directors (the last revision was on 30 May 2019), establishes the minimum content of the contracts with said suppliers, the periodic review of their actions and the notification of these, when appropriate, to the regulatory authorities.

There are no aspects of evaluation, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

For the rest of the non-fundamental activities, there is a handbook of procedures for the selection of suppliers, which is part of the regulations for the development of the Code of Ethics, available to all the individuals subject to it. It describes the procedures for contracting external suppliers in the different cases, depending on the needs to be covered, and establishes the appropriate checks to be carried out to determine the suitability or not of their contracting: aptitude, capacity, price, business continuity, and solvency, among other criteria.

F.4. Information and communication.

Indicate the existence of at least the following components, and specify their main characteristics:

- F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.**

The Corporate Accounting Unit, under Financial Management, is responsible for defining and coordinating the accounting policies of the Entity and the entities that belong to its Group. In particular, said unit, among other duties, shall analyse the regulatory changes that may affect the accounting policies of the Entity and the entities that belong to its Group, supervise the application of said policies and, where appropriate, coordinate the implementation of internal changes that affect the flow of financial information in relation to accounting policies.

In order to discuss the doubts or conflicts arising from the interpretation of the accounting policies that may occur, Corporate Accounting Committees are held (an average of about twice per year), attended by those responsible for Accounting of the different Spanish entities that make up the consolidated group of the Entity. Likewise, monthly Financial Management Committees are carried out to which the Financial Directors of the Spanish entities that make up the consolidated group of the Entity attend. These committees deal with the incidents generated during the period and follow up doubts about interpretations and accounting criteria as well as the planning of the accounting closures of the Entity and of the Spanish entities that belong to its consolidated group.

Additionally, on a monthly basis, Accounting Coordination Subcommittees are held with Atradius NV, a Dutch entity that is part of the Grupo Catalana Occidente. These committees include the Financial and Control Director of the Group, the Director of Corporate Accounting, the Financial Director of Atradius NV, the Director of Management Control and Planning and those responsible within the Group for the Departments of Consolidation and Control of the Credit Insurance Business. The topics discussed are, among others, the incidents and doubts about interpretations and accounting criteria as well as the follow-up of those other relevant aspects that could affect the accounting of said entities. Internal minutes are drawn up from these meetings.

Finally, the Entity, as the parent company of the consolidated group, has a handbook of accounting policies which is updating the accounting standards that come into force and includes the internal changes that are implemented for process improvements. In this sense, this year, a chapter has been prepared on the new IFRS 16 referring to the accounting treatment of leases and has another section referring to the process of preparing balance sheets by business. The approval of the IFRS 17 accounting standard, whose entry into force is scheduled for 1 January 2022, will require the readjustment of many of the chapters of the Handbook. During the year 2019, work sessions were continuously organised to analyse the impacts of the application of this standard in the Group. Besides, extraordinary meetings were held with the Financial Directors of the Spanish entities that make up the consolidated group of the Entity. Once completed, it will be made available to all members of the Corporate Accounting Committee on the Hyperion Financial Reporting ("HFM") platform.

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 ICFR.

Grupo Catalana Occidente prepares its consolidated financial information and reporting on the HFM platform.

Similarly, the entities that make up the Grupo Catalana Occidente use various applications for their accounting management and carry out the process of loading information on the HFM platform on a monthly basis using the Financial Data Quality Management (FDM) application and Excel Smart View templates, according to the designed requirements for content and format.

Once the aforementioned information loading and consolidation processes have been completed, both the Entity and its dependent entities have minimal management information according to homogeneous reporting and criteria.

In the consolidation process, a series of preventive and detective controls have been established to guarantee the reliability of the accounting data that are also contrasted with the Management Information that is published. Within the controls in the consolidation process, the requirement to reflect the compliance of the Financial Management of the individual entities with the data reported to the Group Consolidation Department has been implemented.

F.5. System Function Monitoring.

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1 The ICFR monitoring activities undertaken by the audit committee and an internal audit function whose competencies include supporting the audit committee in its role of monitoring the Internal Control System, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the entity has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The supervisory activities of the Audit Committee are explained in section F.1.1. (ii) above.

Likewise, as indicated in the aforementioned section F.1.1, there is a Corporate Internal Audit Department, which depends hierarchically on the Audit Committee, supporting said committee in its oversight work of the ICFR.

In particular, the Internal Audit Policy specifies that the Corporate Internal Audit Director will inform the members of the Audit Committee of the audits that are planned to be carried out in each fiscal year and will report directly to the audits performed.

Likewise, the Corporate Internal Audit Department assists Senior Management and the Board of Directors in an efficient and effective manner in the assessment and supervision of the internal control existing in the Entity, including the ICFR.

Regarding the resources available to the Director of Corporate Internal Audit Department, their team consists of twenty-one people, including its director and the auditors of the Entities dependent on the Entity. The members of the internal audit team perform this function exclusively, allocating all of their working time.

The Corporate Internal Audit Department conducts the audits based on a multiannual audit plan, which is approved by the Audit Committee.

The Entity has an internal document called "Procedure and Methodology of Internal Audit" which describes the steps that must be taken in carrying out an audit mission, as well as establishing principles to standardise and as much as possible the performance of the audits. This methodology distinguishes the three natural and chronological phases that an audit must have:

- (i) their planning,
- (ii) field work and its realization and
- (iii) the audit report.

As a consequence of the application of the assessment of the level of internal control observed in the audit, contemplated in the document "Procedure and Methodology of Internal Audit" previously referred to, the Corporate Internal Audit Department makes the recommendations it deems appropriate in case of detecting the need of carrying out corrective actions. These recommendations are communicated to the auditees and, if they agree, they become mandatory. The Corporate Audit Committee is informed of all recommendations made and their follow-up, indicating those that have been implemented, within and after the deadline, and those pending implementation. In those cases in which the auditees disagree, the discrepancies are raised to the Corporate Audit Committee, which decides whether the recommendations should be implemented or not.

The Corporate Internal Audit Department keeps a record of all the recommendations that must be implemented, as well as the deadlines within which the auditees must do so. Once the deadline is finalised, information is requested on the implementation of the recommendations made if the auditees have not previously informed verifying them in the cases in which the auditees have informed that they have already complied with the recommendations. Once this end has been verified, the Director of Corporate Internal Audit informs the Audit Committee and the Corporate Audit Committee, in addition to the follow-up of the recommendations, their implementation in time and outside of it, and those pending to do so in time and outside it.

During the year 2019, the Internal Control Unit of the Financial Information assigned to the Department of Management Control and Planning of Grupo Catalana Occidente, S.A., under the Financial Directorate, coordinated the projects related to the ICFR for the Entity, in particular, the description of the processes identified in relation to the financial information, a document being prepared by those responsible in which, in a way that is guaranteed to ensure a certain homogeneity, all the relevant information of the process is included, with examples of evidence of the controls made. This document is approved by the representatives of the units involved, and is attached to an approval record which all interested parties may access. The document is signed again every time there are significant changes and, at least, once a year.

The Corporate Internal Audit Department audits all ICFR processes in five-year cycles with the aim of identifying the risks inherent to the ICFR and validating the controls described, assessing the degree of integrity and consistency of financial information, evaluating whether the established controls are enough to guarantee the reliability of the financial information that is intended to be obtained and diagnosing the internal control environment existing in the areas at issue. In cases where control weaknesses are observed, recommendations are made with action plans agreed with the auditees, as well as the deadline for their implementation, with the aim of strengthening the weaknesses detected. The agreed recommendations and action plans are recorded in a database with the person responsible for their implementation and the agreed time frame to do so. Once the deadline has been met, the implementation of these recommendations is checked with those responsible.

In 2019 as in 2018, all ICFR audits were carried out with the resources of Corporate Internal Audit.

In particular, during the year 2019, Corporate Internal Audit has audited 11 processes of the ICFR. (3 for Bilbao, Compañía Anónima de Seguros y Reaseguros; 4 for Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros; 2 for Nortehispana Seguros y Reaseguros, S.A.; and 2 for Grupo Catalana Occidente Tecnología y Servicios, AIE.)

At the same time, and during this year, progress has been made in incorporating all the financial information controls agreed in the internal control tool that allows those responsible for preparing the financial information to express their agreement to the correct execution of the controls, and even attach evidence in the most relevant ones with the periodicity established for each control, having included, in relation to the Traditional Business Insurance Entities, all the controls of the financial information of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros and of Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, and nearly the entirety of Bilbao, Compañía Anónima de Seguros y Reaseguros and Nortehispana de Seguros y Reaseguros, S.A.

With regard to the Credit Insurance business, during the year 2019, Corporate Internal Audit has verified in Atradius Crédito y Caución S.A. de Seguros y Reaseguros a total of 328 controls related to audits planned for fiscal year 2019.

F.5.2 A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the entity's senior management and its audit committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The Internal Audit Policy establishes that the Corporate Internal Audit Department can make recommendations in each of the audits it performs if it considers it necessary.

In addition, as indicated in section F.5.1 above, the Corporate Internal Audit Department informs the Audit Committee about both the recommendations made and those with which the auditees do not agree so that it can decide on the convenience of its implementation. It also informs the aforementioned Audit Committee about the follow-up and implementation of the recommendations and/or weaknesses detected.

In this regard, the provisional audit reports or any information related thereto is sent to the director or head of the audited unit who shall express their agreement or disagreement with the conclusions and / or recommendations before the report is sent to the Group Management Committee and the Audit Committee.

Additionally, every six months, the Corporate Internal Audit Department issues an activity report that is submitted to the Corporate Audit Committee and the Audit Committee, which includes a detail of (i) the audits performed during the first semester and the calendar year respectively, indicating whether incidents / recommendations have been detected; (ii) a risk map of the audited activities; as well as (iii) a list of irregularities and significant fraud detected and the follow-up on the implementation of the recommendations made. Likewise, in each audit an action plan is proposed and the recommendations / weaknesses detected are monitored.

On the other hand, those audits that are performed by external auditors have the collaboration of the Corporate Internal Audit Department, with which they coordinate and review their recommendations before communicating to the Chairperson and the Secretary of the Audit Committee the conclusions of their audits together with the weaknesses detected.

In the Corporate Internal Audit policy, a specific section called "Cooperation with external auditors and supervisors" is included, indicating that the external auditor or auditors, who sign the annual accounts of the Grupo Catalana Occidente and its subsidiaries, and the Director of Internal Corporate Audit must be in tune with the audit activities carried out by both parties. In this sense, they will meet when they deem appropriate to discuss matters of common interest and, where appropriate, the results of their work. In said communications, both parties will ensure that the work techniques, methods and terminology of the work to be performed are properly understood by them.

F.6. Other relevant information.

There is no other relevant information to point out.

F.7. External auditor's report.

State whether:

F.7.1 The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The information on ICFR contained in this Annual Corporate Governance Report shall be submitted for review by the company's external auditor, PricewaterhouseCoopers Auditores, S.L. In so far, the Entity will include the corresponding report issued by the external auditor along with the information that is sent regarding the market.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. That the Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies Explanation

2. That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:
 - a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.
 - b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies Partially complies Explanation Not applicable

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairperson of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:
 - a) Changes that have occurred since the last General Shareholders' Meeting.
 - b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies Partially complies Explanation

Regarding section a), explanations of the most relevant aspects of the corporate governance of the Company and the changes that have occurred since the previous General Meeting are given at the General Shareholders' Meeting. These explanations are made, instead of by the Chairperson, by the Secretary, who is the person who leads the Board, thus achieving the objectives of the Recommendation in equal measure. Regarding section b), and regarding verbal information on the specific reasons why the Company does not follow any of the recommendations of the Corporate Governance Code, the Company understands that said reasons are already sufficiently explained in this Report.

4. That the company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Complies Partially complies Explanation

5. That the Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies Partially complies Explanation

6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

- a) Report regarding the auditor's independence.
- b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.
- c) Report by the audit committee regarding related-party transactions.
- d) Report on the corporate social responsibility policy.

Complies Partially complies Explanation

The Audit Committee and the Appointments and Remuneration Committee, as appropriate, analyse the issues covered by sections a) to d) above and inform the Board of Directors about them, with respect to sections a) to d) by means of the corresponding reports. However, the Company only publishes on the corporate website the reports that must be available to shareholders in accordance with current regulations and, in particular, the report under section d). With respect to non-mandatory reports, the Company does not publish them because it understands that the subject matters have been sufficiently reflected in the documentation that is made available to shareholders in accordance with current regulations.

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

Complies Explanation

8. That the audit committee ensures that the Board of Directors presents financial statements in the audit report for the General Shareholders' Meetings which do not have qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairperson of the audit committee and the auditors clearly explain to the shareholders the content and scope of said qualifications or reservations.

Complies Partially complies Explanation

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies Partially complies Explanation

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

- a) Immediately distributes the additions and new proposals.
- b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.
- c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Complies Partially complies Explanation Not applicable

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establishes in advance a general policy of long-term effect regarding such payments.

Complies Partially complies Explanation Not applicable

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies Partially complies Explanation

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies Explanation

Although the current Board consists of 16 members, one above the advisable recommendation, the Company understands, due to its nature and its specific circumstances, that this is the appropriate size to achieve an effective and participatory operation of the Board of Directors. In this sense, the questions to the directors about this aspect in the successive self-evaluation reports of the Board of Directors in the last financial years would support this vision, as so would those made by the external expert to whom the evaluation of the Board of Directors entrusted in fiscal year 2018.

14. That the Board of Directors approves a selection policy for directors that:

- a) Is concrete and verifiable.
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.
- c) Favours diversity in knowledge, experience and gender.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

And that the selection policy for directors promotes the objective that by the year 2020 the number of female directors accounts for at least 30% of the total number of members of the Board of Directors.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies Partially complies Explanation

The Board of Directors has not approved, on the date of this Report, a policy for the selection of directors. However, the Company has an aptitude and honourability policy applicable to the members of the Board of Directors that establishes the general guidelines so that, in accordance with insurance legislation, the directors, as a whole, possess sufficient knowledge in all the areas necessary to develop the activity of the Company. Moreover, the Company also has an Appointments and Remuneration Committee that analyses the candidate before proposing his or her appointment to the Board or to the Shareholders' Meeting in accordance with the Board Regulations and with

the evaluation that, as members of the Board of an entity that controls insurance companies, shall appear before the General Directorate of Insurance and Pension Funds. Therefore, the objective pursued by this Recommendation is achieved in equal measure.

With regard to the objective of the percentage of female directors in the Board, the Appointments and Remuneration Committee is entrusted with the duty, in accordance with Article 16 of the Board Regulations, to establish a goal of representation for the less represented sex in the Board of Directors and to elaborate guidelines on how to achieve said goal, should vacancies arise, although in the present year it has not taken any action in this regard.

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

Complies Partially complies Explanation

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

- a) In companies with a high market capitalization in which interests that are legally considered significant are minimal.
- b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

Complies Explanation

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies Explanation

The independent directors represent 12.5% of the total of directors over the 33% recommended. The Company considers that, ultimately, the purpose of this Recommendation is not violated, which, in accordance with the Code of Good Governance, is that no significant shareholder exerts a greater influence on the Board of Directors regarding its participation in the share capital, representing the proprietary directors a percentage similar to that held in the share capital. Likewise, the Company considers that the Directors, by virtue of their legal duties of diligent administration, loyalty and defence of the corporate purpose, are obliged to defend the Company's and shareholders' interest over any other circumstance.

18. That companies publish and update the following information regarding directors on the company website:
- a) Professional profile and biography.
 - b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
 - c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
 - d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.
 - e) The shares and options they own.

Complies [] Partially complies [X] Explanation []

The Company makes public through its website and keeps updated all the information referred to in this recommendation with the exception of informing about the other remunerated activities carried out by the directors, whatever their nature, because they understand that, to the extent that these activities (i) do not conflict with the corporate purpose of the Company and its group of companies (which they are specifically questioned about); and (ii) allow them to fulfil their duties and dedication to their roles as directors within the framework established in the Board Regulations and the LSC, it is not necessary to publish such information.

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

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

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

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

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director’s term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies [X] Explanation []

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company’s standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Complies [X] Partially complies [] Explanation []

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company’s interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

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

24. That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.

Complies Partially complies Explanation Not applicable

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

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies Partially complies Explanation

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies Partially complies Explanation

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies Partially complies Explanation

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies Partially complies Explanation Not applicable

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies Partially complies Explanation

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances so require.

Complies Explanation Not applicable

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairperson wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies Partially complies Explanation

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies Partially complies Explanation

33. That the chairperson, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his or her duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies Partially complies Explanation

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairperson of the Board of Directors in the absence of the chairperson and deputy chairpersons, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairperson.

Complies Partially complies Explanation Not applicable

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Complies Explanation

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:
- The quality and efficiency of the Board of Directors' work.
 - The workings and composition of its committees.
 - Diversity of membership and competence of the Board of Directors.
 - Performance of the chairperson of the Board of Directors and the chief executive officer of the company.
 - Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies Partially complies Explanation

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies Partially complies Explanation Not applicable

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies Partially complies Explanation Not applicable

39. That the members of the audit committee, in particular its chairperson, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, and that the majority of its members be independent directors.

Complies Partially complies Explanation

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairperson of the Board or of the audit committee.

Complies [X] Partially complies [] Explanation []

41. That the person in charge of the group performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.

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

42. That, in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

- a) Supervising the preparation and integrity of financial information relative to the company and, if applicable, the group, monitoring compliance with governing rules and the appropriate application of consolidation and accounting criteria.
- b) Ensuring the independence and effectiveness of the group charged with the internal audit function; proposing the selection, appointment, re-election and dismissal of the head of internal audit; drafting a budget for this department; approving its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.

2. With regard to the external auditor:

- a) In the event that the external auditor resigns, examining the circumstances which caused said resignation.
- b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Insisting that the company file a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.
- e) Ensuring that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies [X] Partially complies [] Explanation []

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies [X] Partially complies [] Explanation []

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

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

45. That the risk management and control policy identify, as a minimum:

- a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
- b) Fixing of the level of risk the company considers acceptable.
- c) Means identified in order to minimise identified risks in the event they transpire.
- d) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off-balance sheet risks.

Complies [X] Partially complies [] Explanation []

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.
- b) Actively participating in the creation of the risk strategy and in important decisions regarding risk management.
- c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies [X] Partially complies [] Explanation []

47. That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate - are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies [X] Partially complies [] Explanation []

48. That high market capitalization companies have formed separate appointments and remuneration committees.

Complies [] Explanation [] Not applicable [X]

49. That the appointments committee consult with the chairperson of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies [X] Partially complies [] Explanation []

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing basic conditions of employment for senior management.
- b) Verifying compliance with company remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guaranteeing that individual remuneration be proportional to that received by other directors and senior managers.
- d) Overseeing that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.
- e) Verifying information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies [X] Partially complies [] Explanation []

51. That the remuneration committee consults with the chairperson and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies [X] Partially complies [] Explanation []

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:
- a) That they are comprised exclusively of non-executive directors, with a majority of them independent.
 - b) That their chairpersons be independent directors.
 - c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.
 - d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
 - e) That their meetings be recorded and the minutes be made available to all directors.

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

53. That verification of compliance with corporate governance rules, internal codes of conduct and social corporate responsibility policy be assigned to one or split among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, the corporate social responsibility committee in the event that one exists, or a special committee created by the Board of Directors pursuant to its powers of self-organisation, which at least the following responsibilities shall be specifically assigned thereto:
- a) Verification of compliance with internal codes of conduct and the company's corporate governance rules.
 - b) Supervision of the communication strategy and relations with shareholders and investors, including small- and medium-sized shareholders.
 - c) The periodic evaluation of the suitability of the company's corporate governance system, with the goal that the company promotes company interests and take into account, where appropriate, the legitimate interests of other stakeholders.
 - d) Review of the company's corporate social responsibility policy, ensuring that it is orientated towards value creation.
 - e) Follow-up of social responsibility strategy and practice, and evaluation of degree of compliance.
 - f) Supervision and evaluation of the way relations with various stakeholders are handled.
 - g) Evaluation of everything related to non-financial risks to the company, including operational, technological, legal, social, environmental, political and reputational.
 - h) Coordination of the process of reporting on diversity and reporting non-financial information in accordance with applicable rules and international benchmarks.

Complies [X] Partially complies [] Explanation []

54. That the corporate social responsibility policy should include principles or commitments which the company voluntarily assumes regarding specific stakeholders and identifies, as a minimum:
- a) The objectives of the corporate social responsibility policy and the development of tools to support it.
 - b) Corporate strategy related to sustainability, the natural environment and social issues.
 - c) Concrete practices in matters related to: shareholders, employees, clients, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.
 - d) Means or systems for monitoring the results of the application of specific practices described in the immediately preceding paragraph, associated risks, and their management.
 - e) Means of supervising non-financial risk, ethics, and business conduct.
 - f) Communication channels, participation and dialogue with stakeholders.
 - g) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies [X] Partially complies [] Explanation []

55. That the company reports, in a separate document or within the management report, on matters related to corporate social responsibility, following internationally recognised methodologies.

Complies [X] Partially complies [] Explanation []

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies [X] Explanation []

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Complies [X] Partially complies [] Explanation []

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.
- b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.
- c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies Partially complies Explanation Not applicable

59. That a material portion of variable remuneration components be deferred for a minimum period of time sufficient to verify that previously established performance criteria have been met.

Complies Partially complies Explanation Not applicable

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies Partially complies Explanation Not applicable

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies Partially complies Explanation Not applicable

With regard to executive directors, and as explained in the previous sections, there is an adequate balance between fixed and variable remuneration components, although the Company has not considered it necessary to introduce variables in the remuneration system in order to adjust it to long-term objectives, values and interests of the Company or grant plans to deliver shares or financial instruments referenced to their value, because (i) the proven permanence and stability of the current executive directors in the Company and the Board of Directors, on the one hand; and (ii) the establishment of parameters for the accrual of variable remuneration that do not encourage short-term objectives have been considered sufficient elements.

In this regard, it should be noted that the parameters used to establish such variable remuneration are fundamentally linked to the ordinary results of the Company, its subsidiaries and its consolidated Group, thus excluding those parameters that encourage other types of strategies that differ from sustained growth, such as the extraordinary results of the Company and its consolidated Group or other exogenous factors, such as the price of the Company on the Stock Exchange.

62. That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares..

The forgoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

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

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

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

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

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

H. OTHER USEFUL INFORMATION

1. If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July 2010:

Note regarding Section G.7

Article 11 of the Bylaws and Article 4 of the Regulations of the General Meeting foresee the possibility that the Company may broadcast, if appropriate, simultaneously and in real time the General Meeting by any means, among others, via the Internet.

Although the General Shareholders' Meeting of 25 April 2019 was not broadcast live, the Ordinary General Meeting for the current year will be recorded and broadcast live on the Company's website (without anticipating the possibility of attending or vote this way).

Note regarding Section H.3

The Board of Directors agreed at its meeting on 28 October 2016 that the Company, as the dominant entity of a group of companies within the meaning of Article 42 of the Commerce Code, adheres to the Code of Good Tax Practices and the annex to it, approved, respectively, on 23 July 2010 and 3 November 2015.

Likewise, the Society and its Group are adhered to the United Nations Global Compact, a voluntary initiative by which it undertakes to align its strategies and operations with ten universally accepted principles, grouped into four areas: human rights, labour standards, environment and corruption. It also works constantly in the development of the Sustainable Development Goals defined by the UN in September 2015.

This annual corporate governance report has been approved by the company's Board of Directors, at its meeting on:

[27/02/2020]

State whether any Directors voted against or abstained from voting on the approval of this Report.

[] Yes
[v] No