

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION

ENDING DATE OF REFERENCE FINANCIAL YEAR: 31/12/2019

TAX IDENTIFICATION CODE A-08020729

REGISTERED NAME:
MIQUEL Y COSTAS & MIQUEL, S.A.

REGISTERED ADDRESS:
TUSET, 10, BARCELONA

(Free translation from the original in Spanish)

MODEL OF ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

A. OWNERSHIP STRUCTURE

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

Date of last change	Share Capital (€)	Number of shares	Nº of voting rights
30/11/2018	62,000,000	31,000,000	31,000,000

Please indicate whether or not there are different types of shares with different rights associated:

☐ Yes

☒ No

A.2. List the direct and indirect holders of significant ownership interests in your company at year-end, excluding directors:

Name or company name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
LUXOR CAPITAL GROUP LP	0.00	0.00	1.41	0.00	1.41
INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.	0.00	4.16	0.00	0.00	4.16
MRS. BERNADETTE MIQUEL VACARISAS	0.15	11.20	0.00	0.00	11.35
MRS. MARIA DEL CARMEN ESCASANY MIQUEL	3.50	8.17	0.00	0.00	11.67
EDM GESTIÓN S.A. SGIIC	0.00	3.68	0.00	0.00	3.68
SANTA LUCIA S.A. COMPAÑÍA DE SEGUROS Y REASEGUROS	0.00	4.80	0.00	0.00	4.80
SANTANDER ASSET MANAGEMENT S.A. SGIIC	0.00	5.15	0.00	0.00	5.15

Name or company name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
INDUMENTA PUERI, S.L.	0.00	8.66	0.00	0.00	8.66
FIDELITY INTERNATIONAL LIMITED	0.00	2.11	0.00	0.00	2.11

Detail of the indirect holding:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights
FIDELITY INTERNATIONAL LIMITED	FIL INVESTMENTS INTERNATIONAL	2.11	0.00	2,11
MRS.BERNADETTE MIQUEL VACARISAS	AGRICOLA DEL SUDESTE ALMERIENSE S.A.	3.31	0.00	3.31
MRS.BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	7.88	0.00	7.88
MRS.BERNADETTE MIQUEL VACARISAS	MR. JOSE SORIA SORJUS	0.01	0.00	0.01
MRS.BERNADETTE MIQUEL VACARISAS	MRS. BELEN SORIA MIQUEL	0.01	0.00	0.01
MRS.BERNADETTE MIQUEL VACARISAS	MR. JOSE SORIA MIQUEL	0.01	0.00	0.01
MRS.BERNADETTE MIQUEL VACARISAS	MR. VICTOR SORIA MIQUEL	0.01	0.00	0.01
INSINGER DE BEAUFORT ASSET MANGEMENT NV	INSTITUCIONES DE INVERSION COLECTIVA	4.16	0.00	4.16
SANT LUCIA S.A. COMPAÑIA DE SEGUROS Y REASEGUROS	FONDOS GESTIONADOS POR AVIVA GESTION SGIIC SAU	3.35	0.00	3.35
SANT LUCIA S.A. COMPAÑIA DE SEGUROS Y REASEGUROS	FONDOS GESTIONADOS POR CAJA ESPAÑA VIDA Y PENSIONES S.A.	0.67	0.00	0.67
SANT LUCIA S.A. COMPAÑIA DE SEGUROS Y REASEGUROS	FONDOS GESTIONADOS POR CAJA ESPAÑA VIDA	0.39	0.00	0.39

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights
SANTA LUICA SA COMPAÑIA DE SEGUROS Y REASEGUORS	FONDOS GESTIONADOS POR UNICORP VIDA	0.39	0.00	0.39
SANTANDER ASSET MANAGEMENT S.A. SGIIC	SANTANDER ACCIONES ESPAÑOLAS FI	1.86	0.00	1.86
EDM GESTION S.A. SGIIC	SANTANDER SMALL CAPS ESPAÑOLA FI	3.29	0.00	3.29
EDM GESTION S.A. SGIIC	INSTITUCIONES DE INVERSION COLECTIVA	3.68	0.00	3.68
INDUMENTA PUERI S.L.	GLOBAL PORTFOLIO INVESTMENTS S.L.	8.66	0.00	8.66
MRS. MARIA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L.	8.17	0.00	8.17

Significant movements

BESTINVER GESTIÓN S.A., S.G.I.I.C., on January 22, 2018, reported that its participation fell by 3%.

SANTANDER ASSET MANAGEMENT S.A., S.G.I.I.C., on September 11, 2018, reported that its participation fell by 5%.

SANTANDER ASSET MANAGEMENT S.A., S.G.I.I.C., on October 15, 2018, reported that its participation increased by 5%.

A.3. Complete the following tables about members of the Company's Board of Directors who hold voting rights for shares in the Company:

Name or company name of director	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights	% voting rights <u>that can be transferred</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. ANTONIO CANET MARTINEZ	0.13	0.58	0.00	0.00	0.71	0.00	0.00

Name or company name of director	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. JAVIER BASAÑEZ VILLALUENGA	0.27	0.00	0.26	0.00	0.53	0.00	0.00
MR. CARLES ALFRED GASOLIBA BÖHM	0.19	0.00	0.00	0.00	0.19	0.00	0.00
MR. JOAQUÍN FAURA BATLLE	0.03	0.00	0.00	0.00	0.03	0.00	0.00
MR. JORGE MERCADER MIRÓ	0.71	13.68	0.00	0.00	14.38	0.00	0.00
MR. JORGE MERCADER BARATA	0.47	0.00	0.32	0.00	0.00	0.00	0.79
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	0.09	0.04	0.00	0.00	0.13	0.00	0.00
MR. ÁLVARO DE LA SERNA CORRAL	0.10	0.00	0.00	0.00	0.10	0.00	0.00
JOANFRA, S.A.	7.88	0.00	0.00	0.00	7.88	0.00	0.00

% total voting rights held by the Board of Directors	24,16
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Detail of the indirect holding:

Name or company name of director	Name or company name of the direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
MR. ANTONIO CANET MARTÍNEZ	MR.. CARMEN PAYÁ PÉREZ	0.58	0.00	0.58	0.00
MR. JORGE MERCADER MIRÓ	HACIA, S.A.	13.68	0.00	13.68	0.00
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	SOCIOPARTNER, S.L.	0.04	0.00	0.04	0.00

Name or company name of director	Name or company name of the direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
MR. ÁLVARO DE LA SERNA CORRAL	MRS. MERCEDES DE LA SERNA VILLALONGA	0.00	0.00	0.00	0.00
MR. ÁLVARO DE LA SERNA CORRAL	MRS. JIMENA DE LA SERNA VILLALONGA	0.00	0.00	0.00	0.00

A.4. Indicate, where applicable, the family, commercial, contractual or corporate relations which could exist between the owners of significant stakes, provided they are known by the company, unless they are irrelevant or arise from normal trading activities, excluding those enquired about in section A.6:

Name or company name of related parties	Relationship type	Brief outline
No data		

A.5. Indicate, where applicable, the commercial, contractual or corporate relations which could exist between the holders of significant shares and the company and/or its group, unless they are irrelevant or arise from normal trading activities:

Name or company name of related parties	Relationship type	Brief outline
No data		

- A.6.** Describe the relationships, unless they are scarcely relevant to the two parties, that exist between the significant shareholders or those represented on the board and the directors, or their representatives, in the case of legal entity administrators.

Explain, where appropriate, how significant shareholders are represented. Specifically, give details of those directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/or entities of their group, with a specification of the nature of such relationships. In particular, mention shall be made, where appropriate, of the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies that hold significant holdings in the listed company or in entities of the group of said significant shareholders.

Name or company name of related director or representative	Name or company name of significant related shareholder	Company name of the significant shareholder group	Description of the relationship/position
JOANFRA, S.A.	MRS. BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	JOANFRA S.A. is a society controlled by Ms. BERNADETTE MIQUEL VACARISAS, where is Director and Secretary.
MR. JORGE MERCADER BARATA	MR. JORGE MERCADER MIRÓ	HACIA, S.A.	MR. JORGE MERCADER BARATA is a Director and Secretary of HACIA S.A.
MR. ÁLVARO DE LA SERNA CORRAL	MRS. MARIA DEL CARMEN ESCASANY	ENKIDU INVERSIONES, S.L	MR. ÁLVARO DE LA SERNA CORRAL is a Director and Secretary of ENKIDU INVERSIONES, S.L.
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	EDM GESTION S.A. SGIIC	EDM GESTION S.A. SGIIC	Mr. EUSEBIO DÍAZ-MORERA PUIG-SUREDA is Chairman of which the EDM company GESTIÓN S.A. SGIIC form part.

- A.7.** Indicate whether or not the Company has been notified of shareholders agreements that affect it as per Article 530 and 531 of the Corporate Enterprises Act. Where applicable, give a brief description and list the shareholders associated with the agreement:

☐ Yes
☒ No

Indicate whether or not the Company is aware of the existence of concerted actions between its shareholders. If so, briefly describe them:

☐ Yes
☒ No

If any modification or cancellation of said agreements or concerted actions has taken place during the year, indicate accordingly:

The Company is not aware of any concerted actions among its shareholders.

A.8. Indicate whether any individual or legal entity currently exercise control or could exercise control over the company in accordance with article 5 of the Securities Market Act. If so, identify

☐ Yes
☒ No

A.9. Fill in the following tables regarding the company's treasury stock:

At the year-end:

Number of direct shares	Number of indirect shares (*)	% of total capital
600,193	0	1.94

(*) Through to:

Name or company name of the direct holder of the participation	Number of direct shares
No data	

A.10. Give details of the terms and conditions corresponding to the General Meeting of Shareholder's current mandate to the Board of Directors buy back and transfer treasury stock:

The acquisitions of the Company's own shares are underpinned by the General Meeting of Shareholders held on 20 June 2018 as follows:

The Board of Directors, Miquel y Costas & Miquel, S.A. and its majority owned subsidiaries, are authorized to acquire by purchase, exchange or other, and sell, with the intervention of authorized mediators, shares of the Company, to a maximum of 10% of the share capital, in accordance with the provisions of Article 146 of the Capital Companies Act. The minimum price will not be lower than the share nominal value, no higher, by 20%, to the market value of the prior day to the acquisition without prejudice to compliance with those other limitations resulting from the application of the regulations or regulations applicable at any time.

This authorization is granted for a period of five (5) years from the date thereof, observing in any event the provisions of Article 148 of the Companies Capital Act.

Leave the authorization granted to the Board of Directors by the Ordinary and Extraordinary General Meeting of June 22, 2016 without effect.

The Board of Directors are authorized to allocate, totally or partially, the shares acquired as part of the implementation of compensation programs aimed at or involving the delivery of shares or share options, or based in any way on the evolution of the share price, as set out in Article 146.1 a) of the Capital Companies Act.

The Board of Directors, in its meeting held on 22 June 2016, the according to execute the authorization of the General Meeting.

A.11. Estimated floating capital:

	%
Estimated floating capital	55.18

A.12. Indicate whether there is any restriction (statutory, legislative or of any other nature) on the transferability of securities and/or any restrictions on the voting rights. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as those authorisation or prior notification systems that apply to acquisitions or transfers of financial instruments of the company through sectorial regulations, will be reported.

☐ Yes
☒ No

A.13. Indicate whether or not the General Meeting of Shareholders has agreed to adopt measures to neutralise a takeover bid by virtue of the provisions laid down in Act 6/2007:

☐ Yes
☒ No

Where applicable, explain the measures that have been adopted and the terms under which the inefficiency of the restrictions:

A.14. Indicate whether the company has issued securities not traded in a regulated market of the European Union.

☐ Yes
☒ No

If appropriate, indicate the different types of shares and, for each type of share, the rights and obligations conferred

B. GENERAL MEETING

- B.1.** Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) with respect to the quorum and constitution of the General Meeting.

☐ Yes
☒ No

- B.2.** Indicate, and where applicable give details, whether there are any differences from the minimum standards established under Corporate Enterprises Act (CEA) for the adoption of corporate resolutions:

☐ Yes
☒ No

Describe any differences from the minimum standards established under the CEA.

- B.3.** Indicate the rules applicable to amendments of the company bylaws. In particular, report the majorities established to amend the bylaws, and the rules, if any, to safeguard shareholder's rights when amending the bylaws.

The rules applicable to amendments of the company bylaws correspond to those contained in the Company's Capital Act.

- B.4.** Indicate the data on attendance at general meetings held during the year to which this report refers and the previous year:

	Attendance data				
Date of General Meeting	% physical presente	% represented	% remote voting		Total
			Electronic vote	Others	
22/06/2016	38.88	33.49	0.00	0.00	72.37
Of the floating capital	0.83	29.26	0.00	0.00	30.09
20/06/2017	38.94	33.18	0.00	1,86	73.98
Of the floating capital	2.92	28.42	0.00	0.00	31.34
20/06/2018	43.62	36.45	0.00	0.00	80.07
Of the floating capital	1.90	31.88	0.00	0.00	33.78

- B.5.** Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws:

☐ Yes
☒ No

- B.6.** Indicate whether or not there is a statutory restriction to the minimum number of shares required to attend the General Meeting.

☒ Yes
☐ No

Number of shares necessary to attend the General Meeting	100
Number of shares required to vote remotely	

- B.7.** Indicate whether it has been established that certain decisions, other than those established by Law, which involve the acquisition, disposal, the contribution to another company of essential assets or other similar corporate operations must be submitted to approval of the general meeting of shareholders.

☐ Yes
☒ No

- B.8.** Indicate the address and means of access through the company website to the information on corporate governance and other information on the general meetings that must be made available to shareholders over the company's website.

The corporate website of the Company, www.miquelycostas.com presents. Its content responds to all information which they are considered of interest to shareholders and investors and incorporates all the content required by the regulations.

In the section ""Shareholders and Investors Information " is the information related to Corporate Governance and General Meetings, to the which can be accessed from the home page through the following route: shareoldersandinverstorsinformation/corporategovernanceinformation/generalmeetings.

C. CORPORATE GOVERNANCE STRUCTURE

C.1. Board of Directors

C.1.1 State the maximum and minimum number of directors laid down in the articles of association:

Maximum number of directors	15
Minimum number of directors	4
Number of directors set by the General Meeting	10

C.1.2 Complete the following details on the members of the Board:

Name of director	Representative	Type of directorship	Office on the board	Date of first appointm.	Date of last appointm.	Election procedure
MR. JOAQUIN COELLO BRUFAU		Independent	DIRECTOR	26/06/2008	26/06/2013	SHAREHOLDERS MEETING AGREEMENT
MR. ANTONIO CANET MARTÍNEZ		Other External	DIRECTOR	25/06/1985	17/06/2015	SHAREHOLDERS MEETING AGREEMENT
MR. JAVIER BASAÑEZ VILLALUENGA		Executive	SECRETARY AND DIRECTOR	28/07/2008	17/06/2015	SHAREHOLDERS MEETING AGREEMENT
MR. CARLES ALFRED GASOLIBA BÖHM		Other External	DIRECTOR	29/06/1993	17/06/2015	SHAREHOLDERS MEETING AGREEMENT
MR. JOAQUIN FAURA BATLLE		Independent	DIRECTOR	29/10/2013	17/06/2015	SHAREHOLDERS MEETING AGREEMENT
MR. JORGE MERCADER MIRÓ		Executive	CHAIRMAN	05/11/1991	17/06/2015	SHAREHOLDERS MEETING AGREEMENT

Name of director	Representative	Type of directorship	Office on the board	Date of first appointm.	Date of last appointm.	Election procedure
MR. JORGE MERCADER BARATA		Executive	VICECHAIRMAN	27/06/2012	27/06/2012	SHAREHOLDERS MEETING AGREEMENT
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA		Independent	COORDINATING INDEPENDENT DIRECTOR	18/04/1997	27/06/2012	SHAREHOLDERS MEETING AGREEMENT
MR. ALVARO DE LA SERNA CORRAL		External Proprietary Directors	DIRECTOR	28/07/2008	17/06/2015	SHAREHOLDERS MEETING AGREEMENT
JOANFRA, S.A.	MS. BERNADETTE MIQUEL VACARISAS	External Proprietary Directors	DIRECTOR	25/10/1999	17/06/2015	SHAREHOLDERS MEETING AGREEMENT

Total number of directors	10
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Indicate the removals from office due to resignation, dismissal or for any other reason that have occurred on the Board of Directors during the reporting period:

Name or company name of director	Category	Date of last appointment	Date of vacancy	Specialist committees of which he or she was a member	Indicate whether the removal from office occurred before the end of the mandate
No data					

C.1.3 Provide the following details of the Members of the Board and their status:

EXECUTIVE DIRECTORS		
Name or company name of director	Position in the company's management structure	Profile
MR. JAVIER BASAÑEZ VILLALUENGA	GENERAL SECRETARY	Degree in Economic and Commercial Political Sciences from the Universidad Central of Barcelona; Registered auditor, currently non practicing, of the Instituto de Contabilidad y Auditores de Cuentas; Titled for management of transport services. He has been Head of the Financial Studies Service Industrias del Papel y Celulosa (Inpacsa); General Manager of Inverpa, S.A. ; Sole administrator of the transport and logistics services company Transportes Subirada, S.A. ; Chief Executive Officer of Agustín Barral, S.A. ; Director and administrator of Papelera Riera, S.A. ; Commercial Director of European Paper and Packaging, S.A. (Eppicsa); Deputy General Director and Financial Director of Industrias del Tablero and derived wood, S.A. (Intamasa). He is currently and President of Bacesa de Inversiones, SICAV S.A. further General Secretary and Director of Corporate Development as well as Secretary Counsel of

EXECUTIVE DIRECTORS		
Name or company name of director	Position in the company's management structure	Profile
		Miquel y Costas & Miquel, S.A.
MR. JORGE MERCADER MIRÓ	PRESIDENT	Degree in Industrial Engineer by the Technical School of Industrial Engineers of Barcelona and Master of Economics and Business by IESE (Institute of Advanced Studies of the Company). He has been President of Industrias del Papel y de la Celulosa (INPCASA), Industrias de Tableros y Derivados de Madera (INTAMASA), Empresa Nacional Bazán de Construcción Navales Militares S.A., Instituto Nacional de Industria, Servicios de Radiotelefonía Móvil, Iberlat S.A., Sociedad de Aguas de Barcelona S.A. y Compañía de Seguros Adeslas; Director and Vice President of Repsol YPF S.A. ; Counselor, Member of the Executive Committee and 2nd Vice-president of Caixa d'Estalvis i Pensions de Barcelona; Director of COFILE, FECOSA, Industrias Gráficas Trepas S.A., DAPSA, Ferrocarriles de la Generalitat, DEFEX, Iberia Lineas Aéreas de España, J. Walter Thompson, Science Applications International Europe SA, Bongrain SA, CaixaBank France, Abertis Infraestructuras SA, Inmobiliaria Colonial, Corporación Alimentaria Peñasanta SA and Isolux Corsan S.A., as well Magament of Inversions Papeleras S.A. and from Apromade S.A. He is currently a member of the Honor Council of the Fundación del Circulo de Economía, Patron of the Princesa de Grirona and the Pasqual Maragall Foundation, Vice-president of the Cerdà Institute and President of the Gala-Dalí Foundation. Additionally, he is a Director of Vidacaixa S.A.U. of Seguros y Reaseguros and President of Hacia S.A. and from Miquel and Costas & Miquel S.A.
MR. JORGE MERCADER BARATA	VICEPRESIDENT I GENERAL DIRECTOR	Degree in Industrial Engineer, Chemical specialty; MBA from IESE (Instituto de Estudios Superiores de la Empresa); CEIBS Exchange Program. Shanghai (China) He has been Head of the Corporate Strategic Analysis area and Technical Director of Corporate Strategic Analysis of BBVA; Deputy Director and Deputy General Manager of Miquel y Costas & Miquel S.A. Currently, he is the President of ASPAPEL (Spanish Association of Pulp, Paper and Cardboard Manufacturers), Member of the Board of Directors of the Círculo de Economía, Board Member of Hacia, SA and Member of the Advisory Board of VEA (Anoia Business Unit) and Vice President- General Director of Miquel y Costas & Miquel S.A

Total number of executive directors	3
% of the entire board	30.00

EXTERNAL PROPIETARY DIRECTORS		
Name or company name of director	Name or title of significant shareholder represented by the director or that has proposed the director's appointment	Profile
MR. ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES, S.L.	Degree in Economics and Business Administration from the University Autónoma de Madrid and Master in Economics and Businesses by IESE (Spanish Higher Institute of Business). He has held various positions managers as a specialist in wealth management and private banking in the Banco Santander Group and as a consultant in Egon Zehnder International. He has been Associate in Investment Banking at Merrill Lynch Europe Plc. London and Member of the Comité Supervisor de Inversiones Altamar Buyout Europa FCR's (Own Private Equity Funds) He is currently a director of Credit Suisse AG Branch in Spain and Director of Viña Castellar Invest SICAV S.A., Playas de Jandia S.A., Enkidu Inversiones S.L. and Miquel and Costas & Miquel S.A.
JOANFRA, S.A.	JOANFRA, S.A.	The representative natural person of Joanfra S.A., is licensed in Administration and Business Management (ADE) by the Universidad de Barcelona; Postgraduate in eBusiness Management by the Universidad Pompeu Fabra. He is currently Manager of Celler Cal Costas, S.L., Agricultural Adviser of the Southeast Almeriese S.A. and Joanfra S.A. and individual representative of Joanfra S.A. in the Board of Directors of Celler Cal Costas, S.L. and from Miquel y Costas & Miquel S.A.

Total number of external proprietary directors	2
% of the entire board	20.00

INDEPENDENT EXTERNAL DIRECTOR	
Name or company name of director	Profile
MR. JOAQUIN FAURA BATLLE	Law degree from the University of Barcelona and Master in Economics and Management from the IESE (Instituto de Estudios Superiores de la Empresa). Started his career at Gillette Group, division of Braun España and the company headquarters in Germany. It has been Vice Director of the Division of Chupa Chups in the U.S., General Sales Manager of Sara Lee Corporation in Spain, in the division of cafés Marcilla, Vice President of Marketing and General Manager of Pepsico/Frito Lay and General Manager in Tobacco/Altadis General Director of General Manager for Consumer Affairs Marketing and Telefónica España; General Director of Corporate Marketing and Content Unit Telefónica SA; Chairman of Terra Lycos Networks; Member

INDEPENDENT EXTERNAL DIRECTOR	
Name or company name of director	Profile
	of the Supervisory Board of ENDEMOL Currently he is General Manager of Telefónica in Cataluña, Comunidad Valenciana, Baleares and Murcia. It is also Member of the Pleno de la Cambra de Comerç, Industria i Navegació of Barcelona; Member of Consejo General de Cambres de Comerç de Catalunya; Member of Mesa de Política Económica de la Cambra Oficial de Comerç, Industria i Navegació de Barcelona, Member of Consejo Asesor de la Universitat Politècnica de Catalunya, and Comité Ejecutivo de Miembros del IESE, Pattern from Fundaciones Barcelona Cultura y Barcelona Digital; Director of Foment del Treball; Member del Consell Empresarial of UPC and Member of Barcelona Global.
MR. JOAQUIN COELLO BRUFAU	Naval Engineer by the Naval Engineering School of Madrid in both specialties of the University Degree: Shipbuilding and Maritime Transport Operation and MBA from IESE (Instituto de Estudios Superiores de la Empresa). He has held Head of Programme type Submarine "Daphne" and Project Manager in Astilleros Bazán (Cartagena); Director of Platform Area and Head of the Spanish team in relation and viability to the Study of the Frigate NFR 90 in the Internationale Schiffs Studien (ISS) GmbH of Hamburg; Head of Technical and Commercial and Head of Carrier projects and FFG frigates Office; General Manager of ISS in the Project Definition; Director and General Manager of Industria of Turbo Propulsores SA (ITP); Chairman of Eurojet; General Manager of Gamesa; Chairman and President of the Port Authority of Barcelona; Chairman and Managing Director of Applus Technological Services. Director of GPA (Gestió i Promoció Aeroportuària), Abantia Empresarial SL., MaetalShips & Docks S.A., Rodman Polyships Portel and Urbanizadora Palau Sacosta S.A and Adwen; Chairman of Anesco (Asociación Nacional de Empresas Estibadoras y Consingatarias de Buques He has also been Chairman of the Consejo Social de la Universidad de Barcelona; Dean of the Colegio Oficial de Ingenieros Navales y Oceánicos de España; President of the Engine Sectorial Group (ESG), the Engines section of the European Association of Aerospace Material Manufacturers (AECMA), the Asociación de Fabricantes Vascos de Material Aeroespacial (HEGAN), of EUSKALIT, Foundation for Quality Basque Country and the Institute of Economics of Barcelona and Fundación Carulla. Currently he is President of Asoport (Asociación Estatal de Empresas Operadoras Portuarias), Second Vice-President of Real Academia de Ingeniería, Presidency Advisor of Gamesa, Advisor of AudingIntraesasa, Ership, Tecnalia and Enertika and Member of COMEXI GROUP and PORTEL.

Total number of Independent external directors	2
% of the entire board	20,00%

Indicate whether any director considered and independent director is receiving from the company or from its group any amount or benefit under item that is not the remuneration for his/her directorship, or maintains or has maintained over the last year, a business relationship with the company or any company in its group, whether in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the board with the reasons why it deems that this director can perform his / her duties as an independent director.

Name or Company of director	Description of relationship	Reasons:
MR. JOAQUIN FAURA BATLLE	The Council considers in no incompatibility in the performance of its function as Independent Director because that list is a traffic related or line of business of the Company and its Group.	Mr. Joaquín Faura Batlle performs the functions of Director-General in Telefónica Cataluña, company providing services in communications to Miquel y Costas Group

Independent Directors have only received from the Company, in addition to their remuneration as directors, the dividends corresponding to their shareholding, the amount of which is reflected in section D.3 of this report.

OTHER EXTERNAL DIRECTORS			
Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders.			
Name or Company of director	Reasons		Profile
MR. ANTONI CANET MARTÍNEZ	Belonging to the Board of Directors of the Company, however be less than that required to be considered as proprietary participation, in addition to his knowledge of the industry, being part of one of the papermaking industry groups derived that merged in 1975 and led to a new configuration of the Company	MRS. CARMEN PAYÁ PÉREZ	Diploma in the school of catering and Craft of Liverpool; Technician in companies and tourist activities; Master in Business Management by the Economy and Management Club. He has been Director of Hotel Centers of the Roblely Group in England, Hotel Director in the Servihotel Group; Director of Hotel Operation in the Group Servigroup; Managing Director of the Peñamar Company of the Servigroup Group and Sidi Hotels; General Director of the Ona Sol Hotel Chain; Hotel Advisor Sidi; Advisor in the development and promotion of the Masia de las Estrellas Golf Center. He is

OTHER EXTERNAL DIRECTORS			
Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders.			
Name or Company of director	Reasons		Profile
			currently a Director of Miquel y Costas & Miquel, S.A.
MR. CARLES ALFRED GASÒLIBA BÖHM	Counselor initially qualified as Independent that on the occasion of exceeding the limit of twelve years in the continued exercise of his directorship, as Article 529 duodecies 4-i) of the Companies Act Capital, at the time of his re-election by the general meeting of shareholders held in June 17, 2015 it happened to belong to this typology.	OTHER SHAREHOLDER S OF THE COMPANY	Doctor in Economic Sciences from the Autonomous University of Barcelona and Master of Arts in Industrial Economics by the University of Sussex (Great Britain). He has been Deputy in the Congress of Deputies and in the European Parliament; General Secretary of the Patronat Català Pro-Europa; Senator in the Senate Spanish; President Consión de Economía y Hacienda del Senado. Member of the Budget, Industry, Trade and Tourism Commissions of Request, of the Mixed Commission of the Spanish Delegation of the Western European Union and the CDDC Executive Committee; Vice President and member of the Bureau of the Liberal International and responsible for international relations with Latin America. He is currently a member of Comité Central de la Liga Europea de Cooperación Económica (LECE) in Brussels. He is a member of the Board of the Foundation Jean Monnet pour l'Europe, Lausanne (Switzerland), both Non-profit entities. He is President of Axis Consultoría European S.L. and Director of Nuevo Micro Bank SAU and of Miquel and Costas & Miquel S.A.

OTHER EXTERNAL DIRECTORS			
Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders.			
Name or Company of director	Reasons		Profile
MR. EUSEBIO DÍAZ-MORERA PUIG-SURERDA	Counselor initially qualified as Independent that on the occasion of exceeding the limit of twelve years in the continued exercise of his directorship, as Article 529 duodecies 4-i) of the Companies Act Capital, at the time of his re-election by the general meeting of shareholders held in June 20, 2018 it happened to belong to this typology.	OTHER SHAREHOLDERS OF THE COMPANY	Degree in Economics and MBA by IESE (Instituto de Estudios Superiores de la Empresa). It has been General Administrator of PAS, S.A.; Chairman of Caja de Barcelona; Executive Chairman of Banca Catalana and Tunel del Cadí, CESA; Chairman of the Council of Saving of CECA; Vice President and Director of ACESA, and Director of FECSA, HIDRUÑA and INDO INTERNACIONAL. Currently, he is Chairman of EDM Holding, S.A. and and Director of the following companies: EDM HOLDING S.A, CEMENTOS MOLINS S.A., KAWAKAN S.L., SOCIOPARTNER S.L., and Others Companies IIC.

Total number of Other external directors	3
% of the entire board	30.00

Indicate any changes in the status of each director during the period in the type of directorship of each director:

Name or company name of director	Date of charge	Former category	Current category
MR. EUSEBIO DÍAZ-MORERA PUIG-SURERDA	20/06/2018	INDEPENDENT	OTHER EXTERNAL

C.1.4 Fill in the following table with information regarding the number of female directors over the last 4 years, and the nature of their directorships:

	Number of female directors				% of total female directors of each type			
	Exercise 2018	Exercise 2017	Exercise 2016	Exercise 2015	Exercise 2018	Exercise 2017	Exercise 2016	Exercise 2015
Executive	0	0	0	0	0.00	0.00	0.00	0.00

	Number of female directors				% of total female directors of each type			
	Exercise 2018	Exercise 2017	Exercise 2016	Exercise 2015	Exercise 2018	Exercise 2017	Exercise 2016	Exercise 2015
Proprietary	1	1	1	0	10.00	10.00	10.00	0.00
Independent	0	0	0	0	0.00	0.00	0.00	0.00
Others External	0	0	0	0	0.00	0.00	0.00	0.00
Total:	1	1	0	0	10.00	10.00	10.00	0.00

C.1.5 Indicate whether the company has diversity policies in relation to the Board of Directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, in accordance with the definition contained in the Accounts Auditing Law, will at least have to report the policy they have established in relation to gender diversity

- ☒ Yes
☐ No
☐ Partial policies

If yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why

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

The policy of selection of the directors followed by the Society favors the diversity of knowledge, experience and gender. Gender diversity is one of the aspects that the Council is considering, its purpose being to continue doing it in the selection processes.

C.1.6 Explain the measures, if any, agreed by the appointments committee to ensure that selection procedures do not suffer implicit biases that may hinder the selection of female directors, and that the company deliberately seeks and includes potential female candidates that meet the professional profile sought:

Explanation of measures

The article 12.2 b) of Regulations of the Board, includes among other functions of the Human Resources Committee, Nomination and Remuneration Committee shall report to the Board on matters of kind diversity.

The Article 15 of the Regulation provides that the election or appointment of Directors must be preceded by a proposal of the Committee on Human Resources, Nominations and Remuneration Committee, when it comes of independent directors, and a report in the case of the other Directors.

When, despite the measures, if any, have been taken are few or no female directors, explain the reasons justifying:

Explanation of reasons

The selection of Board members is done in an objective manner, taking into consideration both sexes who fulfill the necessary conditions and capacities, depending on their prestige, knowledge and professional experience of the duties of the position.

C.1.7. Explain the conclusions of the Appointments Committee regarding verification of compliance with the board member selection policy. And, in particular, explain how this policy is fostering the goal for 2020 to have the number of female board members represent at least 30% of the total number of members of the board of directors.

Explanation of reasons

During the year 2018 they have not produced any vacancy on the Board of Directors so has not carried out the verification of compliance with the policy of selection of directors.

The Company, and in particular the Board is particularly interested in that no discrimination occurs any the basis of gender but maintains its view that the most important thing is to assess the competence, knowledge and skills of the candidate to actively collaborate with the Company.

C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the behest of a shareholder whose holding is less than 3% of the capital:

Name or company name of shareholder	Justification
MR. ANTONIO CANET MARTÍNEZ	Belonging to the Board of Directors of the Company, however be less than that required to be considered as proprietary participation, in addition to his knowledge of the industry, being part of one of the papermaking industry groups derived that merged in 1975 and led to a new configuration of the Company

Indicate whether formal petitions have been ignored for presence on the board from shareholders whose holding is equal to or higher than others at whose behest proprietary directors were appointed. Where applicable, explain why these petitions have been ignored:

[] Yes
[✓] No

C.1.9. Indicate, in the event that they exist, the powers and faculties delegated by the Board of Directors to directors or to board committees:

Name or company name of the director or committee	Brief outline
MR. JORGE MERCADER MIRÓ	He has extensive powers in accordance with his functions as President of the Company.
MR. JORGE MERCADER BARATA	It has powers of representation and administration of a managerial nature that incorporate faculties of both solidary and joint nature.

C.1.10 Identify, where applicable, the Board members holding positions of Administrators or Executives in other Companies forming part of the Group of the listed Company:

Name or Company name of director	Company name of Group entity	Position	Does the director hold executive Functions?
MR. JAVIER BASAÑEZ VILLALUENGA	DESVI, S.A.	CHAIRMAN	NO
MR. JAVIER BASAÑEZ VILLALUENGA	MB PAPELES ESPECIALES, S.A.	SECRETARY (PERSONAL REPRESENTATIVE)	NO
MR. JAVIER BASAÑEZ VILLALUENGA	MIQUEL Y COSTAS ENERGIA Y MEDIO AMBIENTE, S.A.	DIRECTOR	NO
MR. JAVIER BASAÑEZ VILLALUENGA	S.A. PAYÁ MIRALLES	SECRETARY	NO
MR. JAVIER BASAÑEZ VILLALUENGA	PAPELES ANOIA, S.A.	CHAIRMAN	NO
MR. JAVIER BASAÑEZ VILLALUENGA	CELULOSA DE LEVANTE, S.A.	SECRETARY	NO
MR. JORGE MERCADER MIRÓ	CELULOSA DE LEVANTE, S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	FOURTUBE, S.L.	DIRECTOR (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS DEUTSCHLAND, GMBH	SOLE DIRECTOR	NO
MR. JORGE MERCADER BARATA	PAPELES ANOIA, S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	S.A. PAYA MIRALLES	DIRECTOR	NO
MR. JORGE MERCADER BARATA	TERRANOVA PAPERS, S.A.	CHAIRMAN (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	CELULOSA DE LEVANTE, S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	SOCIEDAD ESPAÑOLA ZIG, ZAG, S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	DESVI, S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	MB PAPELES ESPECIALES, S.A.	CHAIRMAN (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS ENERGIA Y MEDIO AMBIENTE, S.A.	CHAIRMAN	NO

Name or Company name of director	Company name of Group entity	Position	Does the director hold executive Functions?
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS TECNOLOGIAS, S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS LOGISTICA, S.A.	CHAIRMAN (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	CLARIANA, S.A.	DIRECTOR (PERSONAL REPRESENTATIVE)	NO

C.1.11. Provide details, where applicable, of the directors of your Company who are members of the Boards of Directors of other Companies listed on official Securities Markets in Spain different from your Group, of which the Company has been notified.

Name or Company name of director	Company name of the Group entity	Position
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	CEMENTOS MOLINS, S.A.	DIRECTOR

C.1.12. Indicate and, where applicable, explain whether or not the Company has laid down rules on the number of Boards on which its directors can participate:

☒ Yes
☐ No

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

Art. 19.1 Of the Regulations governing of the Board of Directors sets down:

“Al objeto de que el consejero pueda dedicar tiempo y esfuerzo necesario para desempeñar su función con eficacia, no podrá formar parte de un número de consejos superior a cuatro.

A los efectos del cómputo del número de Consejos a los que se refiere el párrafo anterior, se tendrán en cuenta las siguientes reglas:

a) No se computarán aquellos Consejos de los que forme parte como Consejero dominical propuesto por Miquel y Costas y Miquel S.A. o por cualquier sociedad del Grupo de ésta.

b) Se computará como un solo Consejo todos los Consejos de Sociedades que formen parte de un mismo grupo, así como aquellos de los que forme parte en calidad de Consejero dominical de alguna Sociedad del grupo, aunque la participación en el capital de la sociedad o su grado de control no permita considerarla como integrante del grupo.

c) No se computarán aquellos Consejos de sociedades patrimoniales o que constituyan vehículos o complementos para el ejercicio profesional del propio consejero, de su cónyuge o persona análoga relación de afectividad, o de sus familiares cercanos.

d) No se considerarán para su cómputo aquellos Consejos de sociedades que, aunque tengan carácter mercantil, su finalidad sea complementaria o accesorio a otra actividad que para el Consejero suponga una actividad de ocio, asistencia o ayuda a terceros o cualquier otra que no suponga para el Consejero una propia y verdadera dedicación a un negocio mercantil.”

C.1.13 Indicate the overall remuneration for the board of directors:

Remuneration of the board of directors (€ thousand)	3,840
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Amount of overall remuneration corresponding to the rights accumulated by directors with respect to pensions (€ thousand)	649
Overall remunerations of the board of directors (€ thousand)	

C.1.14 Identify members of the senior management that are not in turn executive directors, and indicate the total remuneration accruing to them during the year:

Name (person or company)	Position (s)
MR. JAVIER GARCÍA BLASCO	COMMERCIAL MANAGER OF THE ROLLING PAPERS DIVISION
MRS. MARINA JURADO SALVADO	COMMERCIAL MANAGER OF THE SMOKING DIVISION.
MR. IGNASI NIETO MAGALDI	DEPUTY GENERAL MANAGER
MR. JOSE MARIA MASIFERN VALÓN	MANAGER OF THE BESÓS FACTORY.
MR. JOSEP PAYOLA BASSETS	MANAGER OF MB PAPELES ESPECIALES, S.A.
MR. JAVIER ARDIACA COLOMER	MANAGER OF THE MISLATA FACTORY.
Total senior management remuneration (€k)	2,391

In April 2018, Mr Jordi Bernadro Arrufat, who served as Manager of the company of the Celulosa de Levante Group, S.A.

The total amount of compensation for the year includes, exceptionally, compensation and the variable remuneration derived from compliance with the 2016-2018 Triana Plan and the 2016-2018 Social Security Plan, the accrual and consolidation of which take place in 2018, by the end of the triennium

C.1.15 Indicate whether or not there has been any modification to the regulations of the board during the year:

☐ Yes
☒ No

C.1.16 Indicate the procedures for the appointment, re-election, assessment and removal of directors. Provide details of the competent bodies, the procedures to be followed and the criteria applicable in each procedure.

Article 15 of the Regulations governing the Board of Directors, on the "Appointment of Directors", sets down:

"1. Los Consejeros serán elegidos por la Junta General o designados por el Consejo de Administración en el supuesto de cooptación, de conformidad con las previsiones contenidas en la Ley de Sociedades de Capital y en los Estatutos Sociales. La elección o designación de los Consejeros deberá estar precedida de la correspondiente propuesta de la Comisión de Recursos Humanos, Nombramientos y Retribuciones cuando se trate de Consejeros Independientes y de un informe en el caso de los restantes Consejeros.

2. Los Consejeros designados deberán cumplir los requisitos exigidos estatutariamente para el ejercicio del cargo y no podrán estar incurso en las causas de inhabilitación establecidos legalmente.

3. Los Consejeros ejercerán su cargo durante el plazo previsto en los Estatutos Sociales, pudiendo ser reelegidos.

4. La Sociedad tiene establecido un programa de orientación a los nuevos Consejeros y de actualización a los Consejeros con mandato en vigor, a cargo de la Secretaría del Consejo."

Article 23 of the Articles of Association sets down, in relation to the directors, that it will not be necessary for them to hold the status of shareholders, but that they will always be elected and re-elected by the General Meeting and will hold the position for a period of four years.

Article 13.6 of the Regulations governing the Board of Directors sets down:

“El Consejo una vez al año, evaluará la calidad y eficiencia del funcionamiento del Consejo; el desempeño de sus funciones por el Presidente y por el primer ejecutivo, y el funcionamiento de las Comisiones.”

Article 16 of the Regulations governing the Board of Directors sets down on the termination of the directors:

“1. Los Consejeros cesarán en el cargo cuando haya transcurrido el período para el que fueron nombrados y cuando lo decida la Junta General en uso de las atribuciones que le otorga la Ley.

2. El Consejero propondrá a la Junta General el cese de los Consejeros, entre otros, en los siguientes supuestos:

a) Cuando se vean incursos en incompatibilidad o prohibición legal.

b) Cuando su permanencia en el Consejo pueda poner en riesgo los intereses de la sociedad o cuando desaparezcan las razones por las que fueron nombrados. Se entenderá que se produce esta última circunstancia respecto de un Consejero dominical cuando se lleve a cabo la enajenación de la total participación accionarial de la que sea titular o a cuyos intereses represente y también cuando dicha participación disminuya hasta un nivel que exija la reducción del número de sus Consejeros dominicales.

3. Cuando un Consejero termine su mandato o por cualquier otra causa cese en el desempeño de su cargo no podrá prestar servicios en otra entidad que tenga relaciones con competidores de empresas del Grupo Miquel y Costas en el plazo de dos años.

4. Si el cese se produjera antes del término de su mandato, explicará las razones en una carta que se remitirá a todos los miembros del Consejo. El cese se comunicará a la C.N.M.V. como hecho relevante y se dará cuenta del mismo en el I.A.G.C. “

C.1.17 Explain to what degree the self-assessment has led to significant changes in its internal organization and the procedures applicable to its activities:

Description of changes

Based on the conclusions reached by the assessment of the Board of Directors and the discussions, it has considered that no exceptional measures of improvement are necessary that involve significant changes of importance.

Describe the evaluation process and the areas evaluated by the Board of Directors, assisted by an outsourced consultant, regarding the operation and composition of its committees, and any other area or aspect that has been subject to evaluation

Description of the evaluation process and areas evaluated

In order to comply with the provisions of article 529 nonies of the Capital Companies Law and in article 13.6 of the Regulations of the Board of Directors of the Company regarding the annual evaluation of the operation of the administrative bodies, in the year the Directors have evaluated the performance of the functions of the Board of Directors, those of its Specialized Committees, those of its Chairman and those of the Vice-Chairman-CEO.

From the annual assessment carried out, it is concluded that the overall result of the assessment has been positive and that the Directors consider it to be completely satisfactory: (i) the quality and efficiency of the functioning of the Board of Directors, as well as their composition and operation, (ii) the operation and composition of its committees, (iii) the performance of the Chairman of the Board of Directors of its functions, and (iv) the actions of the company's first executive.

After assessing the considerations of all the Directors, the Board has considered that it is not necessary to adopt a plan to correct deficiencies

C.1.18 Explain, for any of the years in which the evaluation has been assisted by an external advisor, the business relationship the adviser or any group company maintains with the company or any group company.

The independent External Consultant that has assisted the Board of the Company during the periodic evaluation, provides legal advice in the contract and securities market.

C.1.19 Indicate the circumstances under which directors are obliged to resign.

Article 16.2 of the Regulation of the Board of Directors establishes that the Board will propose to the General Meeting the removal of directors in the event that they are involved in incompatibility or legal prohibition, when their continuation on the Board could compromise interests of the Company or when the reasons for which they were appointed disappear. Understanding this last circumstance in respect of a proprietary director when carrying out the sale of the total shareholding of who owns or whose interests they represent and such participation also decrease to a reduction in the number of Proprietary Directors.

Article 25.3 of the Board of Directors' Regulations establishes in relation to the director's obligation that they must inform the Company of those personal circumstances that affect or may affect the credibility or reputation of the Company, particularly any criminal cases they may be involved in and the relevant proceedings. The Board may request the Director, after reviewing the situation as presented, to resign and this decision must be strictly

In addition by the Board, may require the Director to resign because of and generally because of non-compliance of the general obligations of the Director set forth in Article 19 of that Regulation.

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

☐ Yes
☒ No

Where applicable, describe the differences

C.1.21 Explain whether there are specific requirements, other than those regarding directors, to be appointed chairman of the board.

☐ Yes
☒ No

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

☐ Yes
☒ No

C.1.23 Indicate whether the Articles of Association or the Board regulations set a limited term, or other requirements stricter than those legally determined, of office for independent directors different to the one established in the regulations

☐ Yes
☒ No

C.1.24 Indicate whether the bylaws or the board regulations establish specific standards for proxy voting in the board of directors, the way this is done and, in particular, the maximum number of proxies a director may have, and whether it is mandatory to grant proxy to a director of the same type. If so, briefly give details on such standards.

Article 23, paragraph 7 of the Articles of Association sets down: In the case of impossibility of attending a Board Meeting, each one of its members may delegate their representation and vote to a Director in writing and with a special character for each session.

Article 13.5 of the Regulations of the Board of Directors sets down: Representation by another director will be done with instructions about the determinations to adopt in the treatment of the different points on the Agenda for the meeting.

C.1.25 Indicate the number of meetings that the Board of Directors has held over the year. Also indicate, where applicable, how many times the Board has met without the Chairman being present. In calculating this number, proxies, given with specific instructions will be counted as attendance.

Number of meetings of the Board	13
Number of Board meetings without the Chairman attending	0

If the Chairman is an executive Director, indicate the number of meetings held without an executive director present or represented and chaired by the Lead Director

Number of meetings	1
--------------------	---

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

Number of meeting held by the HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE	4
Number of meeting held by the AUDIT COMMITTEE	8

C.1.26 Indicate the number of meetings held by the Board of Directors during the year attended by all its members. In calculating this number, proxies given with specific instructions will be counted as attendances:

Number of meetings attended in person by at least 80% of the directors	13
% of attendance over the total number of votes during the year	100.00
Number of meetings with attendance in person, or representations made with specific instructions of all the directors	13

% votes cast with attendance in person and representations made with specific instructions, on total votes during the year	100.00
--	--------

C.1.27 Indicate if the individual and consolidated Annual Accounts submitted for approval to the Board are previously certified:

☒ Yes
☐ No

Identify, where applicable, the person(s) who has/have certified the Company's individual and consolidated Annual Accounts in order to be formulated by the Board:

Name	Position
MR. JOAQUIN COELLO BRUFAU	MEMBER OF AUDIT COMMITTEE
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	CHAIRMAN OF AUDIT COMMITTEE
MR. ÁLVARO DE LA SERNA CORRAL	MEMBER OF AUDIT COMMITTEE

C.1.28 Explain, where applicable, the mechanisms established by the Board of Directors to prevent the individual and consolidated Annual Accounts being submitted to the General Meeting of Shareholders with qualifications in the auditors' report.

The Company and the Companies of the Miquel y Costas Group prepare their annual accounts following the legal precepts and faithfully applying the generally accepted principles of accounting under the supervision of the financial-economic department and the monitoring of the Audit Committee.

Each year those in charge of the economic-financial department together with the auditors will carry out an inspection and monitoring of the recommendations which arise from the work carried out in the auditing of accounts.

In the fulfilment of its powers, the Audit Committee meets with the external auditors in order to be informed about all those matters related to the process of conduct of the auditing of accounts and to deal with those matters which might give rise to possible reservations so as to make available the necessary steps to prevent them.

Finally, the Audit Committee takes the annual accounts to the Board of Directors for their formulation.

Note that, successive audit reports of individual and consolidated financial statements do not include any qualifications.

C.1.29 Is the Secretary of the Board a director?

☒ Yes
☐ No

Complete if the Secretary is not also a Director:

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

In accordance with the provisions in Article 11.2 f) of the Regulations of the Board, the Committee Audit issues for each year completed a report expressing his opinion on the independence of the auditors.

Article 11.2 e) of the Regulations of the Board of Directors includes among the basic responsibilities of the Audit Committee the requirement to maintain a close relationship with external auditors, so as to receive any information which could jeopardize their independence, and additionally for subsequent related discussion by the Committee, and to provide any other information related to the development process of the audit, including information related to current legislation governing auditing standards and auditing techniques. In any event, the Committee should receive from the auditor's written confirmation of their independence from the company or entities related to the company, whether directly or indirectly, and information relating to any additional services provided to any such entities by the auditors or by persons or entities related to them in compliance with the provisions of the legislation on auditing.

In relation to financial analysts, investment banks and rating agencies, the Company preserves its independence by publicly disclosing to the market any and all information supplied to such agents, without providing preferential treatment to any of them.

Therefore, article 27 of the Regulations of the Board of Directors requires that the Board will inform the public immediately with regard to the following:

- a) Relevant facts capable of significantly affecting the formation of stock prices;
- b) Changes to the ownership structure of the Company, such as variations in significant holdings, syndication agreements, and other forms of coalition, of which it has knowledge;
- c) Significant changes to the rules of governance of the Company;
- d) The own shares policies which intends to adopt for the Company subject to powers obtained at the General Meeting.

Likewise, the Internal Code of Conduct contemplates and determines the causes and conditions of information release to the different financial agents.

C.1.31 Indicate whether or not the external auditor has been changed during the year. Where applicable, identify the incoming and outgoing auditors.

- ☐ Yes
- ☒ No

In the case of disagreements with the outgoing auditor, explain the content of said disagreements:

- ☐ Yes
- ☒ No

C.1.32 Indicate if the audit Company performs other tasks for the Company and/or its Group other than auditing activities, and if so, state the amount of the fees received for said activities and their percentage of the fees billed to the Company and/or its Group.

- ☒ Yes
- ☐ No

	Company	Group	Total
Amount of tasks other than audit services (thousands euros)	43	32	75
Amount of tasks other than audit services / total amount invoiced by the Audit Company (in %)	60.40	62.19	61.16

C.1.33 Indicate if the auditor's report on the annual accounts corresponding to the previous year involves reservations or exceptions. Where applicable, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of the said reservations or exceptions

☐ Yes
☒ No

C.1.34 Indicate how many years the current audit Company has been auditing, without interruption, the Annual Accounts of the Company and/or its Group. Also indicate the percentage of the number of years audited by the current Audit Company over the total number of years that the Annual Accounts have been audited:

	Individual	Consolidated
Number of years without interruption	17	17

	Individual	Consolidated
Number of years audited by the current audit company / Number of years the company has been audited (in %)	56.67	56.67

C.1.35. Indicate and, where applicable, provide details of whether there is a procedure whereby directors can have external assessment:

☒ Yes
☐ No

Details of the procedure

Article 13.2 of the Regulations of the Board of Directors establishes in relation to the meetings of this Board that:

“La convocatoria incluirá siempre el Orden del Día de la sesión que deberá contemplar, entre otros puntos, los relativos a las informaciones de las sociedades filiales y de las Comisiones del Consejo, así como las propuestas y sugerencias que formulen el Presidente y los demás miembros del Consejo que serán cursadas con una antelación no menor a cinco días hábiles a la fecha del propio Consejo, de acuerdo con lo establecido en los Estatutos Sociales.”

For every meeting of the Board of Directors, prepares a dossier given, explained and debated if it contains detailed information on all topics that are processed in the session. Those matters of greater complexity, such as the annual budget, investment plan, strategic plan and others of special significance, will receive this treatment in a particularly strong manner. The directors, in the period which passes between meetings of the Board, may ask for all the complementary information that they may require.

C.1.36 Indicate and, where applicable, give details of whether or not the Company has laid down rules that oblige the directors to report and, in cases that damage the Company's credit and reputation, resign:

☒ Yes
☐ No

Explain the rules

Article 25.3 of the Regulations In relation to the information duties of the Board of Director of the Council, it establishes that:

"El Consejero deberá informar a la Sociedad de aquellas circunstancias personales que afecten o puedan afectar al crédito o reputación de la Sociedad, en especial, de las causas penales en que aparezca como imputado y de sus vicisitudes procesales relevantes, de todo lo cual se dará cuenta en el I.A.G.C.. El Consejo podrá exigir al Consejero después de examinar la situación que éste presente, su dimisión y esta decisión deberá ser acatada por el Consejero".

C.1.37 Indicate whether or not any member of the Board of Directors has informed the Company that he/she has been prosecuted or actions against him/her have been opened for any of the offences laid down in Article 213 of the Spanish Companies Act:

☐ Yes
☒ No

C.1.38 Detail significant agreements reached by the Company that come into force, are amended or concluded in the event of a change in the control of the company stemming from a public takeover bid, and its effects.

No significant agreements by the Company which take effect are amended or terminated in the event of change of control following a takeover bid. Only the clauses include in Company contracts with each of the two Executive Directors provide that such Directors are entitled to terminate its contractual relationship with the Company in case of change of control.

C.1.39 Identify in aggregate terms and indicate in detail any agreements between the company and its directors, managers or employees that have guarantee or ring-fencing severance clauses for when such persons resign or are wrongfully dismissed or if the contractual relationship comes to an end due to a public takeover bid or other kinds of transactions.

Number of beneficiaries:	3
Type of beneficiary	Description of agreement:
Executive Directors	The contractual conditions stipulate that in the event of an involuntary termination of performance of said executive duties, unless in the event of serious breach, they shall be

	entitled to compensation equivalent to an annual gross payment. In addition, two of them, will be entitled to the same treatment in the event of a change of control. Once the termination has occurred, the Company limits its liability. Concurrently, the Directors shall be entitled to compensation equal to 50% of the gross monthly salary for a period of two years.
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Indicate whether, beyond the cases stipulated by the regulations, these contracts have to be reported and/or approved by the bodies of the company or its group. If so, specify the procedures, assumptions foreseen and the nature of the bodies responsible for their approval or communication:

Indicate whether these contracts must be disclosed and/or approved by the company or group governance bodies:

	Board of directors	General Meeting
Body authorising the clauses	Yes	No

	Yes	No
The general meeting of the clauses is reported?		✓

There is nothing established beyond the assumptions foreseen in the regulations.

C.2. Committees of the Board of Directors

C.2.1 Detail all the board committees, their members and the proportion of proprietary directors and independent directors sitting on them:

HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE		
Name	Position	Type
MR. JOAQUÍN COELLO BRUFAU	CHAIRMAN	Independent
MR. ANTONIO CANET MARTÍNEZ	BOARD MEMBER	Other External
MR. CARLES-ALFRED GASOLIBA BOHM	BOARD MEMBER	Other External
MR. JOAQUÍN FAURA BATLLE	BOARD MEMBER	Independent
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	BOARD MEMBER	Other External
JOANFRA, S.A.	SECRETARY	Proprietary Director

% executive directors	0.00
% proprietary directors	16.67
% independent directors	33.33
% other external	50.00

Explain the functions, including, if applicable, those additional to those legally envisaged, which have been attributed to this committee, describe the procedures and rules for the organization and functioning of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it either in the law or in the articles of association or other corporate resolutions.

The procedure of the Human Resources, Nominations and Remuneration Committee, are regulated in Article 23 of the Articles of Association and Article 12 and related provisions of the Regulations of the Board of the Company.

As of December 31, 2018, it is composed of six directors, two of whom are independent and is chaired by a Director of this last Category.

The Regulation of the Board of Directors establishes that the Committee will meet at least once a year and will adopt its decisions by majority and report the content of its meetings to the Board of Directors.

Article 12.6 of the aforementioned Regulation states that "the Human Resources, Appointments and Remuneration Committee, in matters not foreseen in the present standards, will be governed by the operating guidelines of the Board of Directors".

The basic duties attributed of the Human Resources, Nominations and Remuneration Committee is:

a) Propose to the Board of Directors the naming of independent Directors for appointment by co-optation or for submission to the decision of the Shareholders General Meeting and the re-election or removal of said Directors by the Shareholders General Meeting; the remuneration of Directors and the salary policy of top management personnel; the individual remuneration of executive Directors and other terms of their contracts; the basic conditions of contracts for senior executives; the general policy on Human Resources of the Group Companies.

b) Inform the Board of Directors of the naming of proprietary Directors and executives for appointment by co-optation or for submission to the decision of the Shareholders General Meeting, and their re-election or removal by the Shareholders General Meeting; the appointment of the Chairman of the Board of Directors; the appointments and removals of top management and the basic terms of their contracts; issues of gender diversity; appointments and removals of the top executives which the chief executive proposes to the Board; the appointment and removal of the Secretary of the Board of Directors.

c) Evaluate the profile of the most suitable candidates to form part of the various Committees, according to their knowledge, skills and experience; the competence, knowledge and skills of candidates for Directors; the succession of the Chairman and chief executive and, if necessary, make proposals to the Board of Directors so that this succession occurs in an orderly and planned fashion; compliance with internal codes of conduct and corporate governance rules.

During the 2018 financial year, the Human Resources, Appointments and Remuneration Committee met four times to discuss, among others, the following topics: structure and evolution of the workforce, examination of the remuneration of Directors, proposal to appoint a consultant external to assist the Board of Directors in the performance of its annual evaluation, in that of its specialized Committees, in that of the Chairman and in that of the Vice-Chairman-General after verification of its independence; Proposal for re-election of the Director to whom his term expired; evaluation and proposal for the incorporation of a new member within the Human Resources, Appointments and Remuneration Committee and within the Audit Committee; proposal for the appointment of a new Coordinating Director.

AUDIT COMMITTEE		
Name	Position	Type
MR. JOAQUÍN COELLO BRUFAU	BOARD MEMBER	Independent
MR. JOAQUÍN FAURA BATLLE	CHAIRMAN	Independent
MR. ÁLVARO DE LA SERNA CORRAL	BOARD MEMBER	External Proprietary Director

% executives directors	0.00
% proprietary directors	33.33
% independent directors	66.67
% other external	0.00

Explain the functions, including, if applicable, those additional to those legally envisaged, which have been attributed to this committee, describe the procedures and rules for the organization and functioning of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it either in the law or in the articles of association or other corporate resolution.

The procedure of the Audit Committee, are regulated in Article 23 of the Articles of Association and Article 11 and related provisions of the Regulations of the Board of the Company.

As of December 31, 2018, it is composed of three directors, two independent and presided over by one Director of this category.

The basic duties attributed of the Audit Committee are:

- a) To inform the General Assembly of Shareholders on matters raised there by the shareholders on matters within its jurisdiction and in particular on the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Audit Committee has played in this process.
- b) Establish and supervise a procedure that allows employees to communicate, in a confidential manner, and if deemed anonymous anonymity, irregularities of special importance, particularly financial and accounting that they notice wider Society.
- c) Supervise the effectiveness of the Company's internal control and risk management systems including control systems over financial reporting and discuss with auditors or external audit firms the significant weaknesses of the internal control system detected in the Company. Development of the audit, without breaking their independence.
- d) Know and supervise the process of preparation and presentation of regulated financial information. Prior to the adoption of the corresponding resolution by the Board, the Audit Committee shall inform the Board about the periodic financial information as well as other information that the Company must disclose to the markets and its supervisory bodies, presenting, where appropriate, recommendations or Proposals aimed at safeguarding the integrity of such information
- e) Maintain a fluid relationship with external auditors to receive information on any issues that may jeopardize their independence, for consideration by the Committee, and any others related to the accounts development process and the auditing technical standards. The Committee must in any case receive written confirmation annually from the auditors of their independence from the entity or from entities directly or indirectly linked to it, and information on any additional services provided to these entities by said auditors or by persons or entities linked to them, in line with the provisions of the legislation on auditing accounts.
- f) The Committee must issue an annual report, prior to the release of the audit report, expressing an opinion about the auditors' or auditing firms' independence. This report must in any case pronounce on the provision of the additional services referred to in the previous section e).
- g) Establish and supervise a procedure that allows employees to communicate, in a confidential manner, and if deemed anonymous anonymity, irregularities of special importance, particularly financial and accounting that they notice wider Society.

During the exercise 2018, the Audit Committee, It has met six times to discuss, among others, the following issues: supervision Financial Statements and the management information of the Company and the consolidated group, review and reporting to the Board on Intermediate Management Report, in relation to the Half-yearly interim reports, analysis and study of financial policy, informing the Board of Directors, examine the communications received through the Communications Channel, examine the Internal Control for the prevention of criminal risks. authorization of the contract with PricewaterhouseCoopers Auditores, S.L., for the rendering of due diligence services in relation to the purchase of the company Clariana, S.A. and its subsidiary Boncompte Sierra S.L.U.

Identify the directors who are members of the Audit Committee who have been appointed Chairman on the basis of knowledge and experience of accounting or auditing, or both, and state the date that said director was appointed Chairman

Name of directors with experience	MR. JOAQUIN COELLO BRUFAU// MR. JOAQUÍN FAURA BATLLE // MR. ALVARO DE LA SERNA CORRAL
Date of appointment as Chairman	20/06/2018

C.2.2 Fill in the following table with information on the number of female directors sitting on board committees over the last four years.

	Number of female directors							
	Exercise 2018		Exercise 2017		Exercise 2016		Exercise 2015	
	Number	%	Number	%	Number	%	Number	%
HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE	1	0.00	1	0.00	1	0.00	0	0.00
AUDIT COMMITTEE	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 Indicate, where applicable, the existence of Committee regulations, the location at which they are available for consultation, and the modifications that have been made during the financial year. Also indicate whether any annual report on each Committee's activities has been voluntarily drafted.

HUMAN RESOURCES, NOMINATIONS AND REMUNERATION COMMITTEE

The competencies and performance standards of the Commission of Human Resources, Nominations and Remunerations are governed by Article 23 Article of Association and 12 and related provisions of the Regulation in the Board of Directors of the Company, the text of which is available on the corporate website.

AUDIT COMMITTEE

The competencies and performance standards of the Audit Committee are regulated in Article 23 of the Articles of Association and Article 11 and related provisions of the Regulations of the Board of the Company, whose texts are available on the corporate website.

The Audit Committee prepares one Annual Activity Report.

D. RELATED-LINKED TRANSACTIONS AND INTRA-GROUP

D.1. Explain, if applicable, the procedures for approving related party or intra-group transactions.

The linked transactions, with related parties, if they take place and their significance so requires, must be submitted and approved by the Board of Directors.

D.2. Detail the significant operations that imply a transferral of resources or obligations between the Company and entities within its Group and the significant shareholders of the Company:

Name or Corporate Name of significant shareholder	Name or Corporate Name of the Company or Group Company	Nature of relationship	Type of operation	Amount (Thousand Euros)
INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.	MIQUEL Y COSTAS & MIQUEL S.A	Corporate	Dividends and other distributed profit	532
FIDELITY INTERNATIONAL LIMITED	MIQUEL Y COSTAS & MIQUEL S.A	Corporate	Dividends and other distributed profit	270
SANTA LUCIA S.A. COMPAÑIA DE SEGUROS Y REASEGUROS	MIQUEL Y COSTAS & MIQUEL S.A	Corporate	Dividends and other distributed profit	615
INDUMENTA PUERI, S.L.	MIQUEL Y COSTAS & MIQUEL S.A	Corporate	Dividends and other distributed profit	1,109
SANTANDER ASSET MANAGEMENT S.A. SGIIC	MIQUEL Y COSTAS & MIQUEL S.A	Corporate	Dividends and other distributed profit	752
EDM GESTION S.A. SGIIC	MIQUEL Y COSTAS & MIQUEL S.A	Corporate	Dividends and other distributed profit	471

D.3. Detail the significant operations that imply a transferral of resources or obligations between the Company and entities within its Group and the Directors or Executives of the Company:

Name or corporate name of the directors or executives	Name or Corporate Name of the Company or Group Company	Nature of relationship	Type of operation	Amount (Thousand Euros)
MR. ANTONIO CANET MARTÍNEZ	MIQUEL Y COSTAS & MIQUEL S.A	Board Member	Dividends and other distributed profit	148
JOANFRA, S.A.	MIQUEL Y COSTAS & MIQUEL S.A	Board Member	Dividends and other distributed profit	1.008
MR. JORGE MERCADER MIRÓ	MIQUEL Y COSTAS & MIQUEL S.A	Board Member	Dividends and other distributed profit	1.822
MR. JAVIER BASAÑEZ VILLALUENGA	MIQUEL Y COSTAS & MIQUEL S.A	Board Member	Dividends and other distributed profit	34
MR. ÁLVARO DE LA SERNA CORRAL	MIQUEL Y COSTAS & MIQUEL S.A	Board Member	Dividends and other distributed profit	13
MR. CARLES-ALFRED GASÒLIBA BÖHM	MIQUEL Y COSTAS & MIQUEL S.A	Board Member	Dividends and other distributed profit	24
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	MIQUEL Y COSTAS & MIQUEL S.A	Board Member	Dividends and other distributed profit	14
MR. JORGEMERCADER BARATA	MIQUEL Y COSTAS & MIQUEL S.A	Board Member	Dividends and other distributed profit	59
MRS. MARINA JURADO SALVADO	MIQUEL Y COSTAS & MIQUEL S.A	Executive	Dividends and other distributed profit	17
MR. JAVIER ARDIACA COLOMER	MIQUEL Y COSTAS & MIQUEL S.A	Executive	Dividends and other distributed profit	10
MR. JOSEP PAYOLA BASSETS	MIQUEL Y COSTAS & MIQUEL S.A	Executive	Dividends and other distributed profit	14

Name or corporate name of the directors or executives	Name or Corporate Name of the Company or Group Company	Nature of relationship	Type of operation	Amount (Thousand Euros)
MR. JAVIERGARCÍA BLASCO	MIQUEL Y COSTAS & MIQUEL, S.A.	Executive	Dividends and other distributed profit	14
MR. JOAQUÍN FAURA BATLLE	MIQUEL Y COSTAS & MIQUEL, S.A.	Executive	Dividends and other distributed profit	3
MS. OLGA ENCUESTRA CATALÁN	MIQUEL Y COSTAS & MIQUEL, S.A.	Board Member	Dividends and other distributed profit	5
MS. JOSE MARIA MASIFERN VALÓN	MIQUEL Y COSTAS & MIQUEL, S.A.	Executive	Dividends and other distributed profit	10
MR. IGNASI NIETO MAGALDI	MIQUEL Y COSTAS & MIQUEL, S.A.	Executive	Dividends and other distributed profit	3

D.4. Detail the significant transactions in which the company has engaged with other companies belonging to the same group, except those that are eliminated in the process of drawing up the consolidated financial statements and that do not form part of the company's habitual traffic with respect to its object and conditions.

In any event, provide information on any intra-group transaction with companies established in countries or territories considered tax havens

Name of Group Company	Brief description of operation:	Amount (Thousand Euros)
No Dates		N.A.

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

Name of related party	Brief description of operation:	Amount (Thousand Euros)
No Dates		N.A.

D.6. Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or the Group, and its directors, Executives or significant shareholders.

In accordance with Act 8.2 of the Internal Rules of Conduct, people subject to it are obliged to inform the Secretary of the Board of Directors about the possible conflicts of interest to which they are subject as a result of their family relations, their personal property or for any other reason. Any doubt about the possibility of a conflict of interest, must be brought to the Secretary of the Board before adopting any decision which might be affected by the said conflict of interest.

Article 21.2 of the Regulations of the Board of Directors establishes that, before accepting any managerial position in another company or entity that may represent a conflict of interest, the Director should consult the Human Resources Committee.

In addition to the above, annually, the Board members make a declaration concerning the situation of conflict of interest of what the Secretary records in writing in the register of conflicts of interest.

D.7. Is there more than one listed Company of the Group in Spain?

- ☐ Yes
☒ No

Identify the subsidiary Companies that are listed in Spain:

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the company's Risk Management System including risks of a tax-related nature.

The Audit Committee complying tasks set out in the Bylaws and the Regulations of the Board of Directors business risk controls, supervises and directs the actions of the Internal Control Service relative risks the business in general and in particular those relating to information and observation of legality in its commercial, penal and tax issues.

E.2. Identify the corporate bodies responsible for drawing up and enforcing the Risk Management System including tax-related risks.

1. - Human Resources, Nominations and Remunerations Committee:

Under its supervision and control are all aspects of the personnel providing the services: prevention and security, retention, replacement, etc.

2. - Audit Committee:

Understand and supervise the financial reporting and Internal Control Systems of the Company as well as the internal control report for the risk prevention of the Company.

3. - Managing Committee:

Belongs to the managerial level and control the industrial operational areas, both productive and logistics general, including environmental and trade.

4. - Risk and Control Committee:

Belongs to the managerial level and have assigned the functions of control economic, financial, and legal and credit risk control and risk of accidents in their prevention and insurance.

5. - Investments and Environment Committee

Belongs to the management level monitoring of risks associated with investments in fixed assets in all its considerations: management, environment, etc.

6. - Area Committees:

Monitoring the operational and commercial aspects of each of the business areas of the Group.

E.3. Indicate the main risks, including fiscal, which may prevent the company from achieving its business targets.

The principal risks identified and managed in the Miquel y Costas Group are summarised below:

Macro-economic risks:

Raw Materials and Energy.

Economic and financial environment.

Legal and regulatory. in civil, commercial, and tax matters among others

Operations and Markets:

Sector concentration.

Quality and quality assurance.

Research and development of new products.

Facilitation:

Integrity of assets.

IT systems.

Human resources.

E.4. Identify whether the entity has a risk tolerance level including tax-related risks.

The Company considers that has sufficient capacity and is properly prepared to withstand and manage the risks that have identified.

E.5 State what risks, including tax-related risks, have occurred during the year.

Materialized risk in the exercise: Legal risk Circumstances that have motivated: New stages of a petition a former distributor in Italy for breach of contract and proceedings.

Risk arising during the year: Environmental Risk: The Management Committee has overseen and taken the appropriate measures to remedy any small incidents arising from the activity

Risk materialized in the fiscal year: Fiscal. The Tax Agency has opened a process of checking the main taxes to those that the Company and two subsidiaries are subject

E.6. Explain the response and supervision plans for the principal risks faced by the company including tax-related risks.

The Company monitors all legislation that affects you through its Committees, its Executive Committee, of its internal and external collaboration of its advisory services. As soon as he is known, the channels through areas responsibility should be aware of it for proper compliance.

Additionally, the Board of Directors and, where appropriate, the Audit Committee make selective monitoring implementation, adequacy and compliance with those rules.

In the tax area, in addition to supervising Corporate Tax, the Value Added Tax and the other taxes to which it is subject, it has responded to the information requirements established by the current inspection.

F. SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk management and control systems for financial reporting (ICFR) in the entity.

F.1. The entity's control environment

Give information, describing the key features of at least:

F.1.1 which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision

Audit Committee, as provided in Article 11.2 c) of the Regulations of the Board of Directors, which lists basic responsibilities entrusted with the monitoring of the effectiveness of internal control system of the Company, as well as knowledge and monitoring the process of preparing and presenting the Financial Information Regulated. Under his direction operates the internal audit service.

F.1.2 whether, especially in the process of drawing up the financial information, the following elements exist:

- Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) the clear definition of lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that sufficient procedures exist for their correct dissemination within the entity

The goal of the Human Resources, Nomination and Remuneration Committee is the review and definition of the organizational structure and reporting and submission to the Board of Directors. Council acting by delegation, the General Management is responsible for implementing the resolutions of the Board in relation to the Group's organizational structure.

The Company has documented internal procedures to ensure the correct development of the assigned functions

- Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether specific mention is made of recording the transactions and drawing up of the financial information), body in charge of analysing non-compliance and proposing corrective measures and sanctions.

The Company has an internal Code of Conduct approved by the Board of Directors which defines the principles and standards of practice in Stock Markets. Company's staffs are familiar with and understand such regulations, and a copy of the Code of Conduct is available in the corporate website and the C.N.M.V. website.

That regulation, since its original version, has been adapted how many legislative changes or other has been required, having adopted its current wording in the meeting of the Board of Directors in July 25, 2016.

Additionally it has procedures that establish the action guidelines and give the treatment to sensitive information.

- Whistle-blower channel, to allow financial and accounting irregularities to be communicated to the audit committee, as well as possible non-compliance with the code of conduct and irregular activities in the organisation, reporting where applicable if this is confidential in nature.

The Audit Committee has implemented a channel for collecting confidential communications of employees so that they can transfer the relevant irregularities, among others, conduct or activities of the organization irregulars or breaches of the code of conduct, which can detect in any company of group.

- Periodic training and refresher courses for employees involved in preparing and revising the financial information, and in ICFR assessment, covering at least accounting standards, audit, internal control and risk management.

The staff involved in the preparation and review of Financial Information and who are responsible for the evaluation of Internal Control Systems participate in training programs and are regularly updated in relation to accounting standards, internal control and risk management.

These training programs are mainly promoted by the directives of areas, with the Human Resources Department responsible for the supervision and mentoring.

F.2. Financial reporting risk assessment

Give information on at least:

F.2.1 the key features of the risk identification process, including error and fraud risks, with respect to:

- If the process exists and is documented.

For corporate risk management, the Company has designed a comprehensive risk map of the most important processes involved in determining Financial Information. This document is based on the model proposed by the COSO report and is updated on an on-going basis within the Internal Audit Plan.

This document establishes that corporate risk management is a process undertaken by the Board of Directors and the Committees, together with Management and other staff of the Company, and that its basic function is the identification and evaluation of potential occurrences that could jeopardize the attainment of the Company's objectives.

- Whether the process covers all the objectives of financial reporting (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), whether the information is updated and with what frequency.

The framework for corporate risk management is aimed primarily at achieving the objectives of the Company from the perspective of financial reporting and as part of the on-going process of risk evaluation includes verification of compliance with the following principles:

- Integrity.
 - Appropriate registry.
 - Proper valuation.
 - Adequate cut-off on operations.
 - Adequate presentation and classification.
- The existence of a process for identifying the consolidation perimeter, taking into account aspects including the possible existence of complex corporate structures, instrumental or special purpose vehicles.

Financial Management carries out an on-going identification process of the scope of consolidation of the MCM Group, continuously for which has multidepartment information sources.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they impact the financial statements.

Internal Control System is focused on assessing the risk of achieving the objectives related to the category Financial Information; however, the evaluation process includes objectives related to operational and regulatory compliance. An evaluation of risks related to the environment, quality, knowledge, development, intellectual and industrial property and reputation is included within these operational objectives and their performance.

- Which of the entity's governance bodies supervises the process.

Ultimately, the Board of Directors, through the Audit Committee, which has delegated the responsibility to periodically monitor the Internal Control System and the Risk Management of the Company.

F.3. Control activities

Give information on the main features, if at least the following exist:

F.3.1 Procedures for review and authorisation of the financial information and the description of the ICFR, to be published on the securities markets, indicating who is responsible for it, and the documentation describing the activity and controls flows (including those concerning risk of fraud) for the different types of transactions that may materially impact the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgements, estimates, valuations and projections.

The Interim Half Year Financial Reporting is analysed by the Audit Committee, in accordance with the authority delegated by the Board of Directors.

The Board of Directors is the body that decides, based on the Audit Committee's report, the terms of the Financial-Economic Information that the Company must make public.

The Accounting and Consolidation Department together with the Management Control Department prepare monthly Financial Information of all Group companies, manage and monitor the transactions supporting documentation and processes in response to risk prevention. This Financial Information is reviewed and analysed, together with estimates and valuations, within the Management Committee and the Committee of Control and Risk Management.

General Management presents to the Board of Directors at least monthly, the information of the period.

F.3.2 Internal control policies and procedures on information systems (inter alia, on access security, control of changes, operation thereof, operating continuity and separation of functions) which support the relevant processes of the company in drawing up and publishing financial information.

The Company has internal updated and published policies and procedures relating to the operation of Information Systems and security access, segregation of duties, as well as the development and maintenance of software applications.

Access to the Information System is assigned to the Department of Information Systems and adequate human and technical resources are made available for its proper performance.

The Group has a contingency plan for data recovery and to ensure continuity of operations, which is continually revised and updated.

The annual review of internal control performed by the external auditors of the Group includes verification checks of Information Systems.

F.3.3 Internal control procedures and policies designed to supervise the management of activities subcontracted to third parties, and those aspects of the valuation, calculation and assessment outsourced to independent experts, which may materially impact the financial statements.

The majority of the valuation, judgment or calculation processes utilized in the preparation and publication of financial statements, as well as other processes relevant to the preparation of Financial Information, are carried out by Internal Services. Outsourced activities, which mainly relate to valuation matters, are intended to compare and check internal estimates.

Third-party subcontracting is the responsibility of the contracting party supervising and monitoring such engagement. Before setting up a collaboration agreement with a subcontracted company, the area of business affected by this ensures the skills, accreditation and technical and legal capacity of the third party.

F.4. Information and communication

Give information on the main features, if at least the following exist:

F.4.1 A specific function to define and keep the accounting policies updated (accounting policy department or area) and deal with queries or conflicts stemming from their interpretation, ensuring fluent communication with those in charge of operations in the organisation, and an up-to-date manual of accounting policies, communicated to the units through which the entity operates.

The Accounting and Management Control Department is responsible for defining and keeping up to date the accounting policies of Group MCM, as well as keeping those responsible for the applicable areas informed of any changes or updates to such policies, and resolving conflicts related to their interpretation.

The accounting policies applied by the Company are based on the framework established in the Code of Commerce, the General Accounting Plan in force and other corporate legislation, as well as the International Financial Reporting Standards and European Directives and Regulations in this regard taken by the European Union.

F.4.2 Mechanisms to capture and prepare the financial reporting in standardised formats, for application and use by all the units of the entity or the group, that support the main financial statements and the notes, and the information detailed on ICFR.

The Group's information systems are mainly supported by an integrated corporate application (ERP) allowing a centralised and automated management of the different areas such as production, orders, sales, purchases, logistics, stock and control of warehousing, accounting, payroll, etc., and that provides reliability in the processes and a certain degree of security regarding the integrity, reliability and uniformity of the financial information obtained.

Affiliated companies that form part of the Consolidated Group in Spain, follow a single chart of accounts and homogeneous. The information is processed by the integrated management system which enables automatic capture of Financial Information and its preparation by the Corporate Accounting Department. The companies not integrated in this associated computer system and some of the foreign companies follow the criterion of maximum homogeneity and additionally the Group has implemented control measures that guarantee that the financial data collected by these companies are complete, accurate and timely in a timely manner.

F.5. Supervision of the system's operation

Give information, describing the key features of at least:

F.5.1 The ICFR supervision activities carried out by the Audit Committee and whether the entity has an internal audit function whose powers include providing support to the Audit Committee in its task of supervising the internal control system, including the ICFR. Likewise, give information on the scope of the ICFR assessment carried out during the year and of the procedure by which the person in charge of performing the assessment communicates its results, whether the entity has an action plan listing the possible corrective measures, and whether its impact on the financial reporting has been considered.

The Audit Committee. Its functions are focused on evaluating the proper design, implementation and effective functioning of all processes of the Company, as well as risk management systems and internal control, including SCIF.

The Audit Committee approves the annual work plan and performs periodic monitoring. At its meetings, the Audit Committee discusses the evaluations and recommendations that Internal Audit Team has issued and proposes appropriate corrective measures and evaluates the effects of implementation.

F.5.2 Whether there is a discussion procedure by which the auditor (in line with the technical auditing notes), the internal audit function and other experts can inform the senior management and the audit committee or the directors of the entity of significant weaknesses in the internal control encountered during the review processes for the annual accounts or any others within their remit. Likewise, give information of whether there is an action plan to try to correct or mitigate the weaknesses observed.

The Audit Committee keeps in regular contact with the External Auditor and the Internal Audit Department. The Committee is the body that keeps the Board of Directors informed about the matters dealt with and the actions taken.

During the Committee's meetings with the External Auditor it is discussed the work programme and conclusions thereof regarding the internal control carried out during the audit process of the annual accounts.

The Committee, monitors the activity carried out and the compliance with the agreed action plans to reduce any weaknesses in the sector.

Financial management keeps in regular contact with the External Auditor to corroborate actions taken to prevent or redirect any weaknesses identified.

F.6. Other relevant information

The relevant information has been previously described.

F.7. External auditor report

Report of:

F.7.1 Whether the ICFR information disclosed to the markets has been submitted to review by the external auditor, in which case the entity must attach the corresponding report as an annex. Otherwise, explain the reasons why it was not.

The Company believes that the systems offer sufficient guarantee of quality of their financial information.

G DEGREE OF COMPLIANCE OF THE CORPORATE GOVERNANCE

. RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations given in the Unified Code of Good Governance.

Should any recommendation not be followed or be only partially followed, a detailed explanation should be given of the reasons so that the shareholders, investors and the market in general have sufficient information to assess the way the company works. General explanations will not be acceptable.

- 1.** The bylaws 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 ☒ Explain ☐

- 2.** When a dominant and a subsidiary company are publicly traded, the two should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

- 3.** During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

- a) Changes taking place since the previous annual general meeting.
- b) The specific reasons for the company not following a given Good Governance Code recommendation and any alternative procedures followed in its stead.

Complies ☒ Complies partially ☐ Explain ☐

- 4.** 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 ☒ Complies partially ☐ Explain ☐

5. 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 ☒ Complies partially ☐ Explain ☐

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.
- b) Reviews of the operation of the audit committee and the nomination and remuneration committee.
- c) Audit committee report on third-party transactions.
- d) Report on corporate social responsibility policy.

Complies ☐ Complies partially ☒ Explain ☐

The Committee audit, and the Human Resources Committee, Nomination and Remuneration Committee analyze the issues referred to in paragraphs a) and d) above and inform the Board of Directors. The Company has a report on the independence of the auditor and a report on the activities of the Committee audit. The latter is available to shareholders who request it from the date of convening the General Meeting until its conclusion.

The Human Resources Committee, Nomination and Remuneration Committee reports in detail to the Board of Directors of its activities and operation.

The Company is in the process of preparing a report on corporate social responsibility policy beginning in the year 2018 that will contain the actions carried out in the year in relation to the same.

The preparation of a report on corporate social responsibility policy during the year is foreseen.

7. The company should broadcast its general meetings live on the corporate website.

Complies ☐ Complies partially ☐ Explain ☒

The Company does not consider it necessary, for the moment, broadcast live general meetings of shareholders because of the complexity and cost it involved.

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Complies ☒ Complies partially ☐ Explain ☐

- 9.** The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies ☒ Complies partially ☐ Explain ☐

- 10.** When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

- 11.** In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

- 12.** The board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies ☒ Complies partially ☐ Explain ☐

- 13.** The Board of Directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Complies ☒ Explain ☐

- 14.** The board of directors should approve a director selection policy that:

- a) Is concrete and verifiable.
- b) Ensures that the appointment or reelection proposals are based on a prior analysis of the board's needs.
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies ☐ Complies partially ☒ Explain ☐

The selection policy advisors followed by the Company meets the requirements listed in letters a), b) and c) being gender diversity one of the aspects that the Board intends to pay particular attention in future selection processes when vacancies occur within it.

- 15.** Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies ☐ Complies partially ☐ Explain ☒

Although they are not a majority, the number of proprietary and independent directors is significant. In addition, it must be taken into account that in the case of one of the directors belonging to the category of Other External Members, in origin their membership of the Board was due in their capacity as proprietary.

The current composition of both the Board and its delegated Committees is rooted in the current regulations that can not be considered in any case as independent directors who have been directors for a continuous period exceeding 12 years, which is why two of Independent directors have been considered as external directors.

- 16.** The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies ☒ Explain ☐

- 17.** Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Complies ☐ Explain ☒

Initially, the number of independent directors on the Board was four, but, due to current regulations, two of them have been re-qualified to the category of Other External Directors.

- 18.** Companies should disclose the following director particulars on their websites and keep them regularly up dated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on the same.

Complies ☒ Complies partially ☐ Explain ☐

- 19.** Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

- 20.** Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

- 21.** The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies ☒ Explain ☐

- 22.** Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decides whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies ☒ Complies partially ☐ Explain ☐

- 23.** Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

- 24.** Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

- 25.** The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of director's regulations should lay down the maximum number of company boards on which directors can serve.

Complies ☒ Complies partially ☐ Explain ☐

- 26.** The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies ☒ Complies partially ☐ Explain ☐

- 27.** Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies ☒ Complies partially ☐ Explain ☐

- 28.** When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

- 29.** The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies ☒ Complies partially ☐ Explain ☐

- 30.** Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies ☒ Explain ☐ Not Applicable ☐

- 31.** The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies ☒ Complies partially ☐ Explain ☐

- 32.** Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies ☒ Complies partially ☐ Explain ☐

- 33.** The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies ☒ Complies partially ☐ Explain ☐

- 34.** When a lead independent director has been appointed, the Bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

- 35.** The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies ☒ Explain ☐

- 36.** The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competences.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process.

This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies ☒ Complies partially ☐ Explain ☐

- 37.** When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

Complies ☐ Complies partially ☐ Explain ☐ Not Applicable ☒

- 38.** The board of directors should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies ☐ Complies partially ☐ Explain ☐ Not Applicable ☒

- 39.** All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Complies ☒ Complies partially ☐ Explain ☐

- 40.** Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies ☒ Complies partially ☐ Explain ☐

- 41.** The head of the unit handling internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, reelection and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With regard to the external auditor:

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies ☒ Complies partially ☐ Explain ☐

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies ☒ Complies partially ☐ Explain ☐

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

45. Risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other offbalance-sheet risks.
- b) The determination of the risk level the company sees as acceptable.
- c) The measures in place to mitigate the impact of identified risk events should they occur.
- d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Complies ☒ Complies partially ☐ Explain ☐

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies ☒ Complies partially ☐ Explain ☐

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies ☐ Complies partially ☒ Explain ☐

The members of the Human Resources Committee, Nomination and Remuneration Committee have the knowledge, aptitudes and experience appropriate to the functions they have to perform within it.

The Human Resources Committee, Nomination and Remuneration Committee is composed, in accordance with the provisions of article 529 quinquies by non-executive directors, two of which hold the status of independent directors, including their Chairman.

The current composition of both the Board and its delegated Committees is rooted in the current regulations that can not be considered in any case as independent directors who have been directors for a continuous period exceeding 12 years, which is why two of Independent directors have been considered as external directors.

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Complies ☐ Complies partially ☐ Explain ☐ Not Applicable ☒

49. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive Directors.

When there are vacancies on the board, any Director may approach the Nomination Committee to propose candidates that it might consider suitable.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies ☒ Complies partially ☐ Explain ☐

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies ☒ Complies partially ☐ Explain ☐

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
- d) They may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Meeting proceedings should be minuted and a copy made available to all board members.

Complies ☐ Complies partially ☒ Explain ☐ Not Applicable ☐

The composition of the Human Resources, Appointments and Remuneration Committee is adapted to the provisions of the Capital Companies Act. It is composed of six directors, none of them executives. Two of its members hold the status of independent, not constituting, therefore, a majority of Directors of this category within the committee.

The current composition of both the Board and its delegated Committees is rooted in the current regulations that can not be considered in any case as independent directors who have been directors for a continuous period exceeding 12 years, which is why two of Independent directors have been considered as external directors.

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at the least the following functions:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
- b) Oversee the communication and relations strategy with shareholders and investors, including small and medium sized shareholders.
- c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- f) Monitor and evaluate the company's interaction with its stakeholder groups.
- g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies ☒ Complies partially ☐ Explain ☐

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
- d) The methods or systems for monitoring the results of the practices referred to above and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies ☒ Complies partially ☐ Explain ☐

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies ☐ Complies partially ☒ Explain ☐

The actions carried out by the Company in this matter are not documented in an independent report except for issues related to CO2 emissions and the management of water resources, in which the Group has a report that documents and evaluates the policies followed and the actions carried out in these areas.

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not as high as to compromise the independent judgement of non-executive directors.

Complies ☒ Explain ☐

- 57.** Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complies ☒ Complies partially ☐ Explain ☐

- 58.** In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards on going achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

- 59.** A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

- 60.** Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduces their amount.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

- 61.** A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

- 62.** Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies ☐ Complies partially ☒ Explain ☐ Not Applicable ☐

The Directors are free to transfer the acquired shares

- 63.** Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

- 64.** Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Complies ☒ Complies partially ☐ Explain ☐ Not Applicable ☐

H. OTHER INFORMATION OF INTEREST

1. If there is any other aspect relevant to the corporate government in the company or in the group entities that has not been reflected in the rest of the sections of this report, but is necessary to include to provide more comprehensive and well-grounded information on the corporate governance structure and practices in your entity or its group, detail them briefly.
2. This section may also include any other relevant information, clarification or detail related to previous sections of the report insofar as they are relevant and not reiterative.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the mandatory information to be provided when different from that required by this report.

3. The company may also indicate if it has voluntarily signed up to other international, industry-wide or any other codes of ethical principles or best practices. Where applicable, the code in question will be identified along with the date of signing. In particular, mention will be made as to whether it has adhered to the Code of Best Tax Practices (Código de Buenas Prácticas Tributarias) of 20 July 2010.

A.2

The figures presented correspond to those reported by the owner to the CNMV and the Company, assuming that there have been no subsequent transactions of purchase or sale of securities, and once adjusted for the corporate operations. For these reasons, the reported values may not exactly match the reality of the participation.

It is also stated that the information provided by the direct holders is the one that the indirect holder has informed the Company

A.3

In relation to the shares of Mrs. Mercedes de la Serna Villalonga and Mrs. Jimena de la Serna Villalonga, indirect shares of Mr. Álvaro de la Serna Corral, it should be noted that in both cases the percentage of voting rights attributed to the shares as well as the total percentage of voting rights amounts to 0.001%.

H.1.1.

The content mentioned in this report referred to the Spanish local legislation as well as the other information published by Miquel y Costas & Miquel, S.A. in Spain are available in the Company's corporate website (www.miquelycostas.com) and in the Comisión Nacional del Mercado de Valores (C.N.M.V.) website (www.cnmv.es).

Section C.1.4

The number of Female Directors that is mentioned corresponds with the representative, individual of the External Proprietary Directors Joanfra S.A

Section C.1.25

During the financial year 2018 the Board of Directors held 12 face-to-face meetings and on 1 occasion adopted resolutions through the procedure of adoption of resolutions in writing and without face-to-face sessions foreseen in article 248.2 of the Capital Companies Law and in article 100 of the Regulations of the Board of Directors

This annual report on corporate governance has been approved by the Company's Board of Directors on

25/03/2019.

Indicate whether any board members have voted against or abstained with respect to the approval of this report.

☐ Sí
☒ No