
ISSUER'S PARTICULARS

Final date of the financial year in question: [31/12/2019]

Tax identification number: [A-01004324]

Corporate name:

[**VIDRALA, S.A.**]

Registered office:

[BARRIO MUNEGAZO, 22 (LLODIO) ALAVA]

A. OWNERSHIP STRUCTURE

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

Date of last change	Share capital (€)	Number of shares	Number of voting rights
10/12/2019	27,882,476.22	27,335,761	27,335,761

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

Yes

No

A.2. List the direct and indirect holders of significant shareholdings at year-end, excluding directors:

Name or company name of the shareholder	% of voting rights attributed to shareholders		% of voting rights held via financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
FUENSANTA DE LA SOTA POVEDA	3.66	0.00	0.00	0.00	3.66
URDALA 21, S.L.	6.28	0.00	0.00	0.00	6.28
BIDAROA, S.L.	6.23	0.00	0.00	0.00	6.23
FIDELITY INTERNATIONAL LIMITED	0.00	1.20	0.00	0.00	1.20

Specifics of the indirect share:

Indirect shareholder's name or corporate name	Direct shareholder's name or corporate name	% of voting rights attributed to shareholders	% of voting rights held via financial instruments	% of total voting rights
FIDELITY INTERNATIONAL LIMITED	OTHER COMPANY SHAREHOLDERS	1.20	0.00	1.20

Indicate the most significant changes in the shareholding structure occurring the year:

Most significant changes

n.a.

The voting rights attributed to "Other company shareholders" are voting rights corresponding to shares in the fund-holding company and other entities managed by Fidelity International Limited.

A.3. Complete the following table on the members of the Company's Board of Directors who hold voting rights over shares in the Company:

Name or company name of the director	% of voting rights attributed to shareholders		% of voting rights held via financial instruments		% of total voting rights	% of voting rights that can be transferred via financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ms M. ^a VIRGINIA URIGÜEN VILLALBA	0.56	0.00	0.00	0.00	0.56	0.00	0.00
Mr CARLOS DELCLAUX ZULUETA	0.00	7.46	0.00	0.00	7.46	0.00	0.00
Ms TERESA ZUBIZARRET A DELCLAUX	0.74	0.02	0.00	0.00	0.77	0.00	0.00
Mr LUIS DELCLAUX MULLER	0.00	0.42	0.00	0.00	0.42	0.00	0.00
Mr EDUARDO ZAVALA ORTIZ DE LA TORRE	0.94	0.00	0.00	0.00	0.94	0.00	0.00
Mr RAMÓN DELCLAUX DE LA SOTA	0.47	0.00	0.00	0.00	0.47	0.00	0.00
NORONHA GALLO S.À R.L.	3.63	0.00	0.00	0.00	3.63	0.00	0.00
Mr ESTEBAN ERRANDONE A DELCLAUX	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADDVALIA CAPITAL, S.A.	5.46	0.00	0.00	0.00	5.46	0.00	0.00

% of total voting rights held by the Board of Directors

19.71

Specifics of the indirect share:

Name or company name of the director	Direct shareholder's name or corporate name	% of voting rights attributed to shareholders	% of voting rights held via financial instruments	% of total voting rights	% of voting rights <u>that can be transferred</u> via financial instruments
Mr CARLOS DELCLAUX ZULUETA	MUGARBURU, S.L.	7.09	0.00	7.09	0.00
Mr CARLOS DELCLAUX ZULUETA	AZPILU S.L.	0.37	0.00	0.37	0.00
Ms TERESA ZUBIZARRETA DELCLAUX	Mr JOSE IGNACIO GELLA RODERO	0.02	0.00	0.02	0.00
Mr LUIS DELCLAUX MULLER	BAISEL, S.L.	0.42	0.00	0.42	0.00
Mr RAMÓN DELCLAUX DE LA SOTA	Mr ALEJANDRO DELCLAUX ECHEVARRÍA	0.00	0.00	0.00	0.00
Mr RAMÓN DELCLAUX DE LA SOTA	Ms ADRIANA DELCLAUX ECHEVARRÍA	0.00	0.00	0.00	0.00
Mr ESTEBAN ERRANDONEA DELCLAUX	CORREDURIA DE SEGUROS DECLER S.A.	0.00	0.00	0.00	0.00

A.4. Indicate, as applicable, any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant shareholdings, insofar as they are known to the Company, unless they have scant relevance or arise from the ordinary course of business, except for those reported in section A.6:

Name or company name of related party	Type of relationship	Brief description
No data		

- A.5. Indicate, as applicable, any relationships of a commercial, contractual or corporate nature existing between the holders of significant shareholdings and the Company and/or the group, unless they have scant relevance or arise from the ordinary course of business:

Name or company name of related party	Type of relationship	Brief description
No data		

- A.6. Describe the relationships, except for those that are scarcely relevant for both parties, between the significant shareholders or shareholders represented in the Board and the directors, or their representatives, in the case of directors that are legal persons.

Explain how the significant shareholders are represented, if applicable. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was promoted by significant shareholders, or who were associated with significant shareholders and/or entities in their group, specifying the nature of the relationship. Specifically, mention, if applicable, the existence, identity, and position of members of the Board, or representatives of directors, of the listed company who are in turn Board members, or their representatives, in companies that hold significant shares in the listed company or in entities in the group of those significant shareholders:

Name or company name of the related director or representative	Name or company name of the related significant shareholder	Company name of the Company of the significant shareholders group	Description of the relationship/position
Mr CARLOS DELCLAUX ZULUETA	MUGARBURU, S.L.	MUGARBURU, S.L.	The director stated above is a joint and several director of the Company.
Mr LUIS DELCLAUX MULLER	BIDAROA, S.L.	BIDAROA, S.L.	The director mentioned above is a joint director of the Company.
Mr ESTEBAN ERRANDONEA DELCLAUX	URDALA 21, S.L.	URDALA 21, S.L.	The director mentioned above is a joint director of the Company.

- A.7. Indicate whether the Company has been informed of shareholders' agreements that affect it under sections 530 and 531 of the Corporate Enterprises Act (*Ley de Sociedades de Capital*). If so, provide a brief description and list the shareholders that are party to the agreement:

Yes

No

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

Yes

No

Expressly indicate any amendment to or termination of such agreements or concerted actions during the year:

A.8. Indicate if there is any individual or legal entity that exercises or could exercise control over the Company under the terms of the Spanish Securities Market Act (*Ley del Mercado de Valores*). If so, identify them:

Yes

No

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

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
284,824		1.04

(*) Held through:

Name or company name of the direct shareholder	Number of direct shares
No data	

Explain any significant changes during the financial year:

Explain the significant changes:

The upward variation in the number of the Company's treasury stock is due to the Company's purchase of its shareholder equity in 2019, under the Company's treasury stock repurchase programme approved by the Company's Board of Directors as authorised by the Ordinary General Shareholders Meeting. Without prejudice to the above, and regarding the relevant event of 20 December 2019, it is stated that, in the exercise of the powers granted by the Ordinary General Shareholders Meeting held on 28 May 2019, the Board of Directors has decided to reduce the share capital by €274,084, through the amortisation of 268,710 treasury shares, representing 0.983% of the Company's current capital (equivalent to approximately 1% of the share capital before the latest capital increase). This report does not reflect this capital reduction given that at 31 December 2019 the corresponding public deed of share capital reduction has not been executed, and therefore this capital reduction has not been entered in the Commercial Registry, the Company's capital and number of shares into which it is divided at 31 December 2019 being those specified in section A.1 of the report.

A.10. Specify the conditions and deadline of the Board of Directors current mandate from the Shareholders Meeting to issue, repurchase, or transfer shareholder equity:

The Ordinary Shareholders Meeting held on 28 May 2019 approved the following resolution regarding the purchase of Company shares:

5.- Authorise the Board of Directors to proceed with the buyback of treasury shares, directly or through group companies, in accordance with sections 146 and 509 of the Corporate Enterprises Act, superseding the authorisation granted by the General Shareholders Meeting of 29 May 2018; reduction of share capital to redeem treasury shares, delegating the powers necessary for its implementation to the Board.

1.- Annuling the resolution passed by the General Meeting of 29 May 2018 in any parts not executed, authorise the Company, directly or through any of its subsidiaries, and for a maximum of five (5) years from the date of this Meeting, to proceed to acquire, at any time and as many times it considers appropriate, shares of VIDRALA, S.A., by any means permitted by law, including by way of charges against annual profits and/or unrestricted reserves, as well as their later disposal or amortisation, all in accordance with section 146 and related provisions of the Corporate Enterprises Act.

2.- Approve the terms of these acquisitions as follows: (a) That the par value of the shares acquired directly or indirectly, in addition to those already owned by the acquiring company and its subsidiaries, and, if applicable, the parent company and its subsidiaries, does not exceed ten percent (10%) of the share capital of VIDRALA, S.A., respecting in all cases the limitations established for the acquisition of treasury shares by the regulatory authorities of the markets where the shares of VIDRALA, S.A. are admitted to trading. (b) That the acquisition, including the shares that the Company, or person acting in their own name but on the Company's behalf, had previously acquired and held in their portfolio, does not produce effect that the net equity is less than the share capital plus the restricted reserves under the law or the Articles of Association. For these purposes, the net equity will be considered as the amount classified as such depending on the criteria employed to prepare the financial statements, reduced by the amount of the profits attributed directly to the equity, and increased by the amount of the uncalled share capital, as well as by the nominal amount and issue premiums of the subscribed capital registered in the accounts as a liability. (c) That the acquisition price is not less than the nominal price nor more than ten percent (10%) of the listed value of the shares at the date of acquisition or, in the case of derivatives, at the date of the contract giving rise to that acquisition.

Transactions involving the acquisition of treasury shares must comply with the rules and practices of the securities markets. (d) That a restricted reserve is established in the net equity equivalent to the amount of treasury shares calculated in the assets balance. This reserve must be maintained until the shares are disposed of.

3.- It is expressly authorised that the shares acquired by VIDRALA, S.A. subsidiaries in use of this authorisation may be used in whole or in part to be delivered to the workers, employees or managers of the Company, when there is a recognised right, directly or as a consequence of exercising the option rights they hold, for the purposes established in the last paragraph of section 146, part 1(a), of the Corporate Enterprises Act.

4. Reduce the share capital in order to redeem the treasury shares that VIDRALA, S.A. may hold on its balance sheet, against profits or unrestricted reserves and for the appropriate or necessary amount at all times, up to the maximum amount of treasury shares held at any time.

Delegate the execution of the above capital reduction resolution to the Board of Directors, which may perform it in one or several operations and within a maximum period of five years from the date of conclusion of this General Meeting, following all the steps, procedures, and authorisations that are necessary or required by the Corporate Enterprises Act and other applicable provisions and, in particular, the Board will be delegated so that, within the deadlines and limits established for this execution, it establishes the date or dates of the specific reduction or reductions of capital, their timeliness and appropriateness, taking into account market conditions, share price, the Company's economic and financial situation, its cash position, its reserves and its evolution and any other factor relevant to that decision; specifying the amount of the capital reduction; determining the destination of the amount of the reduction, either to restricted reserves or to unrestricted reserves, executing, where appropriate, the necessary guarantees and complying with legally established requirements; amending article 5 of the Articles of Association to reflect the new amount of share capital; requesting the delisting of the redeemed shares and, generally, passing any resolutions that may be necessary for the purposes of the amortisation and consequent capital reduction, appointing the people authorised to legalise all these steps.

A.11. Estimated floating capital:

	%
Estimated floating capital	63.08

A.12. Indicate whether there is any (statutory, legislative, or other) restriction on the transferability of securities and/or any restriction on voting rights. Specifically, report the existence of any type of restrictions that might hinder the taking over of control of the Company through the acquisition of its market shares, as well as those previous authorisation or communication systems applicable to the acquisition or transfer of the Company's financial instruments under sectoral regulations.

Yes

No

A.13. Indicate whether the shareholders at the General Meeting have resolved to take measures to neutralise a takeover bid pursuant to Law 6/2007.

Yes

No

If so, explain the measures adopted and the situations in which the restrictions would be inoperative:

A.14. Indicate whether the Company has issued securities not trades in a regulated European Union market.

Yes

No

If applicable, specify the various types of shares, and, for each type of share, the rights and obligations conferred.

B. GENERAL MEETING

B.1. Indicate the quorum required for constitution of the General Shareholders Meeting established in the Company's Articles of Association and how it differs from the system of minimum quorums established in the Corporate Enterprises Act (Ley de Sociedades de Capital, LSC).

Yes

No

	% quorum differing from that established in section 193 LSC for general cases	% quorum differing from that established in section 102 LSC for special cases pursuant to section 194
Quorum required on first call	50.00	50.00
Quorum required on second call	0.00	25.00

Description of the differences

The quorum required on first call for general cases is 50%, and therefore it is a reinforced quorum by comparison to that established in section 193 LSC for general cases (i.e., 25%). The other quorum percentages correspond to those established in LSC.

B.2. Indicate and, if applicable, describe any differences between the rules established in the Corporate Enterprises Act (Ley de Sociedades de Capital, LSC) for passing resolutions and the Company's rules.

Yes

No

B.3. Indicate the rules for amending the Company's Articles of Association. Specifically, indicate the majorities required for amending the Articles of Association, as well as any rules for the protection of shareholders' rights in amending the Articles of Association.

The regulation on the amendment of the Company's Articles of Association is given in the Corporate Enterprises Act. The Company's Articles of Association do not specify any majorities other than those legally applicable or rules for the protection of shareholders other than those established in the general regulations.

B.4. Indicate the data on attendance at the General Meetings held in the year to which this report refers and the two previous ones:

Date of the General Meeting	Attendance information				Total
	% attendance in person	% by proxy	% remote voting		
			Electronic voting	Others	
30/05/2017	7.68	82.26	0.00	0.00	89.94
Of which the floating capital	1.42	52.65	0.00	0.00	54.07
29/05/2018	12.18	74.53	0.00	0.00	86.71
Of which the floating capital	5.77	45.33	0.00	0.00	51.10
28/05/2019	18.36	69.55	0.00	0.00	87.91
Of which the floating capital	1.33	52.62	0.00	0.00	53.95

B.5. Indicate whether there was any point in the agenda of the general Shareholders Meetings held during the year that was, for any reason, not approved by the shareholders.

Yes

No

B.6. Indicate whether the Articles of Association contain any restrictions with respect to a minimum number of shares required to attend General Meetings, or for remote voting.

Yes

No

B.7. Indicate whether it has been established that certain decisions, other than those required by Law, involving an acquisition, disposal, contribution to another company of essential assets, or similar corporate transactions, must be subject to approval by the General Shareholders Meeting.

Yes

No

B.8. Indicate the address and form of access to the Company website, to governance information, and to any other information on the General Shareholders Meetings that must be made available to shareholders through the Company website:

This information can be directly access through the website: <http://www.vidrala.com/es/inversores/gobierno/>

C. STRUCTURE OF THE COMPANY ADMINISTRATION

C.1. Board of directors

C.1.1 Maximum and minimum number of director stipulated in the Articles of Association and the number set by the General Shareholders Meeting:

Maximum number of directors	11
Minimum number of directors	3
Number of directors set by the General Shareholders Meeting:	11

C.1.2 Complete the following table with the directors:

Name or company name of the director	Representative	Category of the director	Position	Date of first appointment	Date last appointment	Appointment procedure
Ms M. ^a VIRGINIA URIGÜEN VILLALBA		Other External	DIRECTOR	25/04/1996	31/05/2016	GENERAL SHAREHOLDER RESOLUTION
Mr CARLOS DELCLAUX ZULUETA		Proprietary	CHAIRMAN	15/05/1992	30/05/2017	GENERAL SHAREHOLDER RESOLUTION
Ms TERESA ZUBIZARRETA DELCLAUX		Independent	DIRECTOR	25/04/2014	29/05/2018	GENERAL SHAREHOLDER RESOLUTION
Mr LUIS DELCLAUX MULLER		Other External	DIRECTOR	22/06/2004	29/05/2018	GENERAL SHAREHOLDER RESOLUTION
Mr EDUARDO ZAVALA ORTIZ DE LA TORRE		Other External	DIRECTOR	28/09/2004	29/05/2018	GENERAL SHAREHOLDER RESOLUTION
Mr RAMÓN DELCLAUX DE LA SOTA		Proprietary	DIRECTOR	21/06/2005	28/05/2019	GENERAL SHAREHOLDER RESOLUTION
NORONHA GALLO S.À R.L.	Ms RITA MARIA DE	Proprietary	DIRECTOR	26/05/2015	28/05/2019	GENERAL SHAREHOLDER RESOLUTION

Name or company name of the director	Representative	Category of the director	Position	Date of first appointment	Date last appointment	Appointment procedure
	NORONHA E MELLO SANTOS GALLO					SHAREHOLDERS MEETING
Mr ESTEBAN ERRANDONEA DELCLAUX		Proprietary	DIRECTOR	14/06/2001	31/05/2016	GENERAL SHAREHOLDER RESOLUTION
ADDVALIA CAPITAL, S.A.	Mr AITOR SALEGUI ESCOLANO	Proprietary	DIRECTOR	23/09/2008	29/05/2018	GENERAL SHAREHOLDER RESOLUTION
Mr JAN ASTRAND		Independent	DIRECTOR	31/05/2016	31/05/2016	GENERAL SHAREHOLDER RESOLUTION
Mr FERNANDO GUMUZIO IÑÍGUEZ DE ONZOÑO		Independent	DIRECTOR	28/05/2019	28/05/2019	GENERAL SHAREHOLDER RESOLUTION

Total number of directors	11
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Indicate any vacancies in the Board of Directors, due to resignation, removal, or any other reason, during the reporting period:

Name or company name of the director	Category of the director at the time of the vacancy	Date of last appointment	Date of vacancy	Specialist committees of which he/she was a member	Specify whether the vacancy occurred before the end of the director's term of office
No data					

C.1.3 Complete the following tables on the directors and their positions:

EXECUTIVE DIRECTORS		
Name or company name of the director	Position per company organisation chart	Profile
No data		

PROPRIETARY AND EXTERNAL DIRECTORS		
Name or company name of the director	Name or company name of significant shareholder represented or proposing appointment	Profile
Mr CARLOS DELCLAUX ZULUETA	Mr CARLOS DELCLAUX ZULUETA	<p>Carlos Delclaux holds a B.Sc. in Economics and Business from the Universidad Comercial de Deusto, and has taken Ph.D. courses in Economics in this university.</p> <p>His professional career started in the industrial glass multinational BSN Gervais Danone, in Paris and Gelselkirchen, Germany. He later worked in banking, in various senior management positions in the bank currently known as BBVA, including, in chronological order: regional subdirector for Banco de Vizcaya in Castile and León, regional director of Indubán, CEO of Gesbanque, the group's subsidiary in Belgium, managing director of Privanza, and head of institutional banking at BBVA. He has also been a director in Argón, Compañía Nacional de Oxígeno, Compañía Navarra de Oxígeno, Fiseat, Gestión de Activos Inmobiliarios, Solete Hispania, and he was the chairman for 15 years of the industrial company Sibelco Hispania, the subsidiary of one of the global leading companies in the sector of minerals for industrial use. Carlos Delclaux is currently an independent director and the chairman of the audit committee at Vocento, a listed company and a leading group in the media sector in Spain. He is also a director in the industrial companies Talleres de Amurrio and Amurrio Ferrocarril y Equipos, active companies in the railway materials industry. Carlos Delclaux has been the Chairman of the Vidrala Board of Directors since 2002.</p>
Mr RAMÓN DELCLAUX DE LA SOTA	Ms FUENSANTA DE LA SOTA POVEDA	<p>Ramón Delclaux holds a B.SC. in Economics and Business from CUNEF. He has worked in the financial sector, with twenty-five years' experience working for BBVA in positions connected to corporate banking for large companies, capital markets, structured financing solutions, and, most recently, global banking transactions, treasury management, and digital transformation.</p>
NORONHA GALLO S.À R.L.	Mr VICTOR MANUEL DE NORONHA SANTOS GALLO	<p>Rita María de Noronha e Melo Santos Gallo holds a B.Sc. in Management by the Universidad Lusíada de Lisboa, and has taken a postgraduate course in financial department at the same institution. Rita has worked in marketing, with particular emphasis in audiovisual media and new technologies. She has worked, among others, in tasks connected to the "Arte Corebusiness – Gestão de Patrocínios e Publicidade Lda Utopia Filmes", "Lisboa 94 – Capital Europeia da Cultura" and "Portfruit – Sociedade Portuguesa de Exportação de Legumes e Frutas Lda" projects. She is currently the manager of the Noronha Gallo S.à r.l. family holding and a consultant at Imohahn, S.A.</p>

PROPRIETARY AND EXTERNAL DIRECTORS		
Name or company name of the director	Name or company name of significant shareholder represented or proposing appointment	Profile
Mr ESTEBAN ERRANDONEA DELCLAUX	URDALA 21, S.L.	Esteban Errandonea holds a B.A. in Arts by the University of Suffolk, Boston. He has taken the higher course in insurance to obtain the diploma in Insurance Brokership, and is a member of the Madrid Professional Association of Qualified Insurance Brokers. He has worked in insurance for more than twenty years, providing advice to companies regarding their risk coverage policies.
ADDVALIA CAPITAL, S.A.	ADDVALIA CAPITAL, S.A.	Aitor Salegui holds a B.Sc in Business from the University of the Basque Country and took a postgraduate programme in Integration Management at the Wharton School. He started his professional career in logistics, becoming the head of operations at DHL Iberia. He is currently a director in various companies and a managing partner at Ekolo Productos Ecológicos, Parque Solar Cabanillas, and Limaskoa.

Total number of proprietary directors	5
% over total Board	45.45

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the director	Profile
Ms TERESA ZUBIZARRETA DELCLAUX	Ms. Teresa Zubizarreta Delclaux holds a B.Sc. in Business Management from Universidad Comercial de Deusto. She has extensive experience in financial analysis, and more specifically in management of assets and investment portfolios, having worked in BANCO BANIF and SANTANDER PRIVATE BANKING, where she still works.
Mr JAN ASTRAND	Mr Jan G. Astrand, a Swedish national, holds a degree in Business Administration and Economics from the Göteborg School of Economics and Business Administration (Sweden). He has extensive experience in finance, having held senior management positions in various multinationals, including, in chronological order, Baxter International Inc. (Finance Manager), Commodore International Ltd (CFO), Hertz Europe (CFO), and Axus International (CEO). He has also been a Board member of various listed companies, including easyHotel Plc, PHS Group Plc, and Northgate Plc. Jan currently serves as an industrial advisor to a number of venture capital funds and is the Executive Chairman of Speedy Hire Plc (a listed company in the London Stock Exchange).

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the director	Profile
Mr FERNANDO GUMUZIO IÑÍGUEZ DE ONZOÑO	Mr Fernando Gumuzio Iñiguez de Onzoño, who holds an LLB in Law and Economics, is a founding member of the Azora Group and a director in Azora Capital and its investees. He has been a promoter and director of the REIT Hispania Activos Inmobiliarios since its incorporation. He is also the chairman of the Taper Group, a healthcare and scientific technology, haemodialysis and sports centres company, a proprietary director in Zelnova, which specialises in the research and development of drugs, and an independent director in Genómica, which specialises in molecular diagnosis. Before the establishment of the Azora Group, he was the managing director in charge of the asset management, private banking, and insurance division at the Santander Group and a member of its Steering Board, as well as a director in other Santander Group companies. Mr Fernando Gumuzio Iñiguez de Onzoño has also served, among others, as an independent director at the Caixa Geral bank, the chairman of the Board of Directors at Sample Test, a clinical analysis and diagnostic services laboratory, and Executive Vicepresident at Corporación Eólica CESA, a renewable energy company, the chairman of Transmol Logística, a hydrocarbon logistics and natural gas management company, and an independent director at the listed companies Cortefiel and Zeltia.

Total number of independent directors	3
% over total Board	27.27

Indicate whether any independent director receives any amount or benefit from the Company or its group for any notion other than the director's remuneration, and whether they have had, in the last financial year, a business relationship with the Company or any company in its group, in their own behalf or as a significant shareholder, director, or senior manager of any entity that has or has had such relationship.

If applicable, include a reasoned statement from the Board of Directors regarding the reasons why they believe that this director can perform their duties as an independent director.

Name or company name of the director	Description of the relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS			
Identify any other external directors and Indicate the reasons why they cannot be considered proprietary or independent directors and their relationships with the Company, its executives, or its shareholders.			
Name or company name of the director	Reasons	Company, executive or shareholder with whom there is a relation	Profile

<p>Ms M.^a VIRGINIA URIGÜEN VILLALBA</p>	<p>After being initially independent, the director has held her position for more than 12 years.</p>	<p>Ms M.^a VIRGINIA URIGÜEN VILLALBA</p>	<p>Virginia Urigüen holds a B.Sc. in Economics and Business from the University of the Basque Country, and has taken postgraduate courses in business management at Inside. She has worked in business internationalisation, having worked for thirteen years in the Bilbao Chamber of Commerce and for twelve years at Pronet Consulting and Fatronik System. She currently works as an internationalisation and business development consultant.</p>
<p>Mr EDUARDO ZAVALA ORTIZ DE LA TORRE</p>	<p>After being initially independent, the director has held his position for more than 12 years.</p>	<p>Mr EDUARDO ZAVALA ORTIZ DE LA TORRE</p>	<p>Eduardo Zavala holds a B.Sc. in Business and Marketing from the Chartered Institute of Marketing (London), and holds an MBA from IEDE Business School (Madrid). He is currently the CEO of Workcenter, a leading company in the reprographics sector. In the last ten years, he has restructured the business, focusing on its profitability, cost control, and sales growth. He previously started several businesses and has extensive experience in retail, having been part of the management of such companies as K-tuin and Área Pc.</p>
<p>Mr LUIS DELCLAUX MULLER</p>	<p>After being initially independent, the director has held his position for more than 12 years.</p>	<p>Mr LUIS DELCLAUX MULLER</p>	<p>Luis Delclaux holds a B.SC. in Economics and Business from the University</p>

			of the Basque Country, and has taken postgraduate courses at Berkeley University. He has professional experience in management control, investment - including various financial instrument - and in the promotion and development of renewable energy projects. In this latter field, he has started - among others - the Company Ceconat Energy G.m.b.H., headquartered in Hamburg. He has taught cost accounting in various institutions, including ICADE; consultant at the companies Serbal, S.A. (a subsidiary of Creditanstalt-Bankverein AG) and CP Consultores S.A.; and Board member of the companies Norton P.H., S.A., Postensa, S.A., and Llucalari Hotel, S.L.
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Total number of other external directors	3
% over total Board	27.27

Indicate any variations that have occurred in the category of each director during the period:

Name or company name of the director	Date of Change	Previous category	Current category
No data			

C.1.4 Complete the following table with information on the number of women directors at the end of the last 4 financial years, as well as the category of these women directors:

	Number of women directors:				% over the total directors in each category:			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	20.00	20.00	20.00	20.00
Independent:	1	1	1	1	33.33	50.00	50.00	50.00
Other External	1	1	1	1	33.33	33.33	33.33	33.33
Total	3	3	3	3	27.27	30.00	30.00	30.00

C.1.5 Indicate whether the Company has diversity policies relative to the Company's Board of Directors as regards such aspects as, for example, age, gender, disability, and professional training and experience. Small and medium enterprises, as defined in the Audit Act, must report at least on their gender diversity policy.

Yes

No

Partial policies

If so, describe these diversity policies, their goals, measures, way in which they were implemented, and their results for the year. Indicate also the specific measures implemented by the Board of Directors and the Appointment 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 not.

Describe the policies, targets, measures and way in which they have been implemented, as well as the results obtained.

The Company does not have a diversity policy as such, without prejudice to the contents in this regard of the director selection policy and to the fact that the Appointment and Remuneration Committee ensures at all times, in the performance of its duties, that the proposals made consider individuals who have the professional qualifications and experience for the position, as well as that the candidate selection process does not have any implicit biases that hinder the selection of individuals due to their age, disabilities, gender, or other circumstances.

C.1.6 Describe any measures established by the appointment committee to ensure that the selection procedures do not have any implicit biases hindering the selection of women directors, and that the Company deliberately seeks and includes among potential candidates women who have the professional profile sought, so as to achieve a balance of women and men:

Description of the measures

The Appointment and Remuneration Committee ensures that individuals of both sexes who meet the conditions and have the capabilities required for the position are considered.

When, despite any measures implemented, the number of women directors is low or zero, explain the reasons for this:

Explanation of the reasons:

n.a.

C.1.7 Explain the appointment committee conclusions on verification of compliance with the director selection policy. Specifically, on how this policy is facilitating the goal of at least 30% of the Board Members being women by 2020.

The Appointment and Remuneration Committee is aware of the goal of at least 30% of the directors being women by 2020. As stated above, the Appointment and Remuneration Committee ensures that the appointments of new directors have no implicit sex-based biases, particularly in the case of non-proprietary directors (as this is where it has the greatest room for manoeuvre in selection) and that, as far as possible, the number of women directors is increased, without prejudice to always considering individuals who meet the conditions and have the capabilities required for the position. In this respect, the Company has fulfilled the goal of

at least 30% of the Board Members being women, without prejudice to the fact that the Appointment and Remuneration Committee has tried to achieve, in the selection of the latest director appointed by the General Shareholders' Meeting, a diverse and balanced composition of the Board of Directors, enriching decision-making and contributing a wide range of points of view to the discussion of the matters falling within its purview.

C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders controlling less than 3% of the share capital.

Name or company name of the shareholder	Justification
No data	

Indicate whether any rejection of a formal request for a place on the Board from shareholders whose shareholding is equal to or greater than that of others whose nomination of proprietary directors was accepted. If so, explain why these requests were rejected.

Yes

No

C.1.9 Indicate any powers delegated by the Board of Directors in directors or committees:

Name or company name of the director or Committee	Brief description
No data	

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

Name or company name of the director	Company name of the group entity	Position	Do they perform executive duties?
Mr CARLOS DELCLAUX ZULUETA	ENCIRC LTD	CHAIRMAN	NO
Mr CARLOS DELCLAUX ZULUETA	SANTOS BAROSA VIDROS S.A.	CHAIRMAN	NO
Mr CARLOS DELCLAUX ZULUETA	GALLO VIDRO S.A.	DIRECTOR	NO
Mr CARLOS DELCLAUX ZULUETA	INVERBEIRA SPE, S.A.	CHAIRMAN	NO
Mr CARLOS DELCLAUX ZULUETA	CRISNOVA VIDRIO, S.A.	CHAIRMAN	NO
Mr CARLOS DELCLAUX ZULUETA	VIDRALA DESARROLLOS, S.L.	CHAIRMAN	NO

C.1.11 List, if applicable, of any directors or representatives of directors of the Company who are legal persons and are members of the Boards of Directors representatives of directors who are legal persons of other non-group companies that are listed on official securities markets, as disclosed to the Company:

Name or company name of the director	Company name of listed company	Position
Mr CARLOS DELCLAUX ZULUETA	VOCENTO, S.A.	DIRECTOR
ADDVALIA CAPITAL, S.A.	CIE AUTOMOTIVE, S.A.	DIRECTOR

C.1.12 Indicate, and if applicable, explain whether the Company has established any rules about the maximum number of Boards on which its directors may sit, specifying where these rules are given:

Yes

No

C.1.13 Indicate the amounts of the following notions pertaining to global remuneration of the Board of Directors:

Remuneration accrued by the Board of Directors during the year (thousands of euros)	1,387
Amount of the pension rights accumulated by the current directors (thousands of euros)	
Amount of the pension rights accumulated by former directors (thousands of euros)	

C.1.14 Identify the senior executives who are not executive directors and indicate the total remuneration paid to them during the year:

Name or company name	Position(s)
Mr ADRIAN CURRY	GENERAL MANAGER ENCIRC
Mr SEAN MURPHY	FINANCE DIRECTOR ENCIRC
Mr JAMES CURRIE	HUMAN RESOURCES DIRECTOR ENCIRC
Mr ROBERT ROSE	OPERATIONS DIRECTOR ENCIRC
Mr ROBERT TURVEY	SALES DIRECTOR ENCIRC
Mr ANGEL ROLDAN MAIZ	COMMERCIAL MANAGER
Mr ORIOL MOYA	HEAD OF OPERATIONS
Mr JEREMY LAPPIN	QUALITY MANAGER ENCIRC
Mr PAULO GUERRA	OPERATIONS MANAGER
Mr RAUL GOMEZ	CFO

Name or company name	Position(s)
Mr JOSEBA FERNANDEZ DE MENDIA	HEAD OF HUMAN RESOURCES
Mr GORKA SCHMITT ZALBIDE	GENERAL MANAGER
Ms LARISA KRYACHKOVA	OPERATIONS DIRECTOR ENCIRC
Mr RICARDO ZALBA	OPERATIONS DIRECTOR ENCIRC
Total remuneration of senior executives (thousands of euros)	
4,201	

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

Yes

No

Description of the amendments:

During the year, the text of the Company's Board of Directors Regulation has been amended and consolidated. Substantially, the following have been amended; section 1 (technical improvements have been made), section 5 (the Board assessment process has been introduced), section 6 (technical improvements have been made), section 19 (technical improvements pertaining to the call to Board meetings and its annual schedule have been made), section 21 (technical improvements regarding the approval of the minutes have been made), section 22 (improvements pertaining to the director selection process and policy have been made), section 23 (improvements in the director re-election process have been made), section 24 (technical improvements regarding the removal of directors, adjusting the retirement age, have been made), section 26 (technical improvements have been made), section 30 (technical improvements pertaining to the directors' general obligations have been made), section 33 (technical improvements have been made), and section 43 (technical improvements have been made).

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

The Board members are appointed by the General Shareholders Meeting, without prejudice to the Board's power to appoint members through co-optation if several vacancies arise (following a report in both cases from the Appointment and Remuneration Committee. To this end, section 26 of the Articles of Association states:

- "1. - The Company will be managed by a Board of Directors constituted by a number of members no lower than three or higher than eleven. It falls to the General Shareholders Meeting to establish the number of Board members. To this end, it may establish this number by express agreement or indirectly through the creation or not of vacancies or appointment or not of new directors, within the minimum and maximum number set. Without prejudice to the above, the Board of Directors will propose to the General Meeting the number of members who, depending on the Company circumstances and considering the maximum and minimum specified above, is most suited to the Governance recommendations to ensure due representation and effective operation of the body. The above is understood without prejudice to the shareholders' right of proportional representation under the terms of the Corporate Enterprises Act.
2. - Directors are not required to be shareholders in order to be appointed to the management body.
3. - Members of the administration body will exercise their post for the period of four (4) years, and may be re-elected one or more times for periods of equal duration.
4. - The members of the management body appointed by co-optation will hold their positions until the date of the General Shareholders Meeting.
5. - Directors will cease to hold office when so decided by the General Meeting, when they notify the Company of their resignation and when the period for which they were appointed has elapsed. In the latter case, directors will be removed on the day when the first following General Meeting is held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year.
6. - Members of the management body must hold their position and comply with the duties imposed by law with the due skill and care expected of a professional, taking into account the nature of the position and the duties assigned to each of them. Moreover, the members of the management body will perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company. The Board of Directors Regulation will elaborate on the directors' specific obligations derived from the duties included in the Law, and in particular those of confidentiality, non-competition, and loyalty, paying special attention to conflicts of interest."

Furthermore, section 22 of the Board of Directors Regulation establishes the following:

"Section 22: Selection of candidates. Appointment of directors

1. - The Board of Directors, and the Appointments and Remuneration Committee within the scope of its powers, will ensure that the proposed candidates submitted to the General Shareholders Meeting for their appointment or re-election as Directors and the appointments made directly for the coverage of vacancies in the exercise of its powers of co-optation, fall on reputable, honest and well-suited people of recognised solvency, competence, experience, qualification, training, availability and commitment to their functions.

In the selection of candidates the Board will also endeavour to achieve an adequate balance of the Board of Directors as a whole, which enriches its decision-making and provides for pluralistic views in debates on matters within its competence.

2. - The Board of Directors will ensure that candidate selection processes foster gender, experience, and knowledge diversity and have no implicit biases that might entail any discrimination, and in particular, that they facilitate the selection of women directors.

3. - The Directors will be appointed by the General Shareholders Meeting or by the Board of Directors in accordance with the legal provisions.

- 4.- Proposals for appointment and re-election of Directors that the Board of Directors submits to the consideration of the General Shareholders Meeting and the appointment decisions taken by the Board of Directors, under its legally attributed powers of co-option, must be accompanied by the corresponding proposal from the Appointment and Remuneration Committee, in the case of independent Directors, or the report from that Committee, in the case of the other directors. When the Board of Directors departs from the report of the Appointment and Remuneration Committee it must motivate the reasons for its decision and record such reasons in its minutes.
- 5.- The proposals and reports of the Appointment and Remuneration Committee will assess the honesty, suitability, solvency, competence, experience, qualification, training, availability and commitment of the candidates to their role.
- 6 - The Appointment and Remuneration Committee will propose or report in each case on the Director's membership in one of the categories established in these Regulations and review it on a yearly basis.
7. - If the director is a legal person, the individual representing it in the exercise of the duties proper to the position will be subject to the same requirements and incompatibilities as directors who are natural persons. The duties established for directors will equally apply to them personally."

C.1.17 Explain the extent to which the annual evaluation of the Board has generated any significant changes in its internal organisation and on the procedures applicable to its activities:

Description of the amendments

There have been no significant changes as a result of this evaluation.

Describe the evaluation process and the areas evaluated by the Board of Directors, assisted, as the case may be, by an external consultant, regarding the operation and composition of the Board and its committees and any other area of aspect evaluated.

Description of the evaluation process and the evaluated areas

The Appointment and Remuneration Committee gathers and assesses each directors' contribution regarding the areas evaluated. The Board of Directors receives the information prepared by the Appointment and Remuneration Committee on the basis of the contributions made, and analyses in order to approve, as the case may be, measures to improve the Company's governance system.

The areas evaluated are those mentioned in the title of this section. No external consultant's assistance has been sought.

C.1.18 Break down, for those financial years in which an external consultant assisted in the evaluation, the business relations between the consultant or any company belonging to their group and the Company or any company belonging to its group.

Assistance from an external consultant was not sought in the evaluation.

C.1.19 Indicate the cases in which the directors must resign.

Section 25 of the Board of Directors Regulation establishes the following:

"Section 25: Removal of Directors.

- 1.- The Directors, or any of them, may be removed in accordance with the law as it stands at any given time.
2. - Directors must place their offices at the disposal the board of directors and, at the board's discretion, formalise the resignation in the following cases:
 - a) In the case of a proprietary Director, when they, or the shareholder or shareholders who proposed them, required, or decided on their appointment, sell or totally or partially transfer their share with the consequence that it ceases to be significant or sufficient to justify the appointment.
 - b) In the case of an executive Director, whenever the Board sees fit, and, in any case, when they leave the executive position held in the Company and/or companies belonging to its Group.
 - c) When an independent director unexpectedly incurs in any of the circumstances that prevent them, under the law, to be regarded as such.
 - d) When they become subject to any incompatibility or prohibition provided for by law.
 - e) When they are involved in situations that have a negative impact on the operation of the Board or on the Company's creditworthiness or reputation.
 - f) In the case of CEOs, they will leave their positions at the age of 65, but may continue to serve as Directors without prejudice to paragraph b) above.

g) When they are seriously reprimanded by the Board of Directors following an Audit and Compliance Committee report due to the breach of their obligations as Director.

h) When the first General Shareholders Meeting after the Director has turned 75 is held.

3. - Exceptionally, the cases of resignation provided for in paragraphs a) and c) above will not apply when the Board of Directors considers that there are causes justifying the continued presence of the Director, following a report from the Appointment and Remuneration Committee. The above is understood without prejudice to the impact that the new unexpected circumstances might have on the classification of the director.

4.- Any directors who resign from their position or otherwise leave it (other than due to removal by decision of the General Shareholders Meeting,) before the period for which they were appointed ends will explain the reasons for their departure in a letter to all the members of the Board. The reason for their departure will be included in the annual governance report."

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

Yes

No

Describe the differences, if any.

C.1.21 State whether there are specific requisites, different from those related to directors, to be nominated Chairman of the Board.

Yes

No

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

Yes

No

	Age limit
Chairman	75
CEO	65
Director	75

C.1.23 Indicate whether the Board regulations establish a limited term of office or other additional, stricter requirements than those established by law for independent directors:

Yes

No

C.1.24 Indicate whether the Board regulations establish specific rules for the delegation of the vote in the Board in other directors, the way in which this is implemented, and, in particular, the maximum number of delegated votes which a director can cast, as well as whether any limitations have been established as to the categories in which delegation is possible, in addition to legal limitations. If so, briefly describe these rules.

Section 21.2 of the Board of Directors Regulation establishes the following: "Directors must attend meetings of the Board of Directors. When they are unable to do so in person, they must delegate their vote in another Director, giving the relevant instructions. Non-executive directors may only delegate in another non-executive director. Representation may not be delegated regarding matters in which the Director is in a conflict of interest. Representation will be granted on a special basis for each meeting of the Board, and may be notified by any of the means established to call meetings."

C.1.25 Indicate the number of meetings that the board of directors has held during the year. Indicate the number of Board meetings held during the year and how often the Board has met without the Chairman's attendance: The calculation of absences will include proxies granted without specific instructions:

Number of Board meetings	8
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Number of Board meetings without the Chairman's attendance	0
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Indicate the number of meetings held by the coordinating Director with the other directors, with no attendance or representation by any executive director:

Number of meetings	0
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Indicate how many meetings of the various Board committees were held during the year.

Number of Appointment and Remuneration Committee meetings	5
Number of meetings of the Strategy and Investments Committee	3
Number of Appointment and Remuneration Committee meetings	3

C.1.26 Indicate the number of Board meetings held during the year and the data on member attendance:

Number of meetings physically attended by at least 80% of directors	8
Number of physical attendance as a % of the total votes during the year	97.64
Number of meetings physically attended by all directors or their representatives with specific instructions	6
% of votes cast with physical attendance and representatives with specific instructions over the total votes during the year	98.82

C.1.27 Indicate whether the individual and consolidated annual accounts submitted to the Board for formulation have been previously certified:

Yes

No

Identify, if applicable, the person(s) who certified the Company's separate and consolidated financial statements for authorisation for issue by the Board:

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent qualified auditors' reports on the separate and consolidated financial statements prepared by it from being submitted at the General Meeting.

The role of the Audit and Compliance Committee is to review the Company accounts, ensure compliance with the legal requirements, and proper application of the accounting principles generally accepted, as well as report on proposals for the amendment of accounting principles and criteria suggested by the management.

It must also serve as a channel for communication between the Board of Directors and external auditors, assess the results of each audit and the management team's response to its recommendations, and measure and arbitrate in the event of discrepancy between the auditors and the management team, regarding the applicable principles and criteria in the drafting of the financial statements.

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

Yes

No

If the Secretary is not a director, complete the following table:

Name or company name of the Secretary	Representative
Mr JOSE RAMÓN BEREZIBAR MUTIOZABAL	

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

Relations with external auditors are regulated in section 44 of the Board of Directors Regulation:

"1. - Relations between the Board of Directors and the Company's external auditors will be channelled through the Audit and Compliance Committee, in the terms established in the Articles of Association and the Audit and Compliance Committee Regulation.

2.- The Board of Directors will make public in the report the fees paid by the Company to the audit firm for services other than auditing.

The Board of Directors will use its best efforts to prepare the accounts such that there is no room for qualifications by the external auditor. However, when the Board believes that it must maintain its own criterion, it will explain the content and extent of the discrepancy."

By virtue of this mandate, the Audit and Compliance Committee will be responsible for dealing with the external auditors in order to receive information on those matters that could jeopardise their independence and any others related to the process of implementation of the accounts auditing as well as those other communications provided for in accounts auditing legislation and technical standards of auditing".

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

Yes

No

In the event of any disagreement with the outgoing auditors, specify the substance thereof:

Yes

No

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

Yes

No

	Company	Group companies	Total
Amount of other non-audit work (thousands of euros)	44	0	44
Amount from work other than audit / Total amount invoiced by auditing firm (in %)	30.42	0.00	14.53

C.1.33 Indicate whether the auditors' report for the previous year included any reservations or qualifications. If so, indicate the reasons given to the General Shareholders Meeting by the chairman of the Audit Committee to explain the content and scope of the reservations or qualifications.

Yes

No

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

	Individual	Consolidated
Number of uninterrupted years	3	3

	Individual	Consolidated

No. of years audited by the current audit firm / No. of years in which the Company or its group have been audited (as a %)	9.68	9.68
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C.1.35 Indicate whether there is a procedure for the directors to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details:

Yes

No

Details of the procedure

Prior to each meeting of the Board of Directors, the directors receive a presentation providing all the information on the various points in the agenda, and, in those cases in which it is required by the matter, the proposed resolutions. The directors have the information required to prepare meetings of the Board sufficiently in advance and this enables them to make informed decisions.

C.1.36 Indicate, whether the Company has established rules obliging directors to report and, if applicable, resign, in situations which could harm the Company's good name and reputation and if so, give details:

Yes

No

Explanation of the rules

Section 25.2) of the Board Regulation establishes that directors must offer to resign, and, as applicable, resign from the Board when they are in situations that have a negative impact on the operation of the Board of Directors or the Company's creditworthiness and reputation.

C.1.37 Indicate whether any of the directors have informed the Company of any indictments or the commencement of oral proceedings against him/her for any of the offences specified in Article 213 of the Corporate Enterprises Act:

Yes

No

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

Not applicable.

C.1.39 Identify individually, in the case of directors, and globally, in other cases, and indicate in detail the agreements between the Company and its senior management or employees who benefit from compensation, guarantee or parachute clauses when they resign or are subject to unfair dismissal or if the contractual relation ends due to a public IPO or other type of transaction.

Number of beneficiaries	1
Type of beneficiary	Description of agreement
Senior management	Compensation for unfair dismissal

Indicate whether, in addition to the cases established by law, these contracts have to be disclosed to and/or approved by the bodies of the Company or of its group: If so, specify the procedures, cases established, and the nature of the bodies responsible for their approval or for reporting:

	Board of directors	General Meeting
Body authorising the clauses	√	

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

C.2. Committees of the Board of Directors

C.2.1 Specify all the committees of the Board of Directors, their members, and the ratio of executive, proprietary, independent, and other external directors that constitute them.

Audit and Compliance Committee		
Name	Position	Category
Ms TERESA ZUBIZARRETA DELCLAUX	MEMBER	Independent
ADDVALIA CAPITAL, S.A.	MEMBER	Proprietary
Mr JAN ASTRAND	MEMBER	Independent
Mr FERNANDO GUMUZIO IÑÍGUEZ DE ONZOÑO	CHAIRMAN	Independent

% of Executive Directors	0.00
% of Proprietary Directors	25.00
% of Independent Directors	75.00
% of Other External Directors	0.00

Explain the functions, including, if any, those additional to the functions required by law, attributed to this committee, and describe its procedures and organisation and operation rules. For each of these functions, specify the main actions during the year and how each of the functions attributed by law or by the Articles of Association or other corporate agreements have been implemented in practice.

The functions attributed to the Audit and Compliance Committee and its organisation and operation procedures are given in the Audit and Compliance Committee Regulation, which is publicly available on the Company

website. Specifically, regarding the functions attributed to it, the Audit and Compliance Committee has been assigned all the functions established in section 529.14 of the Capital Enterprises Act, both because it is so established in the corporate regulations and because section 529.14 is mandatory (and therefore applies and prevails over the corporate regulations, whatever their contents). Section 35.3 of the Articles of Association states that "The Board of Directors will approve the Audit and Compliance Committee Regulation and the Appointment and Remuneration Committee Regulation, establishing, pursuant to the legislation in force, their composition and functions and establishing the procedures required to perform them."

Regarding the basic functions attributed to it, the Committee's main functions in the year ended on 31 December 2019 were:

a) Analysis of the "Periodic Public Information" before sending it to the Spanish National Stock Exchange Commission and the companies governing the relevant stock exchanges. After the analysis conducted, in all cases, the Audit and Compliance Committee approved the mandatory report on that Periodic Public Information, which in all cases was submitted to the Board of Directors together with that information to be approved by and sent to the Stock Exchange Markets.

b) Analysis of the annual statements (balance statement, profit and loss account, cash flow statement, statement of changes in equity and report) and the management report for the Company and its group for the year ended on 31 December 2019, as well as the proposed distribution of earnings. After the analysis conducted, the Audit and Compliance Committee approved the mandatory report on the annual statements (balance statement, profit and loss account, and report) and the management report, which was submitted to the Board of Directors before being filed.

c) Monitoring of the external audit procedures. Meetings were held with the external auditors and their subsidiaries in order to approach the planning and analyse the procedures and results (both preliminary and final) of the external audit for the year ended on 31 December 2018, as well as the planning and analysis of the procedure and the preliminary results of the external audit for the year ended on 31 December 2019. The Audit and Compliance Committee has reviewed the recommendations made by the external auditors regarding the accounting problems and situation of the financial information drafting and management systems and procedures for each of the group companies.

d) Analysis of the internal audit procedures and in particular the procedures regarding the Financial Reporting Internal Control System (FRICS). The Audit and Compliance Committee has met repeatedly to analyse the operation of the Company's internal audit department and evaluate its activities, considering the external auditors' opinion regarding the contents of the section of this IAGC report on matters pertaining to the Financial Reporting Internal Control System (FRICS), to the extent that that information is voluntarily subjected to the external auditor's consideration.

e) Analysis and definition of the Vidrala group's risk map, analysing the main risks and the measures implemented to prevent or mitigate the appearance of those risks.

f) Definition and monitoring of the internal audit function and design of the audit plan for 2020 and later years.

g) Analysis of the accounting implications of the sale of MD Verre, S.A.

Identify the directors who are members of the audit committee who have been appointed considering their knowledge of and experience in accounting, auditing, or both, and specify the date of appointment of the Chairman of this committee.

Names of the directors with experience	Ms TERESA ZUBIZARRETA DELCLAUX / Mr FERNANDO GUMUZIO IÑIGUEZ DE ONZOÑO
Date of appointment of the Chairman	28/05/2019

Strategy and Investments Strategy		
Name	Position	Category
Ms M. ^a VIRGINIA URIGÜEN VILLALBA	MEMBER	Other External
Mr CARLOS DELCLAUX ZULUETA	CHAIRMAN	Proprietary
Mr EDUARDO ZAVALA ORTIZ DE LA TORRE	MEMBER	Other External
Mr RAMÓN DELCLAUX DE LA SOTA	MEMBER	Proprietary

% of Executive Directors	0.00
% of Proprietary Directors	50.00
% of Independent Directors	0.00

% of Other External Directors	50.00
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Explain the functions attributed to this committee, and describe its procedures and organisation and operation rules. For each of these functions, specify the main actions during the year and how each of the functions attributed by law or by the Articles of Association or other corporate agreements have been implemented in practice.

The Strategy and Investments Committee will be constituted by a minimum of three directors and in all cases will be chaired by the Chairman of the Board of Directors, who must be a member of it.

The purpose of the Strategy and Investments Committee is to propose the Company strategies to the Board of Directors, monitoring them, evaluating on an ongoing basis the competitive situation and expressly supporting the work of the Board of Directors in the development and search for competitive opportunities, which task it has performed in 2019.

Appointment and Remuneration Committee		
Name	Position	Category
Mr CARLOS DELCLAUX ZULUETA	MEMBER	Proprietary
Ms TERESA ZUBIZARRETA DELCLAUX	MEMBER	Independent
Mr LUIS DELCLAUX MULLER	MEMBER	Other External
Mr JAN ASTRAND	CHAIRMAN	Independent

% of Executive Directors	0.00
% of Proprietary Directors	25.00
% of Independent Directors	50.00
% of Other External Directors	25.00

Explain the functions, including, if any, those additional to the functions required by law, attributed to this committee, and describe its procedures and organisation and operation rules. For each of these functions, specify the main actions during the year and how each of the functions attributed by law or by the Articles of Association or other corporate agreements have been implemented in practice.

The functions attributed to the Audit and Compliance Committee and its organisation and operation procedures are given in the Audit and Compliance Committee Regulation, which is publicly available on the Company website. Specifically, regarding the functions attributed to it, the Appointment and Remuneration Committee has been assigned all the functions established in section 529.15 of the Capital Enterprises Act, both because it is so established in the corporate regulations and because section 529.15 is mandatory (and therefore applies and prevails over the corporate regulations, whatever their contents). Section 35.3 of the Articles of Association states that "The Board of Directors will approve the Audit and Compliance Committee Regulation and the Appointment and Remuneration Committee Regulation, establishing, pursuant to the legislation in force, their composition and functions and establishing the procedures required to perform them."

Regarding the basic functions attributed to it, the Committee's main functions in the year ended on 31 December 2019 were:

- Proposing to the Board the amount of the directors' remuneration and their policies and the remuneration of the Company's senior management.
- Assessing the performance of the Board during the year and in particular the effects of that performance on the directors' variable remuneration.
- Reporting favourable on the annual governance report and the annual report on the directors' remuneration.
- Searching for a candidate to the independent director position and proposing their appointment to the Vidrala General Shareholders Meeting.

C.2.2 Complete this table with the information pertaining to the number of women directors in the Board committees at the close of the last four years:

	Number of women directors:							
	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
Audit and Compliance Committee	1	25.00	1	33.33	1	33.33	2	40.00
Strategy and Investments Committee	1	25.00	1	25.00	1	25.00	0	0.00
Appointment and Remuneration Committee	1	25.00	1	25.00	1	25.00	0	0.00

C.2.3 Indicate, as appropriate, whether there are any regulations for the Board committees; if so, indicate where they can be consulted and whether any amendments have been made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily.

Both the Audit and Compliance Committee and the Appointment and Remuneration Committee have their own regulations, which are available on the Company website (<http://www.vidrala.com/es/inversores/gobierno/comisiones/>). The Strategy and Investments Committee is governed by the provisions in the Board Regulations, which are also available on that website. These regulations have not been amended this year. Both the Audit and Compliance Committee and the Appointment and Remuneration Committee have issued the corresponding report on their activities.

D. RELATED OPERATIONS AND INTRAGROUP OPERATIONS

D.1. Specify any procedure and bodies with jurisdiction to approve operations with related parties and intragroup operations.

The Board of Directors, at the relevant committee's proposal depending on the operation, resolves to approve the related operation in question.

D.2. Specify those significant operations due to their amount or subject between the Company or group entities and the significant Company shareholders:

Name or corporate name of the significant shareholder	Name or corporate name of the Company or its Group Entity	Nature of relationship	Description of the operation	Amount (thousands of euros)
No data				N.A.

D.3. Specify those significant operations due to their amount or subject between the Company or group entities and the Company directors or senior management:

Name or corporate name of the Administrators or Executives	Name or company name of the related party	Relationship	Nature of the transaction	Amount (thousands of euros)
No data				N.A.

D.4. List any material transactions by the Company with other companies of the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and from the standpoint of their subject-matter or terms and conditions are not part of the Company's ordinary business:

In all cases report on any intragroup transaction conducted with entities established in countries or territories regarded as fiscal havens:

Corporate name of its group entity	Brief description of the transaction	Amount (thousands of euros)
No data		N.A.

D.5. Specify the significant transactions between the Company or group entities and other related parties which have not been reported in the previous sections:

Corporate name of the related party	Brief description of the transaction	Amount (thousands of euros)

No data		N.A.
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D.6. List the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the Company and/or its group and its directors, executives or significant shareholders.

Section 33 of the Board of Directors Regulation establishes the following:

“Section 33. - Conflict of interest.

1. - Directors must implement the measures to avoid conflicts of interest under the law.
2. - A conflict of interest will be considered to exist in those situations in which the interest of the Company and the Director's personal interest come into direct or indirect conflict. The Director will have a personal interest when the matter affects them or a Related Person.

For purposes of this Regulation, the following will be regarded as Related Persons with respect to the Director:

- 1.- The Director's spouse or persons with an analogous personal relationship.
2. - The Director's or the Director's spouse's ascendants, descendants, and siblings.
- 3.- The spouses of the Director's ascendants, descendants, and siblings.
- 4.- Companies where the subject person, directly or through an intermediary, is in one of the situations described in section 42 of the Spanish Code of Commerce

The following will be regarded as Related Persons with respect to Directors that are legal persons:

1. - Any shareholders who are in any of the control situations established in the applicable legislation with respect to a Director that is a legal person.
2. - The administrators de facto or de iure, the liquidators, and the representatives with general powers of the Director that is a legal person.
3. - The companies that are part of the same group, as defined in section 42 of the Code of Commerce and their shareholders.
4. - Any persons that are regarded as Related Persons with respect to the Director that is a legal person, as established in this section.

3. - The following rules will apply to conflicts of interest:

- a) Reporting: the Director will report any conflict of interest in which they are involved to the Board of Directors and the Audit and Compliance Committee, through the Chairman or the Secretary.
- b) Abstention: the Director must refrain from attending and taking part in the deliberation and vote in any matters in which they are in conflict of interest. In the case of Proprietary Directors, they must refrain from taking part in votes regarding matters that might pose a conflict of interest for the shareholders who proposed their appointment and the Company.
- c) Transparency: the Company will report, when applicable under the law, any conflict of interest incurred by the Directors during the financial year of which it becomes aware as reported by the affected party or by any other means.

4. - The Secretary to the Board of Directors will keep a record of the conflicts of interest reported by Directors, which will kept up to date at all times. The information given in this record will be sufficiently detailed so as to understand the scope of each of the conflicts of interest and will be made available to the Audit and Compliance Committee.”

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

Yes

No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Describe the scope of the Company's Risk Control and Management System, including fiscal risks:

Risk management in the Company business entails the performance of procedures supervised by the management bodies, implemented by management and enforced every day in the organisation's operation.

E.2. Identify the Company bodies responsible for designing and implementing the Risk Control and Management System, including the fiscal system:

The Company's management designs the Risk Management System, which is monitored on an ongoing basis by the Audit and Compliance Committee. The Board of Directors also reviews the Risk Management System on a regular basis and examines those risks that might be most significant, establishing, on the basis of that analysis, specific policies or actions for the monitoring and mitigation of any potential adverse effects.

E.3. State the main risks, including fiscal risks and to the extent that those derived from corruption are significant (the latter understood as defined in Royal Decree 18/2017) that might affect the achievement of the business targets:

The Company identifies three main risk areas:

1. Operational risk

The Vidrala group performs, through nine production centres, industrial manufacturing and marketing based on a continuous process that is subject to inherent risks associated with the nature of the business and its daily operation.

In 2019, specific evaluation and monitoring of those business risks defined as operational. Its goal is to identify the potential risks, in a process of constant review, finding their potential impact and likelihood, and mainly to associate each operative area and each business process with control and monitoring systems suited to the final goal of minimising their potential negative effects

The more specific operational risks include: a) environmental risk, b) occupational hazard risk, and (c) supply chain risk.

2. Fiscal risks

The objective of the fiscal strategy of Vidrala is to ensure compliance with the applicable tax regulations in all fiscal areas in which it operates in keeping with the activity carried out in each area. This principle of compliance with fiscal standards is implemented in keeping with the goal of the business, which is to create value for shareholders on a sustained basis, avoiding fiscal risks and seeking fiscal efficiencies in the implementation of business decisions.

Fiscal risks are defined as those potentially derived from the application of those standards, their interpretation of the group's corporate structure or the adaptation to any fiscal modifications.

For their control, Vidrala has an integral risk management system including the relevant fiscal risks and the mechanisms to control them. The Board of Directors' duties also include supervision of the fiscal strategy.

In order to include these control principles in corporate fiscal planning, Vidrala's practices include: a) prevention, making fiscal decisions on the basis of a reasonable and informed interpretation of regulations, b) collaboration with tax authorities in the search for solutions regarding fiscal practices, and c) reporting to the Board of Directors through the Audit and Compliance Committee.

3. Financial Risks

The global volatility in financial markets and the growing size of Vidrala expose the business to potentially destabilising exogenous elements that are referred to as financial risks and that require the implementation of specific control mechanisms.

Financial risk management tasks at Vidrala are based on identification, analysis, and monitoring of market fluctuations in those factors that might have an effect on the business results. Their purpose is to define systematic measurement, control, and monitoring processes that are implemented as measures to minimise the potential adverse effects and structurally reduce result volatility. To cover certain risks, Vidrala employs or may employ financial derivatives whose volume and characteristics are specified in annual report.

More specifically, financial risks include: a) exchange rate risk, b) interest rate risk, c) credit risk, d) liquidity risk, e) debt and solvency risk, f) price risk in energy purchases, and g) other risks (United Kingdom's leaving the European Union).

E.4. Identify whether the entity has risk tolerance levels, including fiscal risk:

The Company, in its direct management of the various business and financial risks, has taken measures to ensure that, should these risks materialise, their impact is significantly mitigated.

The Vidrala Group defines in its risk management system any potential impacts that the materialisation of risks may have, considering financial, operating or operational, reputational, and compliance criteria. The parameters inferred from this matrix are assessed at all times and adapted to the progress of the Vidrala Group. For any critical risks, there are analyses and reviews at a specific monitoring and decision-making level, with ad hoc procedures, that make it possible to promote their control and mitigation specifically. These monitoring procedures include quantitative measurements of the main risks in the form of economic sensitivity analyses. For non-critical risks, financial department, in

its periodic evaluation, and the Audit and Compliance Committee in its review, identify potential significant changes in valuation or special weaknesses that might require greater attention or a special consideration procedure regarding risk assessment,

so that monitoring can be maximised. The economic sensitivity analysis for this progress is also one of the parameters to consider in the analysis.

E.5. Specify which risks, including fiscal risks, materialised during the year:

No risk has significantly materialised, without prejudice to the plans described in the following section.

E.6. Explain the response and supervision plans for the entity's main risks, including fiscal risks, as well as the procedures followed by the Company to ensure that the Board of Directors responds to the main challenges posed:

Operational risk 1) Environmental risks. All the Group's production facilities are currently certified under the ISO 14001:2015 standards and the implementation and certification of new environmental standards such as ISO 14064:2018, associated with the voluntary declaration of CO2 emissions, have started. 2) Occupational safety risk. Vidrala implements preventive, specific and systematic plans both for ongoing training and for staff awareness-raising. This commitment is consolidated through the gradual implementation of management and occupational health systems based on the OHSAS 18001:2007 standard, which are certified by independent entities, certifying the existence of an internationally recognised management framework. 3) Supply chain risk. Additional guarantee options in all the relevant areas (supply, customer service, and stock) are implemented.

Fiscal risks In order to include control of potential risks regarding the corporate fiscal planning, Vidrala implements the following practices. 1) Prevention, providing a reasonable and informed interpretation of regulations, assessing on a previous basis the investments or transactions that have a fiscal particularity and avoiding the use of risk structures. 2) Collaboration with tax authorities, providing the tax information and documents, promoting agreements and encouraging ongoing dialogue to reduce fiscal risks and prevent conducts that can generate them. 3) Reporting to the Board, through the Audit and Compliance Committee, providing information on the fiscal policies and criteria applied and reporting on the fiscal consequences when they constitute a relevant factor.

Financial Risks 1) Exchange rate risk: To control the exchange rate risk, Vidrala uses derivatives, mainly forward contracts and currency sale options. 2) Interest rate risk. Vidrala covers the interest rate risk in cash flows through financial swaps and caps on interest rates. 3) Credit risk The procedure is implemented by designing and maintaining an internal credit scoring system for each debtor, and credit hedging through external insurance companies. 4) Liquidity risk Vidrala manages this risk through the adjustment of maturities to the maturity of the assets to be financed, the diversification of the sources of financing employed, and the maintenance of financial availability immediately usable at all times. 5) Debt and solvency. The consolidated net financial debt amounts to 334.9 million euros, 76.2 million euros less than at close of the previous year. As a result, the debt ratio is 1.2 times the EBITDA operating income for the last twelve months, showing the financial capacity of the business and the stability of Vidrala's equity position. The core of the financing structure is a long-term syndicated financing contract entered by a selected group of nine financing entities, for 260 million euros at year-end. Its maturity date is 13 September 2024, and may be gradually repaid from 13 September 2023. The total average duration of the group financing at end of 2019 is about four years. 6) Price risk in energy purchases. The group uses specific control processes to mitigate the potential unexpected effects on the operating margins that would be incurred in the case of inflationist market trends. These measures materialise in the implementation of adapted rate formulas, in the ongoing monitoring of the market variables that determine them through dedicated management and control departments, and in risk monitoring through price hedging strategies, including fixed-price rate contracting and the use of financial derivatives to hedge them. As a result of the existence of those contracts, valid until 2023, the Group estimates that it has hedged approximately 21% of its expected exposure to variations in energy markets during the period mentioned. 7) Other risks: the United Kingdom's exit from the European Union. The structural fundamentals of the demand for glass packaging in the United Kingdom remain stable, supported by the degree of sociodemographic development in the region, ongoing progress towards consumption preferences towards quality products and the natural limited variability of demand for food and drinks. Encirc optimises these fundamentals of the market thanks to a business positioning based on relationships with leading global customers, the stability of their market share, the competitiveness of its modern industrial facilities and the added value contributed to the supply by packaging services, whose incomparable competitive advantages for owners interested in wholesale export for the growing British demand have been reinforced.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS REGARDING THE FINANCIAL REPORTING PROCESS

Describe the mechanisms that constitute the risk control and management systems with respect to the Company's financial reporting.

F.1. Company's control environment

State, specifying their main characteristics, at least:

F.1.1 The bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective ICFRS, (ii) its implementation, and (iii) its supervision.

In accordance with the Board of Directors Regulation, the Board is responsible for filing the Annual Statements, the Management Report, and the Proposed Distribution of Earnings, as well as the consolidated Annual Statements and Management Report and the Financial Information that the Company must make public on a regular basis as a listed company.

Therefore, the Board of Directors is ultimately responsible for the existence and maintenance of an adequate and effective internal financial reporting control system (ICFRS).

It is overseen by the Audit and Compliance Committee.

The executive and control officers are responsible for the design and implementation of the ICFRS.

The ICFRS is overseen by the Audit and Compliance Committee. To perform this duty, the Committee is assisted by the financial department.

The Audit and Compliance Committee Regulation establishes as its field of competence the supervision of the effectiveness of the internal control of the Company and its Group, as well as of its risk management systems, including fiscal risks, as well as the analysis, together with the auditors, of the significant weaknesses in the internal control system detected in the performance of the audit and the overseeing of the preparation and presentation of the mandatory financial information.

Regarding the internal risk control and management systems, the Audit and Compliance Committee is responsible for oversight under the terms of the governance recommendations.

As regards the competences of the process of preparation of the financial-economic information, the Audit and Compliance Committee previously reports to the Board of Directors on the financial information to be made public by the Company, as a listed company, on a regular basis, ensuring that the interim financial statements are filed under the same accounting criteria as the annual statements, and to this end considering the relevance of a limited review by the auditor.

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

Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) implementing procedures so this structure is communicated effectively throughout the Company:

The Board Regulation establishes that the latter is responsible for establishing, within the legal limits, the Group policies and strategies and the basic guidelines for its management, as well as decide on matters of strategic relevance for the Group.

In addition, the Board of Directors is responsible for proposing to the General Shareholders Meeting the approval of the Director remuneration policy under the terms established by law, and make the decisions relative to remuneration within the statutory framework and the provisions in that policy, as well as for appointing the Directors to perform executive functions and remove them, establishing their remuneration for their executive functions and the other contract terms and conditions, complying with the Director remuneration policy approved by the General Shareholders Meeting. It will also be responsible for the appointment and removal of the Company's senior management, as well as for establishing remuneration and compensation in the event of removal and in any case following a report from the Appointment and Remuneration Committee.

The Company's Board of Directors, supported by the Appointment and Remuneration Committee and the Senior Management, defines the first-level organisational structure. The first-level officials at these organisations, together with Human Resources Management, deploy it in their respective areas.

The financial department is the main party responsible for preparing the financial information.

Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether specific reference is made to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The Company has a corporate code of conduct and an online code of conduct, published on the intranet, available to all the individuals working at the Vidrala Group and that are mandatory.

This code of conduct is based on the following points:

- Basic principles of conduct
- Commitments of the individuals working in the Group and external partners
- Responsibilities of the individuals working in the Group and external partners
- Commitments to the customers and to the market
- Commitments to the shareholders
- Commitments to the Community.
- Compliance

- Whistle-blowing channel, for reporting to the Audit and Control Committee any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.

The Company has created a formal whistle-blowing channel that started to operate in 2013. This whistle-blowing channel, which is confidential and available to all the Group employees, makes it possible to report irregular financial, accounting, or other conducts, as well as any breach of the Code of Conduct. These are also suggestions boxes where Group employees can make their views known, as well as a workplace and gender harassment protocol.

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

The officials in charge in each department establish the training needs for their respective department. These needs are conveyed to the Human Resources Department, which manages them, through either internal or external resources. Regarding the staff involved in the preparation and review of the financial information, as well as in the evaluation of the ICFRS, the officials in charge of these departments maintain ongoing and smooth communication with their external auditors and other accounting experts, who duly report on new developments in accounting, risk management, and internal control of financial reporting, and provide material and assistance for updates.

If necessary, due to their importance or extent, specific training processes for these matters are designed.

F.2. Assessment of financial reporting risks.

Report, at least, on the following:

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

- The process exists and is documented.

The Board of Directors is directly responsible for identifying the Company's main risks and implementing and monitoring the adequate internal control and reporting systems.

The identification of error risks is one of the main steps in the methodology to develop internal control of financial information. Its goals and implementation, as well as its results, are documented.

The methodology is based on the analysis of the financial information from the various companies and corporate areas, to select the main accounting items and report notes, in accordance with quantitative criteria (materiality) and qualitative criteria (business risk and visibility to third parties). The sections and notes selected are grouped into main processes in which the information selected is generated. Processes are analysed and each of them is described, as a way to identify the potential risks of error in the financial information regarding such attributes as integrity, presentation, valuation, cut-off, registration, and validity. The risks identified are subject to a prioritisation process, selecting the main ones by applying professional judgement to a number of indicators (existence of documented processes and controls, existence of process-automation processes, whether there have been any incidents in the past, whether the process is known and mature, and whether judgements must be made to make estimates). Specific policies have been developed to detect and prevent potential fraud risks. Fraud risks are identified, implicitly, to the extent that they can generate material errors in the financial information.

Once the main risks have been selected, the controls required to mitigate or manage them should be selected and designed. These controls can be monitored and documented, as well as reviewed on a regular basis.

The selected risks are reviewed at least on a yearly basis as part of the evaluation of the effectiveness of the internal control carried out by the parties responsible.

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

As previously mentioned, the cycles or main processes in which the financial information is generated are analysed on a yearly basis to identify potential risks of error, regarding such attributes as validity (existence and authorisation), integrity, valuation, presentation, cut-off, and registration.

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

The Board of Directors Regulation establishes as its main responsibility the definition of the Vidrala Group's structure, approving the creation or acquisition of equity investments in special-purpose vehicles or entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, could diminish the Group's transparency.

The financial department receives the minutes of the subsidiaries' Boards, verifying any potential corporate change. In addition, a weekly meeting is held in the financial department for global monitoring. On 1 December 2019, the sale of the glass packaging business located in Belgium was formalised through the companies MD Verre, S.A. and Omega Immobilière et Financière, S.A.

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

The identification of risks of error in the financial information considers the effects of other types of risks (operating, technological, legal, reputational, environmental, etc.) to the extent that they affect the financial statements. However, these other types are not expressly identified in order to identify risks of financial information.

- Which of the Company's governing bodies monitors the process.

The governing body that monitors the process is the Audit and Compliance Committee.

The Audit and Compliance Committee is in charge of periodically reviewing internal control and risk management systems in order for the main risks to be identified, managed, and made adequately known.

F.3. Control activities.

Report, stating their main characteristics, whether at least the following are available:

F.3.1 Procedures for the review and authorisation of the financial information and the description of the ICFRS to be published in the securities markets, specifying the parties responsible, as well as the documents describing the activity flows and controls (including those pertaining to fraud risk) for

the various types of transaction that might materially affect the financial statements, including the accounting close procedure and the specific review of the relevant judgements, estimates, valuations, and forecasts.

The documents for the internal control system of financial information, the parties responsible for it, and the high-level description of the generation cycles for the relevant financial information selected, as well as detailed descriptions of the error risks prioritised and the controls designed for mitigation or management. The description of the controls includes the evidence to be obtained in execution required for review.

The specific review of the critical accounting judgements, estimates, valuations, and relevant forecasts is subject to specific controls within the model, as this type of question implies the identification of error risks in the various cycles in which they are carried out. The evidence of the specific controls is often the support for those reviews.

In addition, the Audit and Compliance Committee conducts every six months a global review of the financial information, ensuring that the half-yearly financial reports are prepared following the same accounting criteria as the annual financial reports, verifying the suitable delimitation of the consolidation perimeter, as well as proper application of the accounting principles usually accepted and the international financial reporting standards.

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

The controls considered to mitigate or manage risks of error in the financial information include some related to the main IT applications, such as the controls regarding user access authorisation and those pertaining to the integrity of the transfer of information between applications.

In addition, external auditors, as part of the financial audit, conduct an information technology review on a yearly basis. Any weaknesses detected, as well as the recommendations proposed, are analysed and, if applicable, monitored and implemented by the Information Systems Department.

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

The Vidrala Group reviews on a regular basis which activities performed by third parties are relevant to the financial reporting process or might indirectly affect its reliability. As significant activity outsourced by the Vidrala Group is the maintenance of its main IT application for enterprise resource planning (ERP), for which service agreements have been entered with external suppliers that guarantee coverage in the event of incidents.

The degree of compliance with service agreement is monitored on a regular basis, as are incidents.

Evaluations, calculations, and valuations entrusted to third parties that might materially affect the financial statements are subject to an internal review process to verify the correctness of the main hypotheses and premises used and reviewed and verified by the external auditors. Only internationally renowned auditors are used, ensuring that they are not affected by any factor that might impair their independence.

F.4. Information and communication.

Report, stating their main characteristics, whether at least the following are available:

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

The Compliance Department is in charge of identifying, defining, and notifying the accounting policies that affect the Vidrala Group as well as of answering the accounting queries that might be made by the subsidiaries and by the various business units.

In addition, the financial department is in charge of reporting to the Vidrala Group senior management on the new accounting regulations, the results of its implementation, and their impact on the Vidrala Group's financial statements.

The Financial Department is responsible for editing the Group's accounting practices manual and adequately disseminate it.

The accounting manual is updated on a yearly basis, including any new accounting developments or changes during the year.

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

The Vidrala Group's financial information is prepared through the aggregation of individual financial statements for later consolidation following the applicable accounting and consolidation standards until the consolidated financial information is obtained.

The capture and preparation of the information supporting the Company's financial statements is mainly based on the use of a consolidation tool, which can be accessed from any geographical location.

A large part of the information supporting the breakdowns and report notes is included in the consolidation tool. The rest is captured by means of standard-format spreadsheets, known as reporting packages, prepared for half-yearly and yearly closure.

F.5. Supervision of the operation of the system.

Report on at least the following, stating the main characteristics:

F.5.1 The ICFRS monitoring activities conducted by the audit committee, as well as whether the Company has an internal audit function whose competences include providing support to the committee in the monitoring of the internal control system, including the ICFRS. Also

report on the scope of the ICFRS evaluation conducted during the year and the procedure by which the party in charge of the evaluation reports its outcome, whether the Company has an

action plan that specifies any potential corrective measures, and whether its impact on financial reporting has been considered.

The monitoring of the ICFRS conducted by the Audit and Compliance Committee mainly includes: (i) the review of the design and operation of the internal control system, to assess its effectiveness, and (ii) the regular meetings with external auditors, financial department, and senior management to review, analyse, and discuss the financial reporting, the perimeter of the companies encompassed, and the accounting criteria applied, as well as any significant internal control weaknesses detected, (iii) and this year, meetings to select the new main auditor for the group.

There is a department that functionally reports to financial department and regularly reports to the Audit and Compliance Committee. Its role is to facilitate the analysis, evaluation, and monitoring of the internal control of financial reporting systems implemented, identifying deficiencies and implementing improvement and risk management plans that are relevant to the Company and its Group.

F.5.2 Whether there exists a discussion procedure whereby the auditor (pursuant to TAS), the Internal Audit Department and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or

other assignments, to the Company's senior management and its Audit Committee or Board of Directors. They will also report whether there is an action plan in place to correct or mitigate weaknesses observed.

In general, the procedure for the discussion of significant internal control weaknesses identified is based on regular meetings of the various agents.

Therefore, the Audit and Compliance Committee holds at least two yearly meetings upon the close of the semester and year-end with the external auditors and with the financial management in charge of financial reporting, to discuss any relevant aspect of the preparation process and the resulting financial reporting.

In 2019, five meetings of this type were held.

One of the roles of the Audit and Compliance Committee is to analyse, together with the external auditors, the significant internal control system weaknesses detected in the audit.

To this end, the auditor appears before the Committee to submit the recommendations connected to any potential internal control weaknesses identified during the annual statement review process. Any weaknesses disclosed by the auditor are permanently monitored by the Committee.

The financial department in charge of preparing the consolidated accounts also holds meetings with the external auditors, both at the half-yearly close and at year-end, to discuss significant matters connected to the financial information.

F.6. Other relevant information

On a yearly basis, a process coordinated by the financial department consisting in reviewing the design and operation of the internal control system is carried out to assess its effectiveness.

To this end, it is considered whether changes in the risks identified and prioritised should be included due to the Company's changing circumstances (changes in the organisation, systems, processes, products, regulation, etc.) It is also considered whether the design of the controls to mitigate or manage any risks that could have changes is adequate, as well as whether the operation of the controls was correct in accordance with its design.

Independently of the previous paragraphs, the Compliance Department conducts reviews of the design and operation of the internal control system, identifying deficiencies, giving recommendations for improvement, and reporting on a regular basis on its monitoring and implementation to the financial department and the Audit and Compliance Committee.

F.7. External auditor's report.

Report on:

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

This information pertaining to the ICFRS was subject to review by the external auditor.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the Recommendations of the Listed Company Governance Code.

Should any recommendation not be followed or be partially followed, include a detailed explanation of the reasons, so that the shareholders, investors, and the market in general have sufficient information to assess the conduct of the Company. General explanations will not be acceptable.

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

Compliance Explain

2. When a parent and a subsidiary are listed companies, both should provide detailed disclosure on:

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

Compliance Partial compliance Explain Not applicable

3. During the ordinary General Shareholders Meeting, as a supplement to the written dissemination of the annual governance report, the Chairman of the Board of Directors verbally reports to the shareholders, in sufficient detail, on the main aspects of the Company's governance and in particular:

- a) about the changes that have taken place since the previous Ordinary General Shareholders Meeting; and
- b) about the specific reasons why the Company does not follow any one of the recommendations in the Governance Code and, if any, the alternative applicable rules in the matter.

Compliance Partial compliance Explain

During the ordinary General Shareholders Meeting, the Chairman of the Board of Directors reports verbally on the main aspects of governance, referring often to the existence and contents of the Annual Governance Report. Specifically, they refer to the contents of the report as regards the matters mentioned in sections (a) and (b) of the recommendation, mentioning that it has been made publicly available on the Company website and on the Spanish National Stock Exchange Commission website. Therefore,

the general part of the recommendation (reporting) is fulfilled, but not the specific part (the level of detail of the reporting), as the reporting on the matters mentioned in sections (a) and (b) of the recommendation is not detailed (although it is by reference).

The reason for this is that this level of detail is not demanded by the shareholders. In view of the size and capitalisation of the Company, the composition of its share capital and the usual flow of General Shareholders Meetings, the Company understands that reporting in detail (rather than by reference) on the matters referred to in sections (a) and (b) of the recommendation would not be a measure that would add value to the Company's governance.

4. The Company defines and promotes a communications policy and contact with shareholders, institutional investors, and voting advisors that fully complies with the regulations against market abuse and gives similar treatment to shareholders in the same position.

The Company makes this policy public through its website, including information on the way in which it has been implemented and identifying the liaisons or officers in charge of its implementation.

Compliance Partial compliance Explain

5. The Board of Directors will not raise proposals before the General Shareholder's Meeting concerning the delegation of authority to issue shares or convertible securities with exclusion of the right of pre-emption, for an amount exceeding twenty per cent (20%) of the share capital at the time of delegation.

When the Board of Directors approves any issuance of shares or convertible securities with exclusion of the right of pre-emption, the Company will immediately publish reports on such exclusions specified in commercial legislation on the corporate website.

Compliance Partial compliance 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 the auditor's independence.
- b) Reports on the operation of the Audit Committee and the appointments and remuneration committee.
- c) Audit Committee report on related transactions.
- d) Corporate social responsibility policy report.

Compliance Partial compliance Explain

The Company has published the report on the auditor's independence and the reports on the operation of the Audit Committee and the appointments and remuneration committee on its website. Inasmuch as there are not related transactions reported, the Audit Committee report on related transactions has not been published.

7. That Company broadcasts General Shareholders Meetings live through its website.

Compliance Explain

The Company does not comply with this recommendation because it believes that live broadcasting is not demanded by shareholders. In view of the size and capitalisation of the Company, the composition of its share capital and the usual flow of General Shareholders Meetings, the Company understands that live broadcasting would not be well received or widely followed, would generate more costs than benefits, and therefore would not be a measure that would contribute to effectively improving the Company's governance.

8. The Audit Committee ensures that the Board of Directors presents the financial statements to the General Meeting without reservations or qualifications for any matters in the auditors' report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to the shareholders of the related matters and scope limitations.

Compliance Partial compliance Explain

9. The Company makes public on its website, on a permanent basis, the requirements and procedures accepted to prove share ownership, the right to attend the General Shareholders Meeting, and the exercise or delegation of voting rights.

These requirements and procedures encourage shareholders' attendance and exercise of their rights and are applied in a non-discriminatory manner.

Compliance Partial compliance Explain

10. When an authorised shareholder has exercised, prior to the General Shareholders Meeting, the right to complete the agenda or make new proposals for resolutions, the Company:

- a) immediately disseminates those additional points and new proposals for resolutions;
- b) make public the attendance card template or form for the delegation of the vote or remote vote with the changes required to delegate the vote or vote on the new points in the agenda and alternative proposals for resolutions in the same terms as those proposed by the Board of Directors;
- c) put all those points or alternative options to the vote and apply the same voting rules as for those made by the Board of Directors, including in particular assumptions or deductions regarding the votes cast.
- d) after the General Shareholders Meeting, give the vote breakdown on the supplementary points or alternative proposals.

Compliance Partial compliance Explain Not applicable

11. If the Company intends to make payments for attendance at the General Shareholders Meeting, previously establish a general policy regarding those policies and that policy is stable.

Compliance Partial compliance Explain Not applicable

12. The Board of Directors performs its duties with a single purpose and an independent view, gives the same treatment to all shareholders in the same position, and is ruled by the corporate interest, understood as the achievement of a business that is profitable and sustainable in the long term, seeking its continuity and the maximisation of the Company's financial value.

In seeking the corporate interest, in addition to compliance with the laws and regulations and a conduct based on good faith, ethics, and respect for good practice, it tries to reconcile the corporate interest with, as the case may be, the legitimate interest of its employees, suppliers, customers, and other stakeholders involved, as well as the impact of the Company's activities on the community as a whole and on the environment.

Compliance Partial compliance Explain

13. The Board of Directors has the size required to operate in an effective and participatory manner, which makes it advisable that it have between five and fifteen members.

Compliance Explain

14. The Board of Directors approves a director selection policy that:

- a) Is specific and verifiable.
- b) Ensures that the proposed appointments or reelections are based on a previous analysis of the needs of the Board of Directors.
- c) Fosters a diversity of knowledge, experience, and gender.

The outcome of the previous analysis of the needs of the Board of Directors is given in the Appointment Committee supporting report published when calling the General Shareholders Meeting to which the ratification, appointment, or reelection of each director is subject.

The director selection policy facilitates the goal of at least 30% of the directors being women by 2020.

The Appointment Committee verifies on a yearly basis compliance with the director selection policy and reports on this in the annual governance report.

Compliance Partial compliance Explain

The Company does not have a director selection policy because the Appointment and Remuneration Committee has ensured de facto that any proposed appointments or reelections be based on a previous analysis of the needs of the Board of Directors

and that a diversity of knowledge, experience, and gender be fostered. From a practical point of view, director rotation has not required a director selection policy to date. In any case, the Appointment and Remuneration Committee has played a key role in the identification of the candidate proposed as an independent director, whose appointment has been approved by the General Shareholders Meeting, following a director selection policy that complies with points a), b), and c) above.

15. External, proprietary and independent directors should occupy an ample majority of Board places, while the number of executive directors should be the minimum practical, bearing in mind the complexity of the corporate group and the shareholdings held by the executive directors.

Compliance Partial compliance Explain

16. The percentage of proprietary directors over the total number of non-executive directors is not higher than the ratio between the Company capital represented by those directors and the rest of the capital.

This condition may be adjusted:

- a) In companies with a high level of capitalisation in which there are few shares that are considered as significant.
- b) In companies with multiple shareholders represented on the Board but not otherwise related.

Compliance Explain

In line with section (b) of the recommendation, the Company has various significant shareholders represented in the Board, not related to each other. The Company will consider this recommendation in the search to establish a more complete governance system.

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

However, when the Company does not have a high level of capitalisation or when, despite having it, it has one or several shareholders who control more than 30% of the share capital working together, the number of independent directors represents at least one third of the total number of directors.

Compliance Explain

As the Company does not a high level of capitalisation, the ratio of "independent" directors amounts to 27.27% (therefore, it does not reach the recommended third), but the total ratio of "independent" directors and "other external" directors exceeds 50%. The Company believes that these ratios are suitable for the configuration of the Board of Directors in view of its shareholding composition, and therefore that for the time being it is not necessary to have more independent directors.

18. Companies should post the following director particulars on their websites and keep them permanently updated:

- a) Professional and biographic profile:
- b) other Boards to which they belong, whether or not they are listed companies, as well as other paid activities they perform, regardless of their nature;
- c) an indication of the Director's classification indicating, in the case of Proprietary Directors, the shareholder they represent or have links with;
- d) the date of their first and subsequent appointments as a Company Directors; and

e) shares held in the Company and any options thereon.

Compliance Partial compliance Explain

19. The Annual Governance Report, after being verified by the Appointment Committee, should also disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3% of capital and explain any rejection of a formal request for a Board place from shareholders whose shareholding is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliance Partial compliance Explain Not applicable

20. Proprietary directors should resign when the shareholders they represent dispose of their shareholding 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.

Compliance Partial compliance Explain Not applicable

21. The Board of Directors should not propose the removal of independent directors before the expiry of their statutory period for which they were appointed, except where just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, just causes will include when a director occupies new positions or undertakes new obligations preventing him from devoting the time necessary to the performance of the functions inherent to the position of director, fails to comply with the duties inherent to the office or incurs in any of the circumstances that make him lose their status as an independent director in accordance with applicable legislation.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's capital structure, in order to meet the proportionality criterion set out in Recommendation 16.

Compliance Explain

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

When a director is sued or tried for any of the offences stated in Corporate Law, the Board should examine the matter and, in view of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report

Compliance Partial compliance Explain

23. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against 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 should also apply to the Secretary of the Board; director or otherwise.

Compliance Partial compliance 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. Irrespective of whether such resignation is filed as a significant event, the motive for it must be explained in the Annual Corporate Governance Report.

Compliance Partial compliance Explain Not applicable

25. The Appointment Committee ensures that non-executive directors have sufficient time available for the proper performance of their functions.

The Board Regulation establishes the maximum number of company Boards of which its directors can be members.

Compliance Partial compliance Explain

The Company fulfils the first half of the recommendation (ensuring sufficient availability) but not the second half (establishment of a maximum number of directors), so it partially fulfils it.

The reason for non-fulfilment of the second party is that, as a result of the composition of the Board, it is not regarded as necessary to include limitations on the number of Boards of which the Company directors can be members. That is, given that it is not and it has not been usual for non-executive directors to be members of other Boards, their level of attendance at meetings and their dedication (which is high) is not at risk, and therefore it is not regarded as necessary to place any restrictions.

26. The Board should meet with the necessary frequency to properly perform its functions, at least eight times a year, in accordance with a calendar and agenda set at the beginning of the year, to which each director may individually propose the addition of other items.

Compliance Partial compliance Explain

27. directors' absences must be kept to the bare minimum and quantified in the annual corporate governance report. When they occur, representatives are named and given instructions.

Compliance Partial compliance Explain

During the year, there has only been one absence (without representation) at a Board meeting. Consequently, except for this point, the Company believes that its directors' commitment is high and full regarding the deliberation of Board decisions.

28. When directors or the Secretary express concerns about a proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minutes.

Compliance Partial compliance 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.

Compliance Partial compliance Explain

30. Regardless of the knowledge required of directors for the performance of their duties, the Companies also offer directors knowledge update programmes when required.

Compliance Explain Not applicable

31. The Agenda of the meetings clearly indicates those items on which the Board of Directors must take a decision or pass a resolution so that the Directors may study or gather accurate information for such purpose before the meeting.

When, exceptionally, for reasons of urgency, the Chairman wishes to submit decisions or agreements to the approval of the Board of Directors that are not indicated in the agenda, the prior written consent of the majority of Directors will be required, which will be due recorded in the minutes.

Compliance Partial compliance Explain

32. The directors are regularly informed of the shareholders' movements and the views of the significant shareholders, investors, and rating agencies regarding the Company and its group.

Compliance Partial compliance Explain

33. The Chairman, being responsible for the effective operation of the Board of Directors, in addition to performing the duties legally and statutorily attributed to them, prepares and subjects to the Board a programme of dates and matters to be discussed; organises and coordinates the regular evaluation of the Board, as well as, if any, that of the Company's senior executive; is responsible for chairing the Board and for the effectiveness of its operation; ensures that sufficient discussion time is devoted to the discussion of strategic matters; and establishes and reviews knowledge update programmes for each director when required.

Compliance Partial compliance Explain

34. When there is a coordinating director, the Articles of Association or the Board regulation, in addition to the powers legally attributed to them, attributes the following: chairing the Board in the absence of the Chairman and the Deputy Chairmen, if any, reflecting the non-executive directors' concerns, maintaining contact with investors and shareholders to find their views in order to learn about their concerns, in particular, regarding the Company governance, and coordinating the Chairman's succession plan.

Compliance Partial compliance Explain Not applicable

35. The Secretary to the Board of Directors specially ensures that the Board's actions and decisions considers the governance recommendations given in this Governance Code that apply to the Company.

Compliance Explain

36. The Board at its plenary session should conduct an annual assessment, adopting, where necessary, an action plan to correct any weakness detected in relation to the following:

- a) The quality and efficiency of the Board's operation.
- b) The operation and composition of its committees.
- c) Diversity in the composition and competences of the Board of Directors.
- d) The performance of the Chairman of the Board and the Company's senior executive.
- e) The performance and contribution of each director, with particular attention to the various chairmen of the Board committees.

The evaluation of the performance of the different Committees will be based on the reports they submit to the Board of Directors, and in the case of the latter, on the reports submitted to the Appointment and Remuneration Committee.

Every three years, the Board of Directors will be assisted in its evaluation by an external consultant, whose independence will be verified by the Appointment Committee.

Any business relations which the consultant or any company in its group maintain with the Company or any group company must be detailed in the annual corporate governance report.

The process and areas evaluated will be described in the annual corporate governance report.

Compliance Partial compliance Explain

The areas assessed are those stated in this recommendation. The Appointment and Remuneration Committee establishes and assesses each director's contribution to the areas assessed and in particular the performance of the Chairman of the Board. The Board of Directors receives the information prepared by the Appointment and Remuneration Committee, and analyses in order to approve, as the case may be, measures to improve the Company's governance system.

To date, the Company has found, as a result of the understanding of a correct level of operation of the Board, that the measures implemented were sufficient and essentially complied with this recommendation as the conclusions made by the Appointment and Remuneration Committee were received.

Due to the nature of its shareholders and the composition of the Board, the Company does not find it necessary to entrust the evaluation to an external consultant so far. This will be considered again by the Appointment and Remuneration Committee in 2020 and the relevant decision will be made, which will be recorded in the next Annual Governance report.

37. When there is an Executive Committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

Compliance Partial compliance Explain Not applicable

38. The Board should be kept fully informed of the business transacted and the resolutions passed by the Executive Committee. To this end, all directors should receive a copy of the Committee's minutes.

Compliance Partial compliance Explain Not applicable

39. All members of the Audit Committee, particularly its chairman, should be appointed on the basis of their knowledge and experience in accounting, auditing and risk management, and most of these members are independent directors.

Compliance Partial compliance 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 functionally report to the Board's non-executive Chairman or the Chairman of the Audit Committee.

Compliance Partial compliance Explain

The Company has an internal audit unit to ensure proper operation of the information and internal control systems, under the supervision of the audit committee. However, as this unit is in the finance department, it ultimately depends on the management and not on the non-executive chairman of the Audit and Compliance Committee.

Starting in 2020, an internal audit department independent from the financial management, reporting functionally to the Audit and Compliance Committee and hierarchically to the Company's (non-executive) Chairman.

41. The head of the unit handling the 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.

Compliance Partial compliance Explain Not applicable

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

1. With respect to internal control and reporting systems:
 - a) Oversee the preparation and integrity of the financial information of the Company and, if applicable, of the group, and check compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.
 - b) Ensure the independence and effectiveness of the department performing internal audit functions; propose the selection, appointment, re-election and dismissal of the head of the internal audit service; propose the budget for that service; approve its management and work plans, ensuring that its activities focus mainly on relevant risks to the Company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
 - c) Establish and monitor a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities, particularly of a financial and accounting nature, they may have identified within the Company.

2. With respect to the external auditors:
 - a) Investigate the issues giving rise to the resignation of any external auditors.
 - b) Ensure that the remuneration of the external auditors for their work does compromise the quality and independence of the work.
 - c) Oversee that the Company notifies any change of auditors to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditors and the reasons for the same.
 - d) Ensure that the external auditor holds an annual meeting with the plenary session of the Board of Directors to inform it about the work performed and the evolution of the Company's accounting situation and of any risks thereto.
 - e) Ensure that the Company and the external auditors adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditors' business and, in general, other regulations on the auditors' independence.

Compliance [] Partial compliance [X] Explain []

The functions established in this recommendation are not literally reflected in the Board Regulation or in the Audit and Compliance Committee Regulation. Despite this, the actual content of the functions is subsumed within those actually carried out by this committee relative to the information and internal control systems and relative to the external auditor. Consequently, the Company understands that the practice does not differ from the points stated in this recommendation.

43. The Audit Committee may call on any company employee or manager to be present at its meeting, even ordering their presence without another manager.

Compliance [X] Partial compliance [] Explain []

44. The Audit Committee should be informed about any corporate and structural modification operations that the Company plans to perform for prior analysis and reporting to the Board of Directors, with regard to the economic conditions and accounting consequences and, in particular, where appropriate, on the proposed share exchange ratio.

Compliance [] Partial compliance [] Explain [] Not applicable [X]

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

- a) The different types of financial and non-financial risk (among others, operational, technological, financial, legal, social, environmental, political and reputational) faced by the Company, including among the financial or economic risks, any contingent liabilities and other off balance sheet risks.

- b) The determination of the risk level the Company sees as acceptable;
- c) Measures in place to mitigate the impact of identified risks, should they occur;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Compliance Partial compliance Explain

46. Under the direct monitoring of the Audit Committee or, as the case may be, a specialised Board committee, there is an internal risk monitoring and management function performed by an internal Company unit or department that is expressly attributed the following functions:

- a) Ensuring the correct functioning of the risk management and control systems and, in particular, that all major risks affecting the Company are properly identified, managed and quantified.
- b) Actively participate in the elaboration of the risk strategies and important decisions regarding risk management.
- c) Ensure that the risk control and management systems adequately mitigate the risks within the framework of the policy defined by the Board of Directors.

Compliance Partial compliance Explain

47. The members of the Appointment and Remuneration Committee - or the Appointments Committee and the Remuneration Committee, if they are separate - are appointed ensuring that they have the suitable knowledge, skills, and experience for the functions to be performed and that majority of members are independent directors.

Compliance Partial compliance Explain

Members of the Appointment and Remuneration Committee will be appointed on the basis of the knowledge, aptitudes and experience appropriate for the duties they are to perform, but two of the four members are not independent directors. Consequently, the Company partially complies with the recommendation. The Company regards the composition of the Committee, which also complies with section 529.15 of the Capital Enterprises Act, as suitable. Therefore, the Company does not believe it necessary to include an

additional independent director as a member or remove any of the other Committee members to achieve the majority stipulated in the recommendation.

48. Companies with a high capitalisation level have a separate Appointments Committee and Remuneration Committee.

Compliance Explain Not applicable

49. The Appointments Committee should consult with the Company's Chairman and chief executive, especially on matters relating to executive directors.

Any director may suggest directorship candidates to the Appointments Committee for its consideration.

Compliance Partial compliance Explain

50. The Remuneration Committee performs its duties independently, and, in addition to the functions established by law, has the following:

- a) Proposing the basic conditions for senior management contracts to the Board of Directors.
- b) Check the compliance with the remuneration policy set by the Company.

- c) Periodically review the remuneration policy applied to Directors and senior management, including remuneration systems with shares and their implementation, as well as ensuring that their individual remuneration is proportional to the remuneration of the Company's other Directors and senior managers.
- d) Ensure that any conflicts of interest do not impair the independence of the external advice provided to the Committee.
- e) Verify information on the remuneration Directors and Senior Management contained in the various corporate documents, including the annual report on the remuneration of Directors;

Compliance Partial compliance Explain

51. The Remuneration Committee consults with the Company's Chairman and chief executive, especially on matters relating to executive directors and senior executives.

Compliance Partial compliance Explain

52. The rules for the composition and operation of monitoring and control committees are given in the Board regulation and are consistent with those applicable to legally mandatory committees in accordance with the recommendations given above, including:

- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
- b) That their chairmen be independent directors.
- c) That the board of directors appoint the members of such committees having regard to the knowledge, aptitudes and experience of their directors and the remit of each committee and will discuss their proposals and reports; and that they report the business transacted and account for the work performed at the first plenary session of the board following each committee meeting.
- d) That the committees demand external advice, when they feel this is necessary for the discharge of their duties.
- e) That minutes be drawn up of their meetings, which will be made available to all the Directors.]

Compliance Partial compliance Explain Not applicable

53. That the monitoring of compliance with governance rules, internal codes of conduct, and the corporate social responsibility policy be attributed to or distributed among several Board committees, which may be the Audit Committee, the Appointments Committee, the Corporate Social Liability Committee, if any, or a specialised committee that the Board, in the exercise of its powers of self-organisation, decides to establish for this purpose, to which the following minimum functions are specifically attributed:

- a) Monitoring compliance with the Company's internal codes of conduct and governance rules.
- b) Supervision of the communications strategy and relations with shareholders and investors, including small and medium shareholders;
- c) Regular evaluation of the adequacy of the Company's corporate governance system, to ensure that it fulfils its mission of promoting the corporate interest and consider, as applicable, the legitimate interests of the rest of stakeholders;
- d) Reviewing the Company's corporate responsibility policy, ensuring that it seeks the creation of value.

- e) Monitoring the corporate social liability strategy and practices and the evaluation of the degree of compliance.
- f) Supervision and assessment of processes regarding the various stakeholders;
- g) The evaluation of all aspects connected to the Company's non-financial risks - including operational, technological, legal, social, environmental, political, and reputational risks.
- h) Coordination of the non-financial information and diversity reporting process, pursuant to the applicable regulations and the main international standards.

Compliance

Partial compliance

Explain

The functions established in this recommendation are not literally reflected in the Board Regulation or in the Audit and Compliance Committee Regulation or the Appointment and remuneration Committee, and there is no specific committee for this matter.

Without prejudice to this, the actual contents of the functions is subsumed within those carried out in practice by the Board committees. Consequently, the Company understands that the practice does not differ from the points stated in this recommendation.

54. The Corporate Social Responsibility policy includes the principles or commitments taken voluntarily by the Company regarding the various stakeholders and identify at least:

- a) the targets of the Corporate Social Responsibility Policy and the implementation of support instruments;
- b) the corporate strategy regarding sustainability, the environment, and corporate matters;
- c) specific practices in matters regarding: shareholders, employees, customers, suppliers, corporate matters, the environment, diversity, fiscal responsibility, respect for human rights, and the prevention of illegal conducts;
- d) The methods or systems for the monitoring of the results of implementing the specific practices stated in the previous paragraph, the associated risks, and their management.
- e) The mechanisms to monitor non-financial risk, ethics, and business conduct.
- f) Channels for communication, participation, and dialogue with stakeholders; and
- g) Responsible communication practices that prevent information manipulation and protect integrity and honour.

Compliance

Partial compliance

Explain

The Company is currently defining the contents and full scope of this policy, without prejudice to the fact that much of the information given in this recommendation is given in this report, the non-financial information, and other Company policies.

55. The Company reports, in an independent document or in the management report, on the matters pertaining to corporate social responsibility, using for this purpose an internationally accepted methodology

Compliance

Partial compliance

Explain

The Company reports, both in the non-financial statement and in this report, on certain matters specified in the previous recommendation.

56. The remuneration of the Directors is sufficient to attract and retain Directors of the desired Profile and to reward the dedication, skill and responsibility required by the office, but not so high as to compromise the independence of judgement of the Non-Executive Directors.

Compliance

Explain

57. Variable remuneration associated with the Company's performance and personal performance is limited to the executive directors, as well as remuneration through the delivery of shares, options, or rights over shares or

instruments referring to the value of the share and long-term savings systems such as pension plans, retirement schemes, and other company benefit systems.

The delivery of shares as remuneration for non-executive directors may be considered when it is conditional upon their retaining them until they are removed as directors. The foregoing will not apply to shares that the Director must divest, where appropriate, to meet the costs associated with their acquisition.

Compliance Partial compliance Explain

The Company does not meet the requirement of limiting variable remuneration associated with Company performance and personal performance to the executive directors, but it does comply with the rest of the recommendation. It is stated that only the Chairman of the Board is entitled to receiving variable remuneration, and this right results from the Chairman's special dedication to the development of the Company and its group.

Considering the characteristics of the Company and on the basis of the experience acquired, the Company finds it adequate, as part of its remuneration system and its purpose not to restrict variable remuneration to Company performance and personal performance.

58. In the case of variable remuneration, remuneration policies should include the limits and technical safeguards to ensure they reflect the professional performance of the recipients and not simply the general progress of the markets or the Company's industry or circumstances of this kind.

And, in particular, that the variable components of the remuneration:

- a) Are linked to performance criteria that are predetermined and measurable and that these criteria consider the risk assumed to obtain a result.
- b) Promote the sustainability of the Company and include non-financial criteria that are suitable for the creation of value in the long term, such as compliance with the rules and internal procedures of the Company and of its policies for the control and management of risks.
- c) They are configured on the basis of a balance of fulfilment of short-, medium-, and long-term goals, which make it possible to remunerate performance for ongoing performance for a sufficient period

of time to establish their contribution to the sustainable generation of value, such that the factors to measure that performance are not only specific, occasional, or extraordinary facts.

Compliance Partial compliance Explain Not applicable

Only the Chairman of the Board is entitled to variable remuneration. The variable remuneration of the Chairman of the Board does not include all the points given in the recommendation. The calculation of predetermined performance criteria, measurable over time (EBITDA, degree of compliance with the business plan) is considered, but non-financial criteria that are suitable for long-term generation of value are not expressly included, and are not necessarily established on the basis of a balance over time of the goals of the Company and its group, beyond the time limit for the business plans degree of compliance with which is associated with the Chairman's variable remuneration.

The variable component of the remuneration of the Chairman of the Board must be determined by specific elements that are easy to calculate. Consequently, due to the Company's history and complexity, it is regarded as adequate.

59. Payment of a significant part of the variable components of the remuneration is deferred for a minimum period of time sufficient to verify that the performance conditions previously established have been met.

Compliance Partial compliance Explain Not applicable

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditors' report.

Compliance Partial compliance Explain Not applicable

61. A significant percentage of the executive directors' variable remuneration is associated with the delivery of shares or financial instruments based on their value.

Compliance Partial compliance Explain Not applicable

62. Once the shares, options, or rights over share corresponding to the remuneration systems have been attributed, directors may not transfer ownership of a number of shares equivalent to twice their annual fixed remuneration, and cannot exercise the options or rights until at least after three years after attribution.

The foregoing will not apply to shares that the Director must divest, where appropriate, to meet the costs associated with their acquisition.

Compliance Partial compliance Explain Not applicable

63. Contractual agreements include a clause that allows the Company to claim reimbursement of the variable components of the remuneration when payment has not been adjusted to the performance conditions or when they have been paid on the basis of data whose inaccuracy becomes later obvious.

Compliance Partial compliance Explain Not applicable

64. Payments for termination of contract do not exceed an established amount equal to two years' of the total annual remuneration and are not paid until the Company has been able to verify that the director meets the performance criteria previously established.

Compliance Partial compliance Explain Not applicable

H. OTHER INFORMATION OF INTEREST

1. If there is a relevant governance aspect in the Company or in the Company or in the Group entities that has not been included in the other sections of this report, but which must be included to provide more complete and reasoned information on the governance structure and practices of the Company or its group, briefly describe them.
2. This section can include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.

In particular, indicate whether the Company is subject to any legislation other than the Spanish legislation on corporate governance and, if so, include the information that it is required to furnish, where such information differs from that required in this report.

3. The Company may also specify whether it has voluntarily adhered to other international, sectoral, or other codes of ethics or good practices. If applicable, specify the code in question

and the date of adherence. Specifically, mention whether it has adhered to the Code of Good Tax Practice of 20 July 2010;

1. n.a.

2.

Clarification regarding section A (Ownership structure).

Regarding the relevant event of 20 December 2019, it is stated that, in the exercise of the powers granted by the Ordinary General Shareholders Meeting held on 28 May 2019, the Board of Directors has decided to reduce the share capital by €274,084, through the amortisation of 268,710 treasury shares, representing 0.983% of the Company's current capital (equivalent to approximately 1% of the share capital before the latest capital increase).

This report does not reflect this capital reduction given that at 31 December 2019 the corresponding public deed of share capital reduction has not been executed, and therefore this capital reduction has not been entered in the Commercial Registry, the Company's capital and number of shares into which it is divided at 31 December 2019 being those specified in section A.1 of the report.

Clarifications regarding certain recommendations:

To clarify or supplement the information given in this report, the following is specified:

(a) Regarding recommendations 42, 50, and 53, it is stated that even though some of the functions mentioned are not expressly attributed to the committees in corporate regulations, they are performed de facto, and, above all, those that are expressly required by sections 529.14 and 529.15 (and therefore apply directly).

(b) Regarding recommendation 52, it pertains to monitoring and control committees other than those required by law. Even though the Company's strategy and investments committee is not legally mandatory, the Company understands that it is not a monitoring and control committee, due to the functions attributed to it and the tasks which it performs for this purpose. Therefore, the recommendation does not apply to the Company, as it has no monitoring and control committees other than those required by law.

(c) Regarding recommendation 58, and in accordance with the remuneration of the directors for 2018 to 2020, the variable remuneration of the Chairman of the Board depends on the degree of compliance with the Company's 2017-2019 Business Plan and the EBITDA obtained, as well as on the EBITDA's compliance with the Encirc 2017-2021 Business Plan. The variable components of the remuneration of the Chairman of the Board as based on the measurement of achievement of short-term targets (i.e., annual evaluation of the business plan or EBITDA) as well as of medium- and long-term targets (i.e., evaluation of the degree of compliance with the Business Plan for 2017-2019 or the EBITDA for the Encirc 2017-2021 Business Plan); and to the extent that the Company and Encirc Business Plan includes financial and non-financial figures for long-term generation of value, these being documents that define the Company's strategic action lines, the Company complies with the recommendation.

(d) Regarding recommendation 63, it refers to the inclusion of certain clauses in the contractual agreements with the directors. Therefore, Recommendation 63 is based on the existence of contractual agreements with the directors. The Company has no executive directors.

Therefore, the Company has not entered the contracts established in section 249.3 of the Capital Enterprises Act or any other type of contract with any of its directors, and is not obliged to do so. Given that there are no contractual agreements with the directors, one of the basis for the recommendation does not exist, and therefore it does not apply to the Company.

3. n.a.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting held on:

26/02/2020

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

Yes

No

