APPENDIX I

ANNUAL CORPORATE GOVERNANCE REPORT

FOR LISTED COMPANIES

PARTICULARS OF ISSUER

ENDING DATE OF FINANCIAL YEAR	31/12/2015

Tax identification nº:	A-62338827

REGISTERED NAME
FERSA ENERGIAS RENOVABLES, S.A.

REGISTERED ADDRESS
RONDA GENERAL MITRE 42, BAJOS (BARCELONA) - ESPAÑA

ANNUAL CORPORATE GOVERNANCE REPORT

FOR LISTED COMPANIES

A OWNERSHIP STRUCTURE

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

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
30/06/2015	98,002,644.60	140,003,778	140,003,778

Indicate whether or not there are different classes of shares with different associated rights:

Yes ☐ No ☒

A.2 Provide details of the direct and indirect holders of significant shareholdings in the company at the year end, excluding directors:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
Ms MARIA DOLORES DONADEU CASTANY	0	5,660,378	4.04%
Ms LILIANA GODIA GUARDIOLA	0	4,183,964	2.99%
Mr ALFONSO LIBANO DAURELLA	0	4,596,397	3.28%

Name or Company name of indirect shareholder	Through: name or company name of direct shareholder	Number of voting rights
Ms MARIA DOLORES DONADEU CASTANY	WINDMILL INVESTMENT, S.À R.L.	5,660,378
Ms LILIANA GODIA GUARDIOLA	BCN GODIA, S.L.	4,183,964
Mr ALFONSO LIBANO DAURELLA	LARFON S.A.U.	3,988,060
Mr ALFONSO LIBANO DAURELLA	FONLAR FUTURO, SICAV, S.A.	608,337

Indicate the most significant changes in the shareholding structure occurred during the year:

A.3 Complete the following tables regarding the members of the company's board of directors who hold voting rights over the company shares:

Name or company name of Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
Mr IGNACIO GARCÍA-NIETO PORTABELLA	200	0	0.00%
MYTAROS B.V.	0	0	0.00%
Mr TOMÁS FELIU BASSOLS	80,000	1,251,599	0.95%
Mr ESTEBAN SARROCA PUNSOLA	1,200	0	0.00%
GRUPO CATALANA OCCIDENTE, S.A.	0	10,513,302	7.51%
LARFON S.A.U.	3,988,060	608,337	3.28%
GRUPO EMPRESARIAL ENHOL, S.L.	504,318	30,403,073	22.08%
EOLICA NAVARRA, S.L.U.	10,000	0	0.01%
COMSA EMTE ENERGIAS RENOVABLES, S.L.	10,755,080	0	7.68%

Name or company name of indirect shareholder	Through: name or company name of direct shareholder	Number of voting rights
Mr TOMÁS FELIU BASSOLS	FM3X16 INVEST, S.L.	1,251,599
GRUPO CATALANA OCCIDENTE, S.A.	SEGUROS CATALANA OCCIDENTE S.A. DE SEGUROS Y REASEGUROS, SOCIEDAD UNIPERSONAL	10,513,302
LARFON S.A.U.	FONLAR FUTURO, SICAV, S.A.	608,337
GRUPO EMPRESARIAL ENHOL, S.L.	EOLICA NAVARRA, S.L.U.	10,000
GRUPO EMPRESARIAL ENHOL, S.L.	GENERACIÓN EÓLICA INTERNACIONAL, S.L.	15,643,344
GRUPO EMPRESARIAL ENHOL, S.L.	EÓLICA INDIA, S.L.	14,749,729

Total % of voting rights held by the Board of Directors	42.23%

Fill in the following tables regarding the members of the company's board of directors who own stock options in the company

A.4 Indicate, where applicable, the family, commercial, contractual or corporate relationships between the owners of significant shareholdings, which are known by the company, unless they are irrelevant or arise from normal business activities:

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

A.6 Specify whether any shareholders' agreements have been notified to the company that affect it in accordance with the provisions set forth in articles 530 and 531 of the Corporate Enterprises Act. Where applicable, give a brief description and list the shareholders associated with the agreement:

Yes ☐ No ☒

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

Yes ☐ No ☒

If any modification or cancellation of said agreements or concerted actions has taken place during the year, make express mention of this:

NOT APPLICABLE

A.7 Indicate whether there is any individual person or legal entity that exercises or who might exercise control of the company pursuant to article 4 of the Securities Market Act. Respond where applicable:

Yes ☐ No ☒

Comments

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

At year end:

Number of direct shares	Number of indirect shares (*)	% of share capital
0	0	0,00%

(*) Through:

Provide details of the significant changes occurred during the year pursuant to Royal Decree 1362/2007:

Describe significant changes

A.9 Give details of the terms and conditions corresponding to the general meeting of shareholders' current mandate to the board of directors for issuing, acquiring or assigning own shares.

On 30 June 2011, the Ordinary General Meeting of Shareholders of FERSA ENERGÍAS RENOVABLES, S.A. adopted the agreement set out below:

"To void the authorisation given to the Board of Directors for the derivative acquisition of treasury shares adopted under Resolution Sixth of the Ordinary General Meeting of Shareholders of 23 June 2010.

To authorise the Board of Directors so that, under the provisions of articles 146 et seq. and 509 of the revised text of the Spanish Corporate Enterprises Act, and other applicable legislation, it can directly or indirectly, and to the extent it deems necessary depending on the circumstances, acquire treasury shares.

At no time can the par value of the shares acquired directly or indirectly, once added to those already held by the Company and its subsidiaries exceed ten percent (10%) of subscribed share capital or the maximum amount that is established by law. The types of acquisition may comprise purchase and sale, swaps or any other type of business for valuable consideration, in accordance with the circumstances.

This authorisation is granted for a period of 5 years.

The authorisation granted to acquire treasury shares can be used fully or partially for their delivery or transfer to Directors or workers of the Company or Group companies, directly or as a result of their exercising of the option rights, as part of the remunerative systems indexed to the quotation of the Company's shares adopted in due form.

Finally, the Board of Directors is authorised to expressly delegate to the members of the Board deemed purposeful, including the Secretary of the Board, powers as broad as required in order to request any authorisations and adopt any resolutions necessary or useful in relation to compliance with current legislation, the execution and undertaking of the resolution."

A.9.bis Estimated public float:

	%
Estimated public float	52.00

A.10 Indicate, where applicable, the legal and statutory requirements in the articles of association regarding the use of voting rights, and legal restrictions on the acquisition or sale of holdings in the share capital. Indicate whether or not there are legal restrictions to exercising voting rights.

Yes ☐ No ☒

A.11 Specify whether the general meeting has agreed to take up measures of neutralization against a takeover bid by virtue of provisions set forth in Law 6/2007.

Yes ☐ No ☒

If appropriate, explain the measures approved and terms under which the restrictions would not be enforceable:

A.12 Indicate whether the company has issued securities that are not traded in a community regulated market.

Yes ☐ No ☒

If applicable, indicate the different types of shares and, for each type of shares, the rights and obligations it confers.

B GENERAL MEETING

B.1 Indicate and, if applicable, explain whether there are differences with the minimum provisions of the Corporate Enterprises Act (LSC) and the quorum for constituting the general meeting of shareholders.

Yes ☐ No ☒

B.2 Indicate and, where applicable, give details of whether or not there are differences between the system laid down in the Corporate Enterprises Act (LSC) and the system for adopting corporate agreements:

Yes ☐ No ☒

Describe how the system differs from that of the LSC.

B.3 Indicate the rules applicable to the modification of the articles of association of the company. Particularly, the scheduled majorities for the modification of the articles of association, as well as, if applicable, the scheduled rules for the protection of the shareholders' rights in the modification of the articles of association will be stated.

In this respect, article 14, second paragraph, of the Articles of Association establishes the following:

«In order for the Board to validly agree on a capital increase or reduction and any other modification of the Articles of Association, it will be needed, in a first call , the attendance of shareholders present or represented that hold, at least, 50% of the subscribed capital with voting rights. In a second call it will be enough with the attendance of a 25% of the subscribed capital. When the audience reaches at least 50% of the subscribed capital with voting rights, the agreements will only be adopted if 2/3 of the capital present or represented in the Board votes in favour.»

In the cases not foreseen in the previous article, the corresponding agreement will be adopted by ordinary majority of the votes of the present shareholders or represented, in accordance with article 201 of the Corporate Enterprises Act.

Furthermore, in compliance with that expected in article 286 of the Corporate Enterprises Act, the administrators or, if the case, the shareholders authors of the proposal of modification of the Articles of Association will have to fully write the text that they propose and a written report with the justification of such proposal.

Additionally, as article 287 of the Corporate Enterprises Act establishes, in the announcement of the General Meeting Call they will have to express the extremes due modifying with the appropriate clarity and state the right that corresponds to all the partners to examine in the registered address the full text of the proposal of modification and the related report, as well as to ask for the free delivery of these documents.

B.4 Indicate the attendance data of the general meetings held during the financial year to which this report refers and the ones on the previous year:

	Attendance data				
Date of General Meeting	% physical presence	% represented	% remote voting		Total
			Electronic voting	Other	
27/06/2014	0.74%	53.75%	0.02%	0.00%	54.51%
30/06/2015	0.75%	53.28%	0.02%	0.00%	54.05%

B.5 Indicate whether or not there is a statutory restriction to the minimum number of shares required to attend the general meeting:

Yes ☐ No ☒

B.6 Section repealed.

B.7 Indicate the address and means of access to corporate governance information and other information on General Meetings that must be provided to the shareholders on the website of the company.

The address of the corporate website of the company is the following: http://www.fersa.es/

The information on the corporate governance is available on the section "**Shareholders and Investors**" and "**Corporate Governance**".

The information on General Meetings that must be provided to the shareholders, as well as on the resolutions adopted in those meetings is available on:
http://www.fersa.es/accionistas-e-inversores/shareholders-corner/general-meetings /

C STRUCTURE OF THE MANAGEMENT OF THE COMPANY

C.1 Board of Directors

C.1.1 Maximum and minimum number of Directors set forth in the Articles of Association:

Maximum number of Directors	12
Minimum number of Directors	3

C.1.2 Complete the following table with the members of the Board:

Name or company name of Director	Representative	Category of Director	Position on Board	Date of first appointment	Date of last appointment	Election procedure
Mr IGNACIO GARCÍA-NIETO PORTABELLA		Independent	DIRECTOR	05/06/2007	27/06/2014	VOTED IN THE SHAREHOLDERS´ MEETING
MYTAROS B.V.	Mr JOSÉ VICENS TORRADAS	Proprietary	DIRECTOR	15/01/2004	27/06/2014	VOTED IN THE SHAREHOLDERS´ MEETING
Mr TOMÁS FELIU BASSOLS		Proprietary	DIRECTOR	28/06/2013	27/06/2014	VOTED IN THE SHAREHOLDERS´ MEETING
Mr ESTEBAN SARROCA PUNSOLA		Independent	DIRECTOR	05/06/2007	27/06/2014	VOTED IN THE SHAREHOLDERS´ MEETING
GRUPO CATALANA OCCIDENTE, S.A.	Ms ELENA NABAL VICUÑA	Proprietary	DIRECTOR	10/07/2000	27/06/2014	VOTED IN THE SHAREHOLDERS´ MEETING
LARFON S.A.U.	Mr JOSÉ FRANCISCO GISPERT SERRATS	Proprietary	DIRECTOR	20/02/2008	27/06/2014	VOTED IN THE SHAREHOLDERS´ MEETING
GRUPO EMPRESARIAL ENHOL, S.L.	Mr GUILLERMO MORA GRISO	Proprietary	CHAIRMAN	11/04/2012	27/06/2014	VOTED IN THE SHAREHOLDERS´ MEETING
EOLICA NAVARRA, S.L.U.	Mr LUIS OLIVER GÓMEZ	Proprietary	DIRECTOR	24/01/2011	27/06/2014	VOTED IN THE SHAREHOLDERS´ MEETING

Name or company name of Director	Representative	Category of Director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
COMSA EMTE ENERGIAS RENOVABLES, S.L.	Mr JOSÉ MARÍA FONT FISA	Proprietary	DIRECTOR	09/05/2011	27/06/2014	VOTED IN THE SHAREHOLDERS´ MEETING

Total number of Directors	9

Indicate the resignations occurring in the board of directors during the period subject to information:

Name or company name of Director	Category of Director in the moment of resignation	Date of resignation
Mr FRANCESC HOMS I FERRET	Independent	28/09/2015

C.1.3 Complete the following tables regarding the members of the board of directors and their different categories:

EXECUTIVE DIRECTORS

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of Director	Name or company name of significant shareholder represented or who proposed appointment
MYTAROS B.V.	Ms MARIA DOLORES DONADEU CASTANY
Mr TOMÁS FELIU BASSOLS	OTHER SHAREHOLDERS OF THE COMPANY
GRUPO CATALANA OCCIDENTE, S.A.	SEGUROS CATALANA OCCIDENTE S.A. DE SEGUROS Y REASEGUROS, SOCIEDAD UNIPERSONAL
LARFON S.A.U.	Mr ALFONSO LIBANO DAURELLA
GRUPO EMPRESARIAL ENHOL, S.L.	OTHER SHAREHOLDERS OF THE COMPANY
EOLICA NAVARRA, S.L.U.	GRUPO EMPRESARIAL ENHOL, S.L.
COMSA EMTE ENERGIAS RENOVABLES, S.L.	OTHER SHAREHOLDERS OF THE COMPANY

Total number of Proprietary Directors	7
% total of the Board	77.78%

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of Director:

Mr IGNACIO GARCÍA-NIETO PORTABELLA

Profile:

A graduate in Law and in Economics (University of Deusto).

Name or company name of Director:

Mr ESTEBAN SARROCA PUNSOLA

Profile:

Graduate in Economics and Certified Public Accountant.

Total number of independent Directors	2
% total of the Board	22.22%

Indicate if any independent director receives from the company, or from its group, any amount or profit for a different concept than the retribution of director, or maintains o has maintained, during the last year, a business relationship with the company or with any company of its group, whether using its own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such relationship.

Riva y García, of which Mr Ignacio García-Nieto Portabella is Director, has invoiced professional fees to Fersa for the amount of Euros 37 thousand, concerning a review to the financial plan of the Group.

If applicable, a motivated declaration of the board would be included about the reasons to consider that such director can carry out its functions in the position of independent director.

OTHER EXTERNAL DIRECTORS

Indicate other external directors explaining the reasons why they cannot be considered as inside or independent directors and their relationship with the company, its executives or shareholders:

Indicate the changes, if any, in the category of each director during the period:

C.1.4 Complete the following table with the information of the number of women directors during the last 4 years, together with the character of such directors:

	Number of women Directors				% of total number of Directors of each type			
	Year 2015	Year 2014	Year 2013	Year 2012	Year 2015	Year 2014	Year 2013	Year 2012
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	1	0	0	0	11.11%	0.00%	0.00%	0.00%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	1	0	0	0	11.11%	0.00%	0.00%	0.00%

C.1.5 Explain the measures that, if applicable, have been adopted to try to include in the board of directors a number of women that provides a balanced presence of women and men.

Explanation of the measures
For years the Company has tried to incorporate women in the Board of Directors, following the recommendations of the Unified code of conduct and good governance of the listed companies and in line with the activity of the management of the Company (both the General Manager and the Deputy General Manager are women). In 2015 there was a replacement of the representative of one of the Directors and as a consequence the former representative (man) was replaced by a woman. In any case, for future Director appointments, as it has been done in the past, candidates, either women or men, in equal conditions will be taken into account.

C.1.6 Explain the measures that, if applicable, have been adopted by the appointments committee to ensure that the selection procedures are not affected by an implicit bias that prevents female directors from being selected, and that the company purposefully seeks women that satisfy the professional profile, including among potential candidates:

Explanation of the measures
As outlined in the previous point, for many years now the Company (and the Appointment and Remuneration Committee in particular) has been making efforts towards including women into the board of directors, according to the recommendations of the Unified code of conduct and good governance of the listed companies, and in agreement with the method implemented by the Company's management. In this respect, Appointment and Remuneration Committee during the session held on 26 April 2013, while discussing the requirements expected of the candidates for a position in the board of directors due to upcoming appointments into the board of directors, established that applications put forward by women will be preferred. In 2015 there was a change of the natural person representing one of the directors, as a result of which the previous representative (a man) was replaced by a woman.

When, even having adopted the measures, the number of female directors is scarce or null, explain the reasons that justify it:

Explanation of the reasons
According to that mentioned on the previous sections, the Board of Directors has tried, in relation to the appointments of the Directors that have taken place during the last years, to include among potential candidates women that would satisfy the professional profile and have adopted the necessary measures to ensure that the selection procedures are not affected by an implicit bias that would prevent female Directors interested in the position from being selected. Nevertheless, due to the knowledge specificity and experience required to occupy a Director position in a company like this, it has not been possible to find such female candidate to be purposed for an appointment.

C.1.6 bis Describe the appointment committee's conclusions in regards to the verification of the principles implemented in selecting directors. In particular, illuminate how the implemented human resource policies facilitates the goal to ensure that by the year 2020 the number of women on the board of directors makes up at least 30% of the entire board.

Conclusions
In 2015 no new director had been appointed (although the natural person representing one of the directors was a woman), therefore the principles of the selection of directors could be neither implemented nor verified. Regardless of the above, the Appointment and Remuneration Committee, during their session on 26 April 2013 while discussing the requirements expected of the candidates for a position in the board of directors due to upcoming appointments into the board of directors, established that applications put forward by women will be preferred. By means of implementing this criterion to the future appointments, the goal to ensure that by the year 2020 the number of women on the board of directors makes up at least 30% of the entire board will also be considered.

C.1.7 Explain the means of representation in the board of shareholders with significant stakes.

The shareholders with significant stakes are represented in the board through the designation of Proprietary Directors, according to that detailed in the section C.1.3.

C.1.8 Where applicable, explain the reason why proprietary directors have been appointed at the request of shareholders whose holding in the capital is less than 3%:

Name or company name of the shareholder:

LARFON S.A.U.

Justification:

Willingness to grant representation to a major diversity of shareholders, high dispersion of capital.

Name or company name of the shareholder:

MYTAROS B.V.

Justification:

Willingness to grant representation to a major diversity of shareholders, high dispersion of capital.

Name or company name of the shareholder:

Mr TOMÁS FELIU BASSOLS

Justification:

Willingness to grant representation to a major diversity of shareholders, high dispersion of capital.

Indicate whether formal requests have been denied for attendance at the meetings of the Board solicited by shareholders whose shareholding is equal to or greater than that of other shareholders, at whose instigation they would have been designated board members appointed by a significant shareholder. If any, explain the reasons for the denial:

Yes ☐ No ☒

C.1.9 Indicate whether or not a director has resigned from his/her post before the conclusion of his/her term of office, whether or not he/she has provided the board with reasons and through which medium and, if he/she has done so in writing to the entire board, explain at least the reasons given:

Name of Director:

Mr FRANCESC HOMS I FERRET

Reason of resignation:

Mr Francesc Homs Ferret handed in his resignation from the position of a director and the Chairman of the Board and outlined his personal reasons for the decision during the board's session on 28 September 2015, where he handed in his formal resignation due to achieving all the goals the Board of Directors had appointed him to achieve.

C.1.10 Indicate, where applicable, the powers delegated to the managing director(s):

C.1.11 Indicate, where applicable, the board members holding positions of administrators or executives in other companies forming part of the group of the listed company:

C.1.12 Identify, if applicable, the directors of your company who are members of the board of directors of other companies listed on official stock exchanges in Spain other than those of your group, that have been reported to the company:

Name or company name of the shareholder	Company name of the group entity	Position
Mr IGNACIO GARCÍA-NIETO PORTABELLA	Arroba Invest SICAV, S.A.	DIRECTOR
MYTAROS B.V.	Home Meal Replacement S.A.	DIRECTOR
Mr TOMÁS FELIU BASSOLS	Tyrol Inversiones SICAV, S.A.	DIRECTOR
Mr TOMÁS FELIU BASSOLS	Triolet Inversiones SICAV, S.A.	DIRECTOR

C.1.13 Indicate and, where applicable, explain whether or not the company has laid down rules on the number of boards on which its directors can serve:

Yes ☐ No ☒

C.1.14 Section repealed.

C.1.15 Indicate the total remuneration of the board of directors:

Remuneration of the Board of Directors (in thousands of Euros)	203
Amount of the accumulated rights of the Directors (in thousands of Euros)	0
Amount of the accumulated rights of the Directors in terms of pensions (in thousands of Euros)	0

C.1.16 Identify management members who are not also executive directors, and indicate the total remuneration they earned during the year:

Name or company name	Position
Mr JAVIER CASTAÑO CRUZ	Internal Auditor
Ms ANA ISABEL LÓPEZ PORTA	General Manager / Chief Operating Officer
Mr ENRIQUE FERNÁNDEZ-CARDELLACH BONIFASI	General Manager
Ms MARÍA DOLORES BLANCH GARCÍA	Deputy General Manager / Chief Financial Officer

Total remuneration of the senior management (in thousands of Euros)	594

C.1.17 Indicate, where applicable, the identity of board members who are also members of the boards of directors of companies that hold significant stakes in the listed company and/or companies of your group:

Provide details, if appropriate, of the relevant relationships other than those included in the previous heading, of the members of the board of directors with the significant shareholders and/or in entities of its group:

C.1.18 Indicate whether or not there has been any modification to the regulations of the board during the year:

Yes [X] No [ ]

Description of modifications
The new consolidated text of the Regulations of the Board of Directors has been approved, after adapting it to the current Corporate Enterprises Act.

C.1.19 Indicate the procedures for the appointment, re-election, assessment and removal of directors. Provide details of the competent bodies, the procedures to be followed and the criteria applicable in each procedure.

In this context, the Regulations of the Board of Directors establishes the following:

Article 10.- Appointment and disqualification

The General Shareholders' Meeting or, when appropriate, the Board of Directors' Meeting shall be competent to appoint the members thereof, pursuant to the provisions in the law and the Articles of Association.

The proposals for appointment of Directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and the resolutions for appointments adopted by such body by virtue of the co-optation authority legally granted thereto must first be proposed by the Appointment and Remuneration Committee, when independent Directors are involved, and the Board of Directors itself, in other cases.

In any case, the proposal shall be accompanied by a justifying report to the Board about the competence, experience and merits of the nominee proposed, which will be attached to the minutes of the General Meeting or the Board itself. Furthermore, the proposal for appointment or reappointment of any non-independent directors must be preceded, moreover, of a report of the Appointments and Remuneration Committee. The provisions of this paragraph shall also apply to natural persons who are designated representatives of a legal entity counsellor. The proposal must be included into the report of the Appointments and Remuneration Committee.

The Directors shall observe the legally specified situation of disqualification.

Article 11.- Term of office

The Directors shall hold office for the term stated in the Articles of Association and may be reappointed according to that stated in the Articles of Association.

The Directors appointed by co-optation shall hold office until the date of the first General Shareholders' Meeting held, which shall ratify the appointments or appoint the persons that must replace the Directors that are not ratified, unless it is decided to eliminate the vacancies.

Article 12.- Dismissal

The Directors shall step down from office once the period has elapsed for which they were appointed and in any other cases stipulated by law or the Articles of Association.

In all cases, they may make their office available to the Board of Directors and formalise their relevant dismissal in the following cases:

(i) When they step down from executive posts to which their appointment as Director is related. The independent Directors, when they have held office for twelve (12) years.

(ii) When they are involved in any of the legally specified situations of disqualification or prohibition.

(iii) When they are accused of an allegedly criminal act or are subject to a disciplinary sanction due to a serious or very serious infringement investigated by the supervisory authorities.

(iv) When their offices on the Board of Directors jeopardise the Company's interests and when there are no longer any reasons for them to be appointed to such post. It shall be deemed that this situation arises for an external shareholder Director when all tis shares owned or interests represented have been assigned and when the reduction of the shareholding requires a reduction of the number of its shareholder Directors.

(v) When significant changes take place in the professional situation or conditions by virtue of which they have been appointed as Directors.

(vi) When, due to events caused by the Directors, their remaining as members on the Board of Directors would cause serious harm to the Company's equity or reputation, in the opinion of the Board of Directors.

In the case of a person acting on behalf of a company appointed as a Director in any of the aforementioned situations, such person shall be disqualified from exercising their proxies.

C.1.20 Explain to what extent the annual evaluation of the board of directors has brought about significant changes in the internal organisation of the Board and the procedures of its activities:

Description of the changes
[The annual evaluation of the Board of Directors has served to discover the areas that needed to be amended, however, the issues were of rather formal nature which did not require significant changes of the internal organization of the Board nor of the procedures of its activities.]

C.1.20.bis Describe the process of evaluation and the areas subjected to evaluation conducted by the board of directors with possible help from an outside advisor, in reference to the diversity of its composition and competences, actions and composition of the committee, the performance of the chairman and chief executive officer, and in reference to the performance and input of each individual director.

The Board, in collaboration with a Secretary who isn't a director, conducted an evaluation of organisation and activities, and composed a report containing their conclusions in this area. The evaluation concerned, among others, the following matters:

• Regarding the composition – whether or not the Board fulfils the criteria of independence and qualifications of the Directors, required based on internal policies.

• Regarding the evaluation of actions and conducting the session – whether the Board was called correctly and efficiently, systematically, with sufficient notice and proper notification.

• Regarding the participation in sessions, involvement and active collaboration of all the Directors during the fiscal year – whether or not the following occurred:

- debates and frequent speeches from the Directors;
- systematic participation of all the directors, and
- effective involvement.

• Analysis of actions and collaborations with the Audit Committee and the Appointment and Remuneration Committee.

• Actions conducted by the Directors (in particular, the company's strategy, business analysis, risk control, internal control over financial reporting, etc.).

• Actions conducted by the Chairman of the Board.

• Actions conducted by the General Manager.

C.1.20.ter Detail business relations, if there are any, between the assessor or a company of the same group with the company or a company of its group.

C.1.21 Indicate circumstances in which directors can be compelled to resign.

The Directors of the company must tender their resignation to the Board and formalise their respective removal in any of the six (6) cases comprised in article 12 of the Regulations of the Board of Directors (see section C.1.19).

C.1.22 Section repealed.

C.1.23 Are reinforced majorities other than those applicable by law required for any type of decision?:

Yes ☐ No ☒

If so, describe the differences.

C.1.24 Indicate if there are specific requirements other than those relating to directors in order to be appointed as chairman.

Yes ☐ No ☒

C.1.25 Indicate whether the chairman has a casting vote:

Yes ☒ No ☐

Matters in which a casting vote exists

According to article 6.1 of the Regulations of the Board of Directors, the Chairman shall preside over, as the case may be, the Executive Committee, and represent it, and will have the deciding vote.

In the case of representation, the provisions of article 9 of the Regulations shall prevail, according to which representation to attend the meetings of the Board can only be granted to another Director and must be specific to each meeting, however the non-executive directors can appoint only another non-executive as their representative. Whosoever represents the Chairman shall preside over the meeting only in the absence of the Vice-Chairman, and shall not have the right to exercise the deciding vote.

C.1.26 Indicate whether the articles of association or the board regulations establish any age limit for directors:

Yes ☐ No ☒

C.1.27 Indicate whether the articles of association or the board regulations establish a limited term of office for Independent directors:

Yes ☒ No ☐

Maximum term of office in years	12

C.1.28 Indicate whether the articles of association or the board regulations establish specific processes for delegation of votes in the board of directors, the way of doing it and, particularly, the maximum number of delegations that a director can have, as well as if there is a limit established as to the category subject to delegation, other than those established by the law. If so, describe briefly the processes.

In conformity with article 9 of the Regulations of the Board of Directors, the meeting of the Board is validly constituted when the majority of its members are present or represented thereat, and also, without the need for a prior call, when all its members are present and unanimously decide to constitute a meeting of the Board. Written ballots without a meeting shall only be permitted when no Director opposes such a procedure.

The power of representation to attend the meetings of the Board shall only be conferred upon another Director, and must be made expressly for each meeting, however non-executive directors can only appoint another non-executive as their representative. Whosoever represents the Chairman shall preside over the meeting in the absence of the Vice-Chairman, and shall not have the right to cast the deciding vote.

Each Director present or represented shall have the right to vote.

C.1.29 Indicate the number of meetings that the board of directors has held over the year. Also indicate, where applicable, how many times the board has met without the chairman being present. When calculating the number, representations made with specific instructions shall be considered.

Number of meetings of the Board	17
Number of Board meetings without the Chairman attending	0

If the chairman is an executive officer, indicate the number of meetings held without any executive director attending and presided by a coordinator

Number of meetings	0

Indicate the number of meetings held by the different board committees over the year:

Committee	Number of meetings
Executive Committee	5
Audit Committee	7
Appointment and Remuneration Committee	5

C.1.30 Indicate the number of meetings held by the board of directors during the year with the attendance of all its members. When calculating the number, representations made with specific instructions shall be considered:

Number of meetings with all the directors in attendance	13
% of attendances over the total number of votes during the year	76,47%

C.1.31 Indicate if the individual and consolidated annual accounts submitted for approval by the board are certified previously:

Yes ☐ No ☒

Identify, where applicable, the person/people who has/have certified the company's individual and consolidated annual accounts in order to be drawn up by the board:

C.1.32 Explain, where applicable, the mechanisms established by the board of directors to prevent the individual and consolidated annual accounts drawn up by them from being submitted to the general meeting of shareholders with qualified opinion in the auditors' report.

The Board of Directors has the Audit Committee which, according to article 7.3 of the Regulations of the Board of Directors, is competent for the following duties:

(i) Informing the General Shareholders' Meeting of the issues proposed thereto by the shareholders for items within its competence.

(ii) Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.

(iii) Supervising the preparation and submission of the required financial information.

(i) Proposing the appointment of the company's auditors to the Board of Directors to be submitted for the approval, re-election or replacement of the General Shareholders' Meeting, in accordance with applicable law, and the terms of engagement and regularly gather from them information on the audit plan and its execution while preserving its independence in the exercise of their functions.

(ii) Establishing appropriate relations with the auditors to receive information that could jeopardise their independence, for consideration by the Audit Committee, and, in general terms, any others that are related to the development process of the audit, as well as other communications included in auditing laws and the technical auditing rules. In all cases, it must receive written confirmation from the auditors of their independence from the company or the companies directly or indirectly associated thereto, along with information about additional services of any kind rendered to these companies by the aforementioned auditors or companies, or by persons or companies associated therewith, pursuant to auditing laws.

(iii) Issuing a report every year, prior to the auditing report being issued, expressing an opinion on the independence of the external auditors or auditing firms. This report shall include, in any case, the assessment of the provision of additional services referred to above, considered individually and collectively, other than the statutory audit and in connection with the regime of independence or the legislation regulatory audit.

(iv) To inform, in advance, to the Board of Directors on all matters under the Act, the Articles of Association and the Regulations of the Board and, in particular, (a) the financial information that the Company must periodically disclose; (b) the creation or acquisition of interests in special purpose entities or domiciled in countries or territories considered tax havens; and (c) transactions with related parties.

C.1.33 Is the secretary of the board a director?

Yes ☐ No ☒

If the secretary of the board is not a director, complete the following table:

Name or company name of the secretary	Representative
Mr IGNACIO ALBIÑANA CILVETI	

C.1.34 Section repealed.

C.1.35 Indicate, where applicable, the mechanisms established by the company to safeguard the independence of the auditor, financial analysts, investment banks and rating agencies.

The article 20 of the Regulations of the Board of Directors stipulates:

Article 20.- Relationship with the Auditors

The Board of Directors shall establish an objective, professional and ongoing relationship of the Audit Committee with the company's external auditors appointed by the General Shareholders' Meeting. In all cases, it shall observe the independence of such auditors and ensure that they are provided with accurate information.

C.1.36 Specify whether the company has changed external auditor over the year. If appropriate identify the incoming and outgoing auditors:

Yes ☐ No ☒

If there was a disagreement with the outgoing auditor, explain its content:

C.1.37 Indicate if the audit company performs other tasks for the company and/or its group other than auditing activities, and if so, state the amount of the fees received for said activities and the percentage of the fees invoiced to the company and/or its group:

Yes [X] No [ ]

	Company	Group	Total
Amount of fees for tasks other than auditing activities (in thousands of Euros)	86	51	137
Amount of fees for services other than auditing activities / Total amount invoiced by the audit company (%)	30.25%	18.08%	48.33%

C.1.38 Specify whether the auditor's report on the annual accounts from the previous year includes any reservations or exceptions. Where applicable, indicate the reasons given by the chairman of the audit committee to explain the content and scope of the said reservations or exceptions.

Yes [ ] No [X]

C.1.39 Indicate how many years the current audit company has been auditing, without interruption, the annual accounts of the company and/or its group. Also indicate the percentage of the number of years audited by the current audit company over the total number of years that the annual accounts have been audited:

	Company	Group
Number of years without interruption	4	4
Number of years audited by the current audit company / Number of years the company has been audited (w %)	31.00%	33.00%

C.1.40 Indicate and, where applicable, provide details of whether there is a procedure whereby directors can have external assessment:

Yes [X] No [ ]

Procedure details
In this respect, article 14 of the Regulations of the Board of Directors stipulates as follows: Article 14.- Services of experts In order to assist them in performing their duties, the non-executive Directors may request, when necessary due to the special circumstances, that legal, accounting or financial consultants or other experts are hired at the expense of the Company. The work must in all cases be related to specific problems of certain importance and complexity involved in performing their duties. The decision to hire the aforementioned experts must be notified to the Chairperson of the Company's Board of Directors and may be vetoed by the Board of Directors if the following circumstances are accredited: (i) It is unnecessary to fully perform the duties entrusted to the external Directors; (ii) Its costs its unreasonable bearing in mind the importance of the problem and the Company's assets and income; (iii) The technical assistance included may be suitably provided by the Company's experts and technicians; (iv) It could jeopardise the confidentiality of the information that will be dealt with.

C.1.41 Indicate and, where applicable, provide details of whether there is a procedure whereby directors can have the information necessary to prepare the meetings of the boards of directors with sufficient time:

Yes [X] No [ ]

Procedure details

Together with the corresponding notice of meeting, the Directors receive the information and documents related to of the order of the day items of the pertinent meeting.

Accordingly, article 13 of the Regulations of the Board of Directors stipulates that:

Article 13.- Information to the Directors

Unless the Board of Directors had been called or had been exceptionally convened for reasons of urgency, the Directors must be have the necessary information in advanced for deliberation and adoption of resolutions on matters to be discussed. The Chairman of the Board of Directors, with the assistance of the Secretary, shall ensure compliance with this provision.

The Directors are vested with the most wide-embracing authority to obtain information about any aspect affecting the Company, to examine its books, records, documents and other background information about the company's transactions and to inspect all its facilities.

However, in order not to disrupt the company's ordinary operations, exercising their rights to information shall be channelled through the Chairperson of the Board of Directors, if they are of an executive nature, otherwise through the Chief Executive Officer, or absent this figure, of the Managing Director, who shall deal with the requests made by Directors and provide them with information, offering them suitable spokespersons within the scope of the suitable organisation or provide the measures so that the procedures for examination and inspection can be carried out *in situ*.

C.1.42 Indicate and, where applicable, give details of whether or not the company has laid down rules that oblige the directors to report and, in cases that damage the company's credit and reputation, resign:

Yes [X] No [ ]

Explanation of the rules

In this respect article 16.4 of the Regulations of the Board of Directors establishes that:

Article 16.4. Other duties of information

The Directors must inform the Company of the shares thereof that they directly hold or that are held through companies in which they have a controlling interest. They shall also notify information of any others they directly or indirectly hold through persons associated therewith.

The Directors must also notify any significant change in their professional situation that affects the nature or condition by virtue of which they were appointed as Directors.

Similarly, the Directors must notify any situation that affects them or could affect the prestige or reputation of the Company, in particular, criminal cases in which they are involved as defendants and any important legal difficulties. After examining the situation in question, the Board of Directors may require that the Director is dismissed, and this decision shall be binding for the Director.

C.1.43 Indicate whether or not any member of the board of directors has informed the company that he/she has been prosecuted or hearings against him/her have been opened for any of the offences laid down in article 213 of the Corporate Enterprises Act:

Yes [ ] No [X]

Indicate whether or not the board of directors has analysed the case. If the answer is affirmative, give a reasoned explanation of the decision taken as to whether or not the director remains in his/her post or, if the case, exposes the performance done by the board of directors until the date of the present report or that is expected to do.

C.1.44 Detail the significant agreements hold by the company that enter into force, are modified or terminated whenever a change in the company's control takes place resulting from a public acquisition offer, and its effects.

Such agreements do not exist.

C.1.45 Identify in an aggregate form and indicate, in a detailed form, the agreements between the company and its managers and directors or employees that have at their disposal severance payments when they resign or are unfairly dismissed or if the working relationship concludes due to a public acquisition offer.

Number of beneficiaries: 3

Type of beneficiary:

General Manager / General Manageress / Deputy General Manageress

Description of the agreement:

Until July 2015 the Company had a senior management contract with the former General Manager, which stated that in case of termination of contract due to any unilateral decision from the company, they would be entitled to receive a severance payment equivalent to three months of fixed remuneration. Moreover, in the case of unfair dismissal, the Company would have to pay its executives a gross severance payment equivalent to three months of fixed remuneration. In case of change in the shareholding structure, the executive position would be insured by a one year contract, being the Company able to choose between its compliance or its termination by payment of 100% of the annual fixed remuneration.

In July of 2015 the Company had revised two employment contracts (with the current General Manager and the Deputy General Manager), where from now on it's ensured that in the event of terminating a contract due to causes related to restructuring by a merger, take-over or purchase, a compensation is provided, amounting to 45 days of pay per each year worked through, and in case of a work period shorter than one year – a proportional part of remuneration for each month worked through. Moreover, in the case of the Deputy General Manager, the compensation is calculated based on 12 monthly salaries.

Indicate whether these contracts have to be communicated and/or approved by the bodies of the company or of its group:

	Board of Directors	General Meeting
Governing body that authorises the clauses	**Yes**	**No**

	Yes	No
Is the General Meeting informed of the clauses?		**X**

C.2 Committees of the company's board of directors

C.2.1 Provide details of all the committees of the board of directors and their composition and participation of executive, proprietary, independent and other external directors in said committees:

Executive Committee

Name / company name	Position	Category
Mr IGNACIO GARCÍA-NIETO PORTABELLA	MEMBER	Independent
GRUPO EMPRESARIAL ENHOL, S.L.	CHAIRMAN	Proprietary
EOLICA NAVARRA, S.L.U.	MEMBER	Proprietary
COMSA EMTE ENERGIAS RENOVABLES, S.L.	MEMBER	Proprietary

% of proprietary directors	75.00%
% of independent directors	25.00%
% of other external directors	0.00%

Specify the responsibilities of this committee, the procedures and rules of organisation and functioning of the committee and describe briefly the most important actions of the committee during the year.

The Executive Committee has all the authority of the Board of Directors except the duties that, for legal or statutory reasons, cannot be delegated. In particular, as examples but not limited thereto, it may exercise the following duties:
(a) To control the management of the Company.
(b) To study and propose the guidelines that must define the corporate strategy and supervise its implementation, with special attention being paid to diversification actions.
(c) To deliberate and notify the following matters to be submitted to the Board of Directors::
(i) The Company's budgets, with a breakdown of the relevant forecasts for each business line.
(ii) Important investments and alliances or agreements.
(iii) Financial transactions.
(iv) Corporate transactions.
In the opinion of the Chairperson or the majority of the members of the Executive Committee, the resolutions, when the importance of which require so, may be submitted for subsequent ratification by the Board of Directors. In any case, all the members of the Company's Board of Directors shall be allowed to access the minutes of the Executive Committee meetings.

Indicate whether the composition of the delegated or executive committee reflects the composition of the board of directors as to the different types of directors:

Yes [X] No [ ]

Audit Committee

Name / company name	Position	Category
Mr IGNACIO GARCÍA-NIETO PORTABELLA	CHAIRMAN	Independent
Mr ESTEBAN SARROCA PUNSOLA	MEMBER	Independent
LARFON S.A.U.	MEMBER	Proprietary

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

Specify the responsibilities of this committee, the procedures and rules of organisation and functioning of the committee and describe briefly the most important actions of the committee during the year.

The Board of Directors sets up a standing Audit Committee, which shall be composed of a minimum of three (3) and a maximum of five (5) Directors, appointed, according to a proposal made by the Appointments and Remuneration Committee, by the Board of Directors from among its non-executive members. At least two of the members of the Audit Committee shall be independent and will be appointed bearing in mind his/her knowledge and/or experience in accounting or auditing matters.

The members of the Audit Committee shall hold their posts for a maximum term of four (4) years but may be reappointed. The Chairperson shall hold office for a maximum term of four (4) years, and for his/her reappointment to such position, at least one year must have elapsed since he/she stepped down from office, notwithstanding his/her reappointment as a member of the Committee.

The Audit Committee is competent for the following duties:
(i) Informing the General Shareholders' Meeting of the issues proposed thereto by the shareholders for items within its competence.
(ii) Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.
(iii) Supervising the preparation and submission of the required financial information.
(iv) Proposing the appointment of the company's auditors to the Board of Directors to be submitted for the approval, re-election or replacement.
(v) Establishing appropriate relations with the auditors to receive information that could jeopardise their independence, for consideration by the Audit Committee, and, in general terms, any others that are related to the development process of the audit, as well as other communications included in auditing laws and the technical auditing rules. In all cases, it must receive written confirmation from the auditors of their independence.

(vi) Issuing a report every year, prior to the auditing report being issued, expressing an opinion on the independence of the external auditors or auditing firms.
(vii) To inform, in advance, to the Board of Directors on all matters under the Act, the Articles of Association and the Regulations of the Board.

Indicate the director, member of the audit committee, appointed bearing in mind his/her knowledge and/or experience in accounting or auditing matters and specify in years the current term of office of the chairperson of the committee.

Director with experience	Mr IGNACIO GARCİA-NIETO PORTABELLA
Years of the current term of office	4

Appointment and Remuneration Committee

Name / company name	Position	Category
Mr ESTEBAN SARROCA PUNSOLA	CHAIRMAN	Independent
GRUPO EMPRESARIAL ENHOL, S.L.	MEMBER	Proprietary
Mr IGNACIO GARCÍA-NIETO PORTABELLA	MEMBER	Independent

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

Specify the responsibilities of this committee, the procedures and rules of organisation and functioning of the committee and describe briefly the most important actions of the committee during the year.

Notwithstanding other duties that may be assigned thereto by the Board of Directors, the Appointment and Remuneration Committee shall perform the following basic duties:
(i) Evaluate the skills, knowledge and experience enough on the Board of Directors. For this purpose, roles will be defined and capabilities required of the candidates to fill each vacancy and evaluate the time and dedication necessary for them to perform their duties effectively.
(ii) Establish a goal of representation for the underrepresented sex on the Board of Directors and develop guidance on how to achieve that objective.
(iii) Submit to the Board of Directors the proposals for appointment of independent directors to be appointed by co-optation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for re-election or removal of such directors by the General Shareholders' Meeting.
(iv) Report the proposals for appointment of the remaining directors to be appointed by co-optation or for submission to the decision of the General Meeting, as well as proposals for re-election or removal by the General Shareholders' Meeting.
(v) Report on proposals for appointment and removal of senior managers and the basic terms of their contracts.
(vi) Examine and organize the succession of the Chairman of the Board and Chief Executive of the Company and, where appropriate, make proposals to the Board for such succession occurs in an orderly and planned.
(vii) Propose to the Board the remuneration policy for directors and general or those who develop their senior management functions under direct control of the Board of Executive Committees or CEOs of directors as well as the individual compensation and other contractual conditions of executive directors, ensuring compliance.

The Appointment and Remuneration Committee shall hold a meeting whenever the Board of Directors or its Chairperson request a report to be issued or proposals to be adopted and, in all cases, whenever this is convenient for the correct performance of its duties. It shall be summoned by the Chairperson of the Board of Directors or by two (2) members of this Committee.

C.2.2 Complete the following table with the information relative to the number of women that are part of the committee of the board of directors during the last four years:

	Number of women in the committee							
	Year 2015		Year 2014		Year 2013		Year 2012	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Appointment and Remuneration Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Section repealed

C.2.4 Section repealed.

C.2.5 Indicate, where applicable, the existence of committee regulations, the location at which they are available for consultation, and the modifications that have been made during the financial year. Also indicate whether any annual report on each committee's activities has been voluntarily drafted.

the regulation of the Executive Committee, Audit Committee and Appointments and Remuneration Committee are included in the Regulations of the Board of Directors (articles 7.2, 7.3 and 7.4, respectively), available in the company's website:

http://www.fersa.es/en/regulations-of-procedure-for-the-board-of-directors/

During the year 2015 the Regulations of the Board of Directors were modified in order to adapt to the current Corporate Enterprises Act.

The Board of Directors carried out an evaluation of the activity of each of the committees.

C.2.6 Section repealed.

D RELATED PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Explain the procedure for the approval of the related party and intra-group transactions.

Procedure for the approval of related party transactions
Article 17 of the Regulations of the Board of Directors states the following: Article 17.- Transactions of the Company with significant shareholders The Board of Directors, directly or through the Audit Committee, shall ensure that the transactions between the Company or companies of its group with significant shareholders are carried out according to arm's length conditions and observe the principle of equal treatment of the shareholders that are in the same situation. If they are ordinary transactions and are of a habitual or recurrent nature, the general authorisation of the operating line and the conditions for performance shall be deemed sufficient, with a prior report in favour issued by the Audit Committee. The authorisation by the Board of Directors shall not be deemed necessary however when the conditions are met stipulated in section (t) of Article 4 of these Regulations. The Annual Corporate Governance Report of the Company shall include information about these transactions.

D.2 Detail the significant operations for its quantity or for its type that have taken place between the company or companies of its group, and the significant shareholders of the company:

Name or company name of the significant shareholder	Name or company name of the company or group entity	Nature of the relationship	Type of transaction	Amount (in thousands of Euros)
WINDMILL INVESTMENT, S.À R.L.	Fersa Energías Renovables, S.A.	Contractual	Loan agreement	838

D.3 Detail the significant operations for its quantity or significant for its type that have taken place between the company or companies of its group, and the administrators or senior managers of the company:

Name or company name of the administrators of senior managers	Name or company name of the related party	Relationship	Type of transaction	Amount (in thousands of Euros)
GRUPO CATALANA OCCIDENTE, S.A.	Fersa Energías Renovables, S.A.	Financial	Financing agreement: loan	3,912
LARFON S.A.U.	Fersa Energías Renovables, S.A.	Financial	Financing agreement: loan	1,500
Mr TOMÁS FELIU BASSOLS	Fersa Energías Renovables,	Financial	Financing agreement: loan	600
GRUPO EMPRESARIAL ENHOL, S.L.	Fersa Energías Renovables,	Financial	Financing agreement: loan	150

D.4 Detail the important operations carried out by the company with other companies belonging to the same group, provided that they are not eliminated in the process of drafting the consolidated financial statements and are not part of the company's usual trading in terms of its purpose and conditions.

In any case, any operation inside the group done with companies established in countries or territories considered as tax haven has to be notified:

D.5 Specify the amounts of other related party transactions.

0 (in thousands of Euros).

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

The article 16.2 of the Regulations of the Board of Directors stipulates as follows (subject to the exemption regime established in article 16.3 thereof):

The duty to avoid conflicts of interest [...] obliges Directors to abstain from:

(i) Performing transactions with the Company, except ordinary transactions, made under standard conditions for customers and of little relevance, defined as those whose information is not necessary to show a reliable picture of present assets, financial situation and results of the Company.

(ii) Using the name of the Company or invoke their status as Director to improperly influence the performance of private operations.

(i) Making use of corporate assets, including confidential information of the Company for private purposes. Included in this obligation, the duty of every director not to use non-public information of the Company for their own benefit, either directly or facilitating it to third parties, and must abstain, or suggest anyone, from performing an operation on shares of the Company or its subsidiaries, associated or related to the disposal, by virtue of his charge of non-public information, all abovementioned without prejudice to the obligations incumbent on Directors under the regulations of the Securities and standards of conduct contained in the Company's Internal regulations for Conduct

(ii) Taking advantage of the business opportunities of the Company. Accordingly, the Directors may not execute, for their own benefit or that of persons related to him, investments or transactions relating to the assets of the Company that has knowledge, when the investment or transaction has been offered to the Company or it has interest in it, as long as the Company has not rejected the investment or transaction without the influence of the Director and the execution is authorized by the Board of Directors. [...]

(iii) Obtaining benefits or remuneration from third parties other than the Company and its group associated with the performance of his duties, except in the case of mere courtesy attentions.

(iv) Carrying out self-employed or employed activities involving effective competition, whether actual or potential, with the Company or that, otherwise, it is placed on the same permanent conflict with the interests of the Company. From this obligation to abstain charges exercised by Directors in subsidiaries or associated entities of the Company are excluded.

The foregoing provisions shall also apply in the event that the recipient of the prohibited acts is a person related to a Director, under the terms of article 231 of the Spanish Corporate Enterprises Act.

In any case, the Directors must notify to the Board of Directors of any conflict situation, direct or indirect, which them or persons related to them may have with the interests of the Company. The conflict of interest incurred by the Directors shall be reported in the Annual Accounts and in the Annual Corporate Governance Report.

In addition, the Corporate Code of Ethics and Conduct states as follows:

The professionals in the companies of the Group must fulfil their duties bearing in mind the Company's interests, regardless of each of their personal interests. Therefore, all situations must be avoided in which the professionals' personal interests could be in conflict with those of the companies in the Group. In particular, all personal incompatibility must be avoided, in particular of a financial nature that could interfere with performance of their work or have a negative impact on the Group's interests.

Similarly, all situations must be avoided that, even though they may not imply a real conflict of interest with the Company, could create an external appearance of such conflict of interest.

A personal interest of the professional is deemed to exist when the matter affects him/her or a person related thereto. Persons related to a professional shall be considered as the following: spouse; ascendants, descendants and siblings of the professional or of his/her spouse (or any person with a similarly close relationship); the organisations in which the professional, or persons related thereto, are in any of the situations of control stipulated by law; the companies or institutions in which the professional, or any persons related thereto, holds a post in the administration or management or from which he/she receives remuneration for any reason, whenever the professional exercises a significant influence on the financial and operational decisions of such companies or institutions.

The professionals in the Group must observe the following general principles in their actions regarding any possible conflict of interest: independence, abstention; and notification (to notify any conflicts of interest that have arisen). The aforementioned general principles for conduct must be observed, in particular, in cases when the situation of conflict of interest is or could reasonably be expected to be of such a kind that it implies a structural and permanent situation of conflict of interest between the professional, or a person related to the professional, and any of the companies in the Group.

In all other cases, only those activities or transactions may be carried out that could imply situations of conflict of interest if and when they are previously authorised in writing by the Company's Board of Directors, according to a proposal made by the Audit Committee.

D.2 Is more than one group company listed on the stock markets in Spain?

Yes ☐ No ☒

Indicate the subsidiary companies listed in Spain:

Subsidiary company listed on the stock market

Indicate if you have defined publically with precision the corresponding areas of activity and possible business relationships between them, as well as those of the listed subsidiary company with the rest of the group companies;

Indicate possible business relationships between the parent company and the listed subsidiary company, and between the listed subsidiary company and the rest of the Group companies

Identify the mechanisms provided to solve the possible conflicts of interest between the listed subsidiary company and the rest of the group companies:

Mechanisms of solving the possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's risk management system including tax risk.

The Fersa Group, in general, considers Risk to be any future event or contingency that could hamper the Company's ability to successfully meet its business objectives.

In this sense, the Group is submitted to several risks associated to the different countries and markets in which it operates, and that can prevent it to achieve its objectives and executing its strategies with success. It is for that reason the Board of Directors, aware of the importance of this aspect, encourages the implementation of the necessary mechanisms for the significant risks to be correctly identified, managed and controlled, and establishes, throughout the *General Policy of Risk Control and Management* of the Group, the mechanisms and basic principles for an adequate management of the risk, that allows:

a) achieve the strategic objectives that the Group determines;
b) provide the maximum level of guarantees to the shareholders;
c) protect the results and the reputation of the Group;
d) defend the interests of shareholders, clients, and other Groups interested in the continuity of the Company;
e) guarantee business stability and financial strength on a sustained basis throughout time;
f) separation of the areas that assume risks besides those that control them;
g) application of the transparency and good governance practices; and,
h) act according to the actual legal regulations and to the established commitments in the Corporate Responsibility framework.

For the development of the expressed commitment, the Board of Directors has with the collaboration of the Audit Committee that, as a delegate and advisory Board, supervises and informs about the adequacy of the evaluation and internal control system of significant risks.

Every performance aimed to control and mitigate the risks will be subject to the following basic principles of performance:

a) Integrate the risk-opportunity vision in the management of the Company, throughout the definition of the strategy and level of risk assumed, as well as the incorporation of this variable for the strategic and operative decisions.
b) Segregate, at an operative level, the functions among the risk assuming areas and the analysis, control and supervision areas, guaranteeing and adequate level of independence.
c) Guarantee the proper utilization of the risk hedging instruments and its register in accordance with that required in the applicable legislation.
d) Inform with transparency about the risks of the Group and the functioning of the developed systems for its control to the regulators and main external agents, maintaining the adequate channels to encourage the communication.
e) Align with such *Policy* all the specific policies that need to be developed in concept of risks in the different businesses, if it were the case, and companies controlled by the Group.
f) Ensure the adequate compliance of the corporate governance rules established by the Company throughout its corporate Government system and the actualization and permanent improvement of such system in the framework of the best international practices of transparency and good governance, and carry out its monitoring and measurement.
g) Act always respecting the law and the corporate Government system of the Company and, particularly, the established values contained inside the Corporate Code of Ethics and Conduct

Such General Policy of Risk Control and Management of the Group is carried out through the procedures, methodologies and support tools, and that includes the following guidelines:

a) The identification of the significant risks of corporate governance, market, credit, liquidity, capital management, business, regulation, operational, environmental, reputational and others, taking into account the possible impact on the key objectives of management, the new investments and the financial statements (including contingent liabilities and other risks out of balance).
b) The analysis of such risks, not only in each one of the businesses or corporate functions but also taking into account its integrated effect on the Group and, particularly, the analysis of the risks associated to the new investments, as an essential element in the decision making in key of profitability-risk.
c) The settlement of political structures, guidelines and limits, as well as the corresponding mechanisms for its approval and deployment, allow contributing in an efficient way to manage risk in accordance with the risk strategy of the Company.
d) The implementation and control of the compliance of the policies, guidelines and limits, throughout the adequate procedures and systems, including the necessary contingency plans to mitigate the impact of the materialisation of the risks.
e) The measurement and risk control following homogeneous procedures and standards common in all the Group and, particularly, the monitoring and regular checking of the risks in the Income Statement with the aim of controlling the volatility of the annual result of the Group.
f) The information and internal control systems that allow to do a regular and transparent evaluation and communication of the results of the monitoring and management of risks, including the compliance of the policies and the limits.
g) The continuous evaluation of the suitability and efficiency of the application of the system and of the best practices and recommendations in concept of risks for the eventual incorporation in the model.
h) The review of the system by the Internal Audit Department of the Group.

The General Policy of Control and Management Risk is developed and complements throughout the corporate risk policies that are established related to the business units and/or companies of the Group, if the case, that are detailed below, and that are also subject to supervision by the Audit Committee and approval by the Board of Directors.

Structure of the Risk Policies of the Group
• General Policy of Control and Management Risk

Corporate Risk Policies

• Guidelines and general principles for the prevention of criminal risk.
• Delegation of authority.
• Financial risks management policy.
• Investments, purchases and suppliers policy.
• Guidelines for accounting policies.
• Project finance process and projects' status.
• Granting policies and loans formalization conditions.
• Acquisition and disposal of own shares procedure.
• Guidelines of the regulated information to publish in the market.
• Internal Control System for Financial Information (ICFR)

E.2 Indicate the social governing bodies responsible for establishing and executing the risk management system including tax risk.

In order to adequate the impact of the risk, the Audit Committee, as a delegated and advisory Committee of the Board of Directors, apart from supervising the proposals of the Management or the Internal Audit Department, has the autonomous capacity to suggest to the Board of Directors for its approval the proposals of guidelines to regulate the limits of different risks, including tax risk, that are considered as acceptable for the Group.

AUDIT COMMITTEE

Related to the functions of such governing body, its own regulation, as well as the regulation of the Board of Directors, establishes that the functions of the Audit Committee are the following:

- Informing the General Shareholders' Meeting of the issues proposed thereto by the shareholders for items within its competence.
- Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the preparation and submission of the required financial information.
- Proposing the appointment of the company's auditors to the Board of Directors to be submitted for the approval, re-election or replacement by the General Meeting of Shareholders, in accordance with applicable law, and the terms of engagement and regularly gather from them information on the audit plan and its execution while preserving i ts independence in the exercise of their functions.
- Establishing appropriate relations with the auditors to receive information that could jeopardise their independence, for consideration by the Audit Committee, and, in general terms, any others that are related to the development process of the audit, as well as other communications included in auditing laws and the technical auditing rules. In all cases, it must receive written confirmation from the auditors of their independence from the company or the companies directly or indirectly associated thereto, along with information about additional services of any kind rendered to these companies by the aforementioned auditors or companies, or by persons or companies associated therewith, pursuant to auditing laws.
- Issuing a report every year, prior to the auditing report being issued, expressing an opinion on the independence of the external auditors or auditing firms. This report shall include, in any case, the assessment of the provision of additional services referred to above, considered individually and collectively, other than the statutory audit and in connection with the regime of independence or the legislation regulatory audit.
- To inform, in advance, to the Board of Directors on all matters under the Act, the Articles of Association and the Regulations of the Board and, in particular, (a) the financial information that the Company must periodically disclose; (b) the creation or acquisition of interests in special purpose entities or domiciled in countries or territories considered tax heavens; and (c) transactions with related parties.

BOARD OF DIRECTORS

Within the scope of its competence, with the support of the Audit Committee, the Board of Directors should ensure that the necessary mechanisms are introduced to identify measure, manage and monitor relevant risks of any type, establish the Company's risk strategy and profile, and approve the Group's risk policies.

In particular, the Board of Directors has to approve and supervise the risk control and management policy, as well as the monitoring of the system of internal control over financial reporting.

E.3 Indicate the main risks, including tax, that can affect the company in achieving business aims.

The risk factors which the Group is submitted to are, generally, the ones that follow.

a) Corporate governance risks: the Company assumes the need to maximise in a sustained form the economic value of the Company and its good aim in the long run, in accordance to social interest, culture and vision and corporate mission of the Group, taking into consideration the legitimate, public or private interests, that converge in the development of all business activity and, particularly, among the different interest Groups, the ones of the communities and territories in which the Company performs and those of its workers. For this, it is fundamental the compliance of the corporate governance system of the Company, integrated by the Articles of Association of the company, the corporate policies, the internal rules of corporate governance and the other codes and internal procedures approved by the competent governing bodies of the Company and inspired in the recommendations of good governance generally accepted.

b) Market risks: defined as exposure of the Group's results to variations in the prices and market variables, such as the exchange rate, interest rate, inflation, price of raw materials (electricity, emission rights, other fuels, etc.), prices of financial assets and others.

c) Loan risks: defined as the possibility that a counterparty does not comply its contractual obligations and produces an economic or financial loss in the Group. The counterparties can be final clients, counterparties in financial markets or in energy markets, partners, suppliers or contractors.

d) Liquidity risk: defined as the possibility of a company of not being able to attend its liabilities in the short run. For this, a careful management of the liquidity risk implies the maintenance of cash and sufficient tradable securities, the availability of financing throughout a sufficient amount of credit facilities and having the capacity to settle market positions.

e) Capital management risk: the objective of the management of capital risk is to maintain an appropriate ratio between the acquirement of internal and external financing (financial liability).

f) Financial restriction risk: the objective to manage such risk is to maximize the resources available by the Group, mainly throughout a proper generation of cash flow, optimization of the recurrent expenses, as well as the restriction in the grant of financial resources to the Group's subsidiaries.

g) Business risks: established as the uncertainty of the behaviour of the key variables intrinsic to the business, such as the demand characteristics, weather conditions, or the strategies of the different agents and others.

h) Regulatory risks: those resulting from regulatory changes established by the different regulators such as the changes in the remuneration of the regulated activities or the required conditions of supply, environmental regulation, fiscal regulation and others.

i) Operational risks: refer to the direct or indirect economic losses caused by inadequate internal procedures, technological errors, human errors or as a consequence of external successes, including their economic, social, environmental and reputational impact, as well as the legal risk.

j) Reputational risks: potential negative impact on the value of the Company as a result of a poorer behaviour of the company compared to the created expectations by the different interest Groups: shareholders, clients, media, analysts, Public Administration, employees and society in general.

k) Other risks: at certain moments and/or situations there may exist new factors that generate the identification of new risks (through the analysis of the risk map of the Group, among others) whose potential impact can be significant for the Group, and therefore, are taken into consideration in the decision making to mitigate the impact of such risks.

E.4 Indicate whether the company has a level of risk tolerance, including tax risk.

The Group has not quantified a specific level of risk tolerance, adapting it to the different situations, taking into account the risk/opportunity combination.

Nevertheless, at the quality level, Fersa's risk map is the identification and valuation tool of all risks of the Group. All risks considered are evaluated considering probability and impact indicators.

In accordance to these parameters, risks are classified as:

- Non-significant risk: risks which impact is very low or out of control of the company. These risks are managed to reduce the frequency in which they are produced only if its management is economically feasible.
- Low risk (tolerable): risks that occur with little frequency and that have a low economic impact. These risks are monitored to check that they are still tolerable.
- Medium risk (severe): frequent risks with a very high impact. These risks are monitored and, where appropriate, regularly managed.
- Top risk (critical): occur with low frequency but the economic/strategic/reputational impact is really high. These risks are constantly monitored.

E.5 Indicate which of the risks, including tax, have taken place during the year.

Fersa's activity belongs to the renewable energy sources. This activity takes place in a changing environment, with regulations, subsidies or fiscal incentives that can suffer some modifications. The Group is subject to Government regulations of the countries where it is operating and the changes in the regulations or requirements can have an impact on the business, affecting the actual plants' profitability and the company's future capacity of financing projects. Fersa has operating plants in Spain, France and Poland.

In Spain, in this context, on 13 July 2013 the RD 9/2013 12th July was released, in which urgent measures are adopted to guarantee the financial stability of the system. This RD abolished the RD 661/2007 still present on such date. This new RD establishes the new remunerative regime principles for the renewable energy generation plants and is submitted to the Government for the new remunerative regime to be approved. Under this new regulatory framework, the income from the special regime installations will come from:

- Income originated from the sale of electric power in the market.
- Income originated by the specific remunerative regime, if applicable. The specific remunerative regime will consist of the sum of two factors: the remuneration for the investment and the remuneration for the operation, which will be regularly checked.

Subsequently, on 6 June 2014, the Ministry of Industry, Energy and Tourism have approved the Royal Decree 413/2014 and the Ministerial Order that develops it, which regulate the activity of electric energy production using renewable sources, resolving this way the doubts about the regulatory framework that had been arising over the sector and existed as of 31 December 2013, and determining the new remunerative parameters for the wind facilities.

The Fersa Group has evaluated and registered the effect of the latest Royal Decree against the estimations made on the basis of the draft of said regulation without finding significant differences between them.

In France the electricity facilities must hold authorisations for operations under the Law no. 2000-108 /10 February 2000, on the modernisation and development of the electricity utilities, as well as according to the Decree no. 2000-877/ 7 September of the same year, on the authorization for operating electricity facilities. Having obtained the authorisation, the electricity producers will be subject to the remunerative regime pursuant to Decree of 10 July 2006 which grants subsidies to the facility according to the tariff indexed once a year.

In Poland until 31 December 2015 the policy of incentives for wind Energy was based on a system of obligatory quota and a parallel market of green certificates. However in May 2015 this system was substituted for new facilities launched as of 1 January 2016 by a system of auctions of Energy where the winners of the auction will have a guaranteed price during 15 years. Later, on 31 December 2015 a decree was published adjourning by 6 months the move to the new system of incentives.

Finally, it should be noted that in the year 2015 no risk has materialised, neither in the incentive system described above, nor any other significant risk that could affect materially the financial statements or the reputation of the Group. In relation to the modification of regulation in Poland, the Group will analyse the suitability of new system of incentives in order to decide whether to move to it in the future.

E.6 Explain the response and supervision plans for the main risks, including tax.

The Fersa Group has available an updated Risk Map which shows that relevant risks are those that can negatively affect various aspects, such as: operations, economical profitability, financial solvency, information, corporate reputation and integrity of its employees, including the risk of fraud.

For this, the Company has identified which of these risks can affect the Group and which measures to mitigate have been used to cover in the best way such risk, minimizing its impact. Likewise, for other risks whose impact is still not covered, exists an execution calendar, established together with a plan of action, of the measures that will avoid a significant impact of such risks on the Group.

The execution of such measures is carried out by the Management of the Group, being the Audit Committee and, lastly, the Board of Directors the two governing bodies responsible for monitoring and approving the measures carried out, respectively.

F INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that constitute the risk control and management systems in relation to the financial reporting process (ICFR) of your company.

F.1 Control framework of the entity

Inform, indicating the main features of at least:

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

The Internal Control over Financial Reporting System (hereinafter ICFR) of the FERSA Group (hereinafter: " FERSA Group" or "Group") is part of its general system of internal control and is arranged as a set of procedures carried out by the Board of Directors, Audit Committee and Management and employees of the Group in order to provide reasonable security concerning the reliability of the financial information subject to disclosure.

The Board of Directors of the FERSA Group is the maximum decision body of the Group, delegating the ordinary management to the executive bodies and the management team, and concentrating, therefore, its activity on monitoring. The Board of Directors has the ultimate responsibility on the existence and maintenance of an adequate and effective ICFR, delegating the monitoring function to the Audit Committee.

Among the direct responsibilities to be carried out by the Board of Directors, in terms of the internal control over the financial reporting, without any prejudice to the effects that the delegations and powers granted may cause to third parties, and according to what is established in its own Regulations (art. 4), there are, among others, the following duties:

- The determination of the risk control and management policy, including tax issues, and regular monitoring of the internal information and control systems.
- The approval of the financial information that the Company must regularly publish due to being traded.
- The determination of the Company's corporate governance policy and of the group that is dominant entity; its organization and operation and, in particular, the adoption and amendment of its own regulations.
- The approval of the financial information that the Company must regularly publish due to being traded.

Article 7 section 3 of the Regulations of the Board of Directors defines its actions and competence. In this respect and in connection with the process of preparing and monitoring financial reporting the Audit Committee, under the Regulations of the Committee (art. 6) has the following duties:

- Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the preparation and submission of the required financial information, as well as the internal control systems related to significant risk for the company.

It is also important to point out that the Audit Committee has available the function of Internal Audit that, with the monitoring of the former, ensures the proper functioning of the information systems and internal control evaluating periodically the efficiency of the ICFR and informing regularly the Audit Committee of the weaknesses detected during the performance of its job and the possible infringements of the internal control policy and the timetable for the implementation of the proposed correction measures.

The Financial Management of the Group is in chargé of performing the following functions in relations with the ICFR:

• Revising and approving the policies and manuals referring to the management of the financial reporting;
• Establishing and spreading the needed procedure for the internal control over financial reporting;
• Establishing and carrying out the internal control over financial reporting in order to ensure its reliability and guarantee that the reports, facts, transactions and other relevant aspects are notified properly within the adequate time frame; and
• Monitoring and controlling the compliance of the internal control over financial reporting and of the internal controls and procedures aimed at spreading the information outside, as well as analysing and verifying the efficiency of the controls and their effectiveness.

All the aspects related with the internal control over financial reporting are regulated in the corporate document ICFR Organizational and Monitoring Model which is applicable to all the companies belonging to the FERSA Group; the document establishes the functioning principles and the responsible bodies of the different procedures.

F.1.2. If the following elements exist, especially those related with the process of elaboration of the financial statements:

- The departments and/or mechanisms that are in charge of: (i) the design and review of the organizational structure; (ii) clearly define the main line of responsibility and authority, with an adequate distribution of the tasks and functions; and (iii) of the existence of enough procedures so as to ensure its correct diffusion inside the entity.

The Board of Directors of FERSA assigns to the Financial Management of the Group the responsibility for designing and revising the organizational structure as well as for its modification whenever it is deemed necessary. In this respect the appropriate guidelines of authority and responsibility have been developed for each business unit of the Group, documented in the form of an organizational chart and models of dependence which define the tasks and functions of different units. On the other hand, the ICFR Organizational and Monitoring Model, a document formally approved by the Audit Committee, refers to the functions connected with the ICFR.

In order to attain the priority goal of obtaining a correct and reliable financial information, the Group has developed and approved the ICFR Operation Model . This document, approved by the Management and by the Audit Committee, defines the process of preparing the financial information, functioning of the reports (identification of key controls, formats and those responsible of conducting the evaluation and supervision) as well as the executive reporting to be realized by the Internal Audit Department and the evolution and supervision of the ICFR in its totality. Therefore, the responsibility for the internal control over financial reporting is formally determined and assigned.

- Code of conduct, approval bodies, degree of diffusion and instruction, principles and values included (indicating if specific mentions in the registry of operations and the elaboration of the financial statements exist), bodies in charge of analysing the breaches and of suggesting corrective actions and sanctions.

The Fersa Group has a Corporate Code of Ethics and Conduct, approved by the Board of Directors, which explains the ethic commitments and responsibilities in the management of the business and in corporate activities assumed by the professionals of FERSA, regardless of their post, position within company, geographical situation or function carried out. Likewise, the complying with the Code is understood without prejudice to the complying with the company's corporate governance and, in particular, of the Internal Regulations for Conduct in the Securities Market.

The document is part of the welcome pack handed in to the new employees together with a letter of agreement subject to acceptance and signature by all Group employees. The main principles and values defined in this document are: ethics and trust, economic performance, respect to the environment and to the society as well as professional and personal development.

The Corporate Code of Ethics and Conduct is composed by:

- The General Principles that regulate the relationship with the implicated parts and that define the reference values for the Group activities;
- The Behaviour Principles that regulate the relationship with all the parties involved, and provides specific guidelines and norms that the contributors of Fersa must abide by so as to respect the general principles and prevent the risk of non-ethic performance;
- The implementation mechanisms, that describe the duties of the Audit Committee, relating to the diffusion, implementation and control of the Corporate Code of Ethics and Behaviour, and of the Internal Audit Department, which are the supervision and emission of reports as well as modification proposals, and of the Management, through the diffusion of its reports as well as the training of the professionals.

It needs to be pointed out that the Group, along with the Code of Ethics, applies the Regulation of disciplinary proceedings and sanctions regime approved by the Board of Directors. This document regulates the disciplinary procedures of the misdemeanours committed by the professionals of the Group. The body in charge of analysing such misconducts and proposing the sanctions and/or corrective measures is the Board of Directors (which can delegate these responsibilities to the Executive Committee or Audit Committee).

• Channel of complaints, that allows the communication to the Audit Committee of irregularities of financial and accounting nature, in addition to temporary breaches of the code of conduct and irregular activities in the organization, informing as the case may be if this one is of confidential nature.

The FERSA Group has available a channel of complaints, regulated in the Corporate Code of Ethics and Conduct of the Group, which makes it possible for all the employees to notify, in a secure and confidential way, any behaviour that can imply an irregular or illegal act or conduct that can be contrary to the established rules. At the start point of the channel of complaints all employees of the Group were informed about the implantation of such form of communication and about its functioning.. Besides, all the employees are regularly reminded about the aims and operating rules of the channel.

Moreover, the established procedures for the use of this channel guarantee the total and strict confidentiality, given that the received information is managed directly by an independent third party, the Chairman of the Audit Committee of the Group. Any complaint done through this channel is reported by the Audit Committee of the Group to the Board of Directors together with the information about the investigation carried out and the measures adopted in the case when the complaint was found to be true.

• Training and regular updating programs for those employees involved in the preparation and review of the financial statements, as well as the evolution of the ICFR, that cover at least, accountable norms, auditing, internal control and risk management.

It is the Group's will to permanently update the knowledge of all the employees of the financial area about the changes and novelties in preparing and publishing of the financial information. Likewise, the Group's intention is to systematically provide specialised courses about the matters related to ICFR to the employees engaged in preparing the financial statements of the Group. For that, the constant communications with the external auditors and other independent professionals ensure this permanent update.

Additionally, as a consequence of such communications, the management receives the information about novelties and participates also in the presentations and meetings organised by the external auditors, during which the main news related to the legal regulations, corporate governance and/or financial or tax matters are discussed.

F.2 Evaluation of the financial statements' risk

Inform, at least, of:

F.2.1. Which are the main characteristics of the process of risk identification, including the mistakes or fraud, in relation to:

• Whether the process exists and is documented.

The Fersa Group implements General Policy of Control and Risk Management intended to establish the basic principles and overall framework of action in terms of control and management of any kind of risk which the Group is exposed to. The policies are implemented to supplement various systems of corporate policies regarding risk, established for companies belonging to the Group. This way the Group identified and updated the main kinds of risks during 2015, organizing appropriate systems of control and internal information, and keeping periodical supervision of them.

This policy also aims at integrated management of financial risk within the borders of the Group's culture and its strategic goals with consideration given to the following goals:
• Identification, analysis, management and limiting of financial risk to which the Group is exposed due to the nature of business it conducts;
• Providing the organisation with a framework in order to enable conducting financial activities in a way that is controlled and consistent;
• Improving the decision making process and financial planning through complex and orderly knowledge of business activity;
• Contributing to a more effective use of resources within the Group;
• Limiting variability within the financial areas of activities;
• Protecting financial assets;
• Developing and supporting persons and knowledge base regarding the organisation, and
• Optimising the operational effectiveness.

Moreover, the FERSA Group possesses a general Risk Map which aids in making some of the company's strategic decisions; the duty to upgrade and maintain said document rests with the General Manager and the Board of Directors. This document, upgraded in the year 2015, states that a significant risk is defined as a risk which could negatively impact the operational activity, economical profitability financial liquidity, information, corporate image, and the firm's employees' integration, including the risk of fraud. In regards to the latter, the Group, in collaboration with legal advisors, continually works on determining the means to limit potential dishonest behaviours. These means include various methods of action and tasks as well as developing necessary textbooks and procedures (Risk Map, textbooks, procedures, Corporate Code of Ethics and Conduct, norms, conflict of interest / related parties, compliance, complying with the regulations of criminal law, etc.) limiting the risk of fraud within the Group.

Within the general process of risk management, the Group implements the Manual of Procedures of Internal Control over Financial Reporting which outlines the methods and procedures implemented in managing particular kinds of risk in the field of financial reporting, describes the key processes, existing risks within the bounds of ICFR system and supervisory activities related to it, in order to evaluate certain directions of action and for the purpose of their correct implementation, functioning and monitoring. In this extent the description of processes, risks and control contained in said document is periodically upgraded and revised by the Group.

- Whether the process covers the totality of the objectives of the financial statements, (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and, if so, how frequently.

The Financial Management of the Group has identified the control objectives for each risk, as well as the people responsible for them, according to the established methodology, taking into account the following potential mistakes in the financial information:

- Integrity.
- Validity.
- Register.
- Cut-off (operations).
- Valuation.
- Accounting classification.
- Breakdown and comparability.

- The existence of a process of identification of the scope of consolidation, taking into account, among other aspects, the possible existence of complex business structures, instrumental entities or of special purpose.

The consolidation scope of Fersa is monthly determined by the Financial Management, together with the Accountancy Department of Fersa, and under a supervision of an external auditor, in accordance with the criteria established by the International Accounting Standards (hereinafter, “IAS”) 27, and other local accountancy regulation. The possible changes in the consolidation are notified to all the Group subsidiary companies. To this effect the Group conducts a constantly updated register of companies that covers the totality of shareholding, direct and indirect, as well as all the entities in which the Group has the possibility of exercising control, whichever the legal form in which such control was assumed.

- Whether the process takes into account the effects of the other typologies of risks (operating, technological, financial, legal, reputational, environmental, etc.) according to the extent by which they affect the financial statements.

Under this general risk management process the Group applies the ICFR Procedures Manual which defines the methods and procedures in the management of special risks in the financial reporting, describes the key processes, the risks present in the ICFR and the controlling actions in order to evaluate determined guidelines for its adequate implementation, functioning and monitoring. In this respect the description of the processes, risks and controls contained in this document is periodically updated and revised by the Group.

- Which governance body of the entity supervises the process.

The body responsible for the supervision of the internal control and risk management system is the Audit Committee of the Group with assistance of the Internal Audit Department.

F.3 Control Activities

Report, indicating your main characteristics, whether you have available at least:

F.3.1. Financial reporting review and authorization procedures, and the description of the internal control system of financial reporting which needs to be published in the stock market, indicating the persons in charge, as well as the descriptive documentation of the activity flows and controls (including those related to the risk of fraud) of the different types of transactions that can affect significantly the financial statements, including the procedures of accounting closure and the specific review of the trials, estimates, valuations and relevant consequences.

The Fersa Group has current Manual of Regulated Information for Disclosure, duly approved by the Audit Committee, in which all the obligatory communications are detailed, required by the regulator, and the risks and controls related to that process are identified.
In this way, the Financial Management is in charge of referring quarterly, semi-annually and annually the mandatory financial information to the stock market (CNMV) in coordination with the Internal Audit Department, legal assessors and General Management. This financial information is elaborated through the different departments dependants of this Management Department. In said process the Accountancy Department is relevant, which, during the process of closure and consolidation of the accounting cycle, undertakes different control activities that insure the fairness of the disclosed information.
Additionally, the Management Control unit, also integrated inside the Financial Management Department, analyses and supervises the elaborated information. Ultimately, the Financial Management Department analyses and approves the mentioned financial general information as well as the specific information about the opinions, estimations, valuations, provisions and forecasts relevant for quantifying the assets, liabilities, income, expenses registered and/or disclosed in the Annual Accounts of the Group.

As was already mentioned above, the Audit Committee is responsible for the process of verifying and approving financial information and for the description of the ICFR to be disclosed in the stock market. During the closures of the accounting cycle that fall on the end of half-year, the Audit Committee receives comments and information conveyed by the external auditors of the Group based on the control results. Moreover, the Audit Committee informs (in reference to the half-year closures) the Board of Directors about its conclusions regarding the presented financial report, which, after being approved by this body, is forwarded to the stock markets.

In reference to the documentation describing the flows of activities and controls regarding various kinds of transactions which may impact the content of financial reporting, the Group has at its disposal the aforementioned Internal Control over Financial Reporting Manual. The Group implements formulated procedures in these processes which are regarded as significant in terms of their potential influence on financial reporting intended for disclosure; it applies to the following processes:

- Financial closing (accountancy closing and consolidation)
- Impairment test
- Hedging treatment
- Cash and bank accounts
- Operating income recognition
- Exchange differences
- Operating information published about the portfolio distribution

It should be mentioned that in recent years the company has undertaken an effort to formulate key actions meant to prevent, mitigate or diminish the risks of fraud within the Group, such as, among others, drawing up the Corporate Code of Ethics and Conduct, establishing the Channel of Complaints, centrally managing the appointment of proxies, creating the Investments, Purchases and Suppliers' Management Policy, as well as the Accounting Policies Manual and the Information Security Systems Manual.

The Group also has at its disposal the Criminal Risk Prevention Manual, verified and updated periodically and functioning as one of the important means of action aimed at preventing fraud and crating the right internal control environment. The aim of this Manual is to indicate the general principles of conduct and action which are expected of the Group's employees, and to indicate the Group's key values within the means to achieve business goals and for the purpose of preventing the occurrence of material threats within the company through avoiding situations being a brach of law, and complying with current legal regulations.

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 processes regarding the preparation and publication of financial information.

The FERSA Group uses information systems for the purpose of conducting a correct register and control of its operations and, subsequently, their correct functioning is a key element of special significance to the Group. Simultaneously the Group continually develops (under the name of Systems Plan) its information systems, creating and upgrading a map of individual applications and planned improvements through creating the right procedures and security devices. Periodic controls of information systems are being carried out and appropriate actions indicated by the Group's Management are being undertaken.

For identified applications and systems the Group has the Information Security Systems Manual, verified by the Audit Committee and formally approved by the Board of Directors. This document aims at, among others, establishing the technical and organizational means of these systems, spreading the principles and standards of information safety, minimising the risk related to utilising information technologies, preventing the leaks of sensitive data and ensuring a greater integrity, reliability and privacy of the generated information.

In reference to the segregation of duties and in particular to information systems, the Group plans to, in the year 2016 as described in the Audit Plan of the Group, formally and definitively draw up the corporate policy adjusted to current needs and possible to implement in current or future computer applications which will be developed in the future.

In reference to continuity within the bounds of data storage, the FERSA Group has at its disposal the following safety measures aimed at preventing data loss due to accidents or unforeseen incidents:

- Backups stored within the company.
- Backups stored outside the company.
- Backups stored by the IT services provider.
- Partition of server with access authorisations depending on the user's profile.

In the year 2011, as part of the continual modernisation process, the FERSA Group implemented a new ERP system. The implementation involved the migration of financial information from the old system to the new ERP as well as with a higher automatization of the accounting closing and consolidation processes. This has reduced the financial and audit risk resulting from mistakes put in manually (with the exception of the non-accounting adjustments which, due to their special nature require the manual input into the system) and standardised the processes and systems of information and reporting (additional controls have been implemented there where they have been deemed necessary). Between the years 2012 and 2015 new improvements have been introduced into the systems, for the purpose of increasing integrity and security, such as managing orders through a system and gradation of authorisation.

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

In the year 2015 the FERSA Group did not outsource any significant activities which might have material influence on financial reporting and which would not be subject to oversight on the Group's part. Usually evaluations, calculations or appraisals commissioned to third parties, which may have direct influence on financial reporting, are deemed to be necessary actions within the scope of generating financial information, which, in individual cases, lead to identification of the prioritised kinds of error risks, which requires designing internal controls related to them. These controls include analysis and internal approval of key assumptions which may be implemented, as well as verifying evaluations, calculations of appraisals conducted by external entities, through juxtaposing them with calculations carried out internally.

Therefore, in such cases when the company enlists the services of an independent entity, it ascertains the entity's competences, authorisations, independence as well as technical and legal capabilities. In such case the results or reports of individual experts independent in the area of audit, tax or legal matters, are monitored by persons responsible from the Financial Management or other departments for the purpose of confirming the conclusions drawn.

Moreover, within the Group the Purchases and Supplier's Management Policy is in effect, determining in detail the procedures of investment and purchase approval, levels of making decisions regarding approvals, as well as the policy of selection of suppliers and management of contracts with suppliers.

F.4 Information and communication

Indicate whether at least the following components exist and specify their main features:

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policy area or department) and settling doubts or disputes arising from the interpretation thereof, maintaining regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the entity's operating units.

The responsibility for applying the Accounting Policies of the FERSA Group is unique for all the geographical area of its activity and is centralised in the Financial Management. The functions of this Management Department, together with the intense participation of the Accountancy Department, are, among others, the following:

- Draw up and update the Accountancy Policy Manual for the FERSA Group;

• Analyse the operations and transactions undertaken or foreseen to be undertaken by the Group with the main aim of determining its suitable treatment in accordance with the accountancy policies;
• Monitor the new regulatory projects drawn up by the IASB, the new standards passed by this organisation, and the related approval process conducted by the European Union, so as to determine the impact of the implementation thereof on the consolidated accounts of the Group; and
• Answer any question which may arise in any of the subsidiary companies of the Group about the application of the accountancy policies.

Generally, and also in those cases when the application of the accountancy regulations is especially complex, the Financial Management of the Group informs its external auditors about the conclusions of the accountancy analysis conducted by the Group and requests them their opinion. Subsequently, the information is conveyed to the Audit Committee for analysis and approval.

The Accountancy Policies of the FERSA Group are developed in accordance with the International Financial Reporting Standards adopted by the European Union (hereinafter “IFRS”) and are collected in a document called Accountancy Policies Manual of the FERSA Group, approved by the Financial Management and by the Audit Committee, and verified by the external auditor. The Group, through the Accountancy Department, and under the supervision of the Financial Management, developed and formalized during the year 2011 said Manual, which collects the accounting principles and criteria of the companies of the Group, determining the registry and valuation guidelines so as to homogenize the accountancy in all the subsidiary companies of the Group, thus making sure of the uniformity of the accountancy and financial information. The document details the sufficient information which the Accounting Department and the Financial Management have deemed necessary and relevant, thus ensuring that both the subsidiaries and the holdings have an adequate knowledge thereof. Such Policies include a general framework and detailed policies, such as those referring to impairment tests, policies and methods of capitalization of costs, swaps calculations, and dismantling provisions.

Additionally, the FERSA Group maintains documented other business processes and detailed procedures that are deemed relevant. All these documents are available for the people responsible for the drawing up of the financial statements of the companies belonging to the Group.

Ith should be also highlighted that the Accountancy Policy Manual of the FERSA Group is updated periodically and is subject to a continuous review process.

F.4.2. Mechanisms for the capture and preparation of financial information in standard format, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control over financial reporting system.

The FERSA Group applies the ERP system in drafting and forwarding financial information, the system covering all companies with internal accounting based on the unified chart of accounts. This application satisfies, on the one hand, the needs to report individual financial statements, and on the other, it facilitates the process of consolidation and of the following analysis and verification. Moreover, it contains within one, centralised system, all the information concerning accounting of individual financial statements of subsidiary companies of the Group and the notes and breakdowns necessary to draw up the annual financial accounts. This system is manager in a centralised way, has a uniform format and implements one shared chart of accounts according to the guidelines determined in the current Accountancy Policy of the FERSA Group. The integrity and reliability of the information systems is confirmed by means of general control described in section F.3.2.

For the purpose of forwarding information to compile the consolidated financial accounts of the FERSA Group, as well as the information which needs to be taken into consideration in the subsequent closing reports (quarter- or half-yearly) which are handed in to the Audit Committee and the Board of Directors, there is a standard reporting template which is sent out once a month to the subsidiary companies. Such a central reporting template includes the basic financial statements, information regarding intercompany balances, detailed balances which are modified based on the IFRS interpretation and the explanation of the main balances.

These reports are forwarded to the Control Management Department from:

• The operating subsidiaries located abroad; and
• The Accountancy Department (FERSA and subsidiaries whose accounting is internalised).

After verifying the quality of information received by the Control Management Department, the financial information is shared with the Accounting Department through the internal network, for the purpose of consolidation.

Lastly, it needs to be pointed out that the Group, through the formal approval by the Management and the Audit Committee, has a current ICFR Operation Model, which details the functioning of the reports related to the ICFR system (identification of the key controls, format, responsibility for the evaluation and supervision), as well as the executive reporting drawn up by the Internal Audit Department and the assessment and control over the ICFR as a whole.

F.5 Monitoring of the system operating

Indicate and describe the main features of at least the following elements:

F.5.1. The activities of supervision of the internal control over financial reporting system (ICFR) performed by the audit committee, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including the internal control over financial reporting system. Information is also to be provided concerning the scope of the assessment of the internal control over financial reporting system performed during the financial year and on the procedure whereby the person or division charged with performing the assessment informs of the results thereof, whether the entity has an action plan in place of describing possible corrective measures, and whether the impact thereof on financial information has been considered.

The FERSA Group has an Internal Audit Department, subject, in terms of functioning, to the Audit Committee, and its main task is to effectively monitor, analyse and evaluate the system of internal control and management of risks significant to the company and the group. This department conducts independent and periodical controls of the structure and actions of the internal control system, identifies shortcomings, and formulates recommendations regarding reparatory actions included in appropriate reports handed over to the Audit Committee during periodical meetings. The reports are presented to the Committee along with a plan of actions undertaken by persons responsible and the Financial Management of the Group.

In regards to the above, the Internal Audit Department keeps constant oversight of the plans and actions agreed upon with individual departments for the purpose of correcting identified weaknesses and implementing recommendations. Between the years 2012-2015, the Internal Audit Department conducted controls of all the processes involved with formulating financial information, regarded as relevant in individual companies belonging to the Group and within the corporate finance area, at the closing of quarterly, half-yearly and yearly periods.

Weaknesses and/or aspects that require correction identified during the verification process caused the need to formulate a plan of detailed actions in regards to each of them, based on which the Internal Audit Department conducted the monitoring, controls and reports, until they were fully removed or rectified.

Simultaneously, an external auditor, according to the information given in section F.7.1., formulates each year a new report concerning the established procedures regarding the description of the ICFR system implemented by FERSA, in which no significant issues were indicated.

F.5.2. Whether there is a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the international audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall be also provided on whether there is an action plan to seek to correct or mitigate the weaknesses found.

The discussion procedure about the improvements and significant internal control weaknesses identified is based, generally, on regular meetings held by the intervening parties. The Internal Audit department informs periodically the Financial Management and the Audit Committee about the conclusions related to the internal control of the ICFR system and the internal audits carried out during the year, as well as about the situation regarding the implementation of the action plans established in order to mitigate weaknesses.

The auditor of the Group has direct contact with the Financial Management and the General Management through periodic meetings (for referring biannual information, before preparing the annual accounts, to expose the incidences detected and before beginning the audit, to explain the scope thereof), both in order to obtain necessary information for the performance of the work and to communicate the control weaknesses detected. Moreover, every six months the auditor reports to the Audit Committee the conclusions of the half-yearly / yearly audit of the Group, including all the aspects considered as relevant.

Furthermore, the Accounting Department, responsible for the preparation of the consolidated financial statements, holds frequent meetings with the external auditors and the internal audit, both for the half-year and year closure, in order to discuss relevant matters related to the financial reporting.

F.6 Other relevant information

There is no other relevant information to detail.

F.7 External auditor report

Report on:

F.7.1. Whether the ICFR information disclosed to the markets has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons therefor.

The FERSA Group has submitted for review by the external auditor the ICFR information disclosed to the markets, concerning the financial year 2015. The scope of the auditor's review has been established pursuant to the document of the Spanish Auditors Institute nº E14/2013, of 19 July 2013, which contains the Guideline and a model of the auditor's report on the ICFR information of listed companies.

G COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

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

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons in order to furnish the shareholders, investors and the market in general sufficient information to assess the company's course of action. General explanation will not be accepted.

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

Complies [X] Explain [ ]

2. When a dominant and a subsidiary company are both listed, they should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

a) Regarding the changes made since the previous annual general meeting.

b) Regarding the specific reasons for which the company does not follow certain recommendations of the Good Governance Code and, possibly, which alternative procedures are implemented instead.

Complies [X] Complies in part [ ] Explain [ ]

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

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

Complies [X] Complies in part [ ] Explain [ ]

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

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

Complies [X] Complies in part [ ] Explain [ ]

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

a) Report on auditor independence.

b) Reviews of the operation of the audit committee and the nomination and remuneration committee.

c) Audit committee report on related party transactions.

d) Report on corporate social responsibility policy.

Complies [ ] Complies in part [X] Explain [ ]

During the financial year 2015 the company did not publish any of the reports listed above, though their contents was mostly published and distributed among the shareholders properly in advance before the annual general meeting in 2015, because the information was included in the annual financial report and on the company's website. However it's predicted that in 2016 these reports will be drawn up and published on the website well in advance before the annual general meeting.

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

Complies [ ] Explain [X]

Due to the company's size and the profile of the majority of its shareholders there is not noted a need to hold a broadcast, through the website, of the annual general meeting of shareholders. None of the shareholders has expressed such a wish.

It should be noted that in the consolidated texts of the Articles of Association and the Regulations of the General Meeting of Shareholders, approved by the General Meeting on 26 June 2012, a provision was made for the possibility of participation in the General Meeting and voting on resolutions by proxy or personally by a shareholder via post or electronic correspondence or via other means of communication, insofar as they enable sufficient identification of the person participating in the debates or vote, and ensure the security of electronic communication.

However during the General Meetings of Shareholders conducted in accordance with the new regulations of the Articles of Association there has not been noted any interest in aforementioned electronic media on the part of the shareholders. However the Company nevertheless was obligated to purchase certain services for the purpose of creating the possibility of making them available for the shareholders who might potentially want to make use of them.

Since the legislation did not require making available of such electronic media to the shareholders, and the matter was supposed to be regulated in a discretionary way based solely on the Articles of Association, it was deemed appropriate for the Board to determine each time when calling a General Meeting of Shareholders, whether electronic media would be made available, due to which both the Articles of Association and the Regulations of the General Meeting of Shareholders had been altered i this area in 2014. It was meant to serve, on the one hand, to eliminate the necessity to run such media each time, and on the other, to consider the possibility that the Board might decide to run them in regards to a particular General Meeting, in case in the future it was decided that the Company's shareholders are interested in making use of such kind of media (which interest, as mentioned before, has not been noted so far).

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

Complies [X] Complies in part [ ] Explain [ ]

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

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

Complies [X] Complies in part [ ] Explain [ ]

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

   a) Immediately circulate the supplementary items and new proposals.

   b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

   c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.

   d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

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

Complies [X] Complies in part [ ] Explain [ ]

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies [X] Explain [ ]

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

a) Is concrete and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's need; and

c) Favours a diversity of knowledge, experience and gender.

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

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

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

Complies [ ] Complies in part [X] Explain [ ]

Although in regards to the selection and appointment of directors are implemented the aforementioned criteria and goals, the analysis of the company's situation and needs is conducted in reference to a particular situation in which the appointment or reappointment of a Director is supposed to occur, and not in an abstract and general way.

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

Complies [X] Complies in part [ ] Explain [ ]

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

The criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies [X] Explain [ ]

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

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

Complies [ ] Explain [X]

Due to the resignation of an independent Director, Mr Francesc Homs Ferret, as of 31 December 2015 this recommendation has not been met, however it will be considered during the next year's election of the future directors.

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

a) Professional experience and background.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company and any options on the same.

Complies [ ] Complies in part [X] Explain [ ]

The information on the website refers to points c, d and e.

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

Complies [X] Complies in part [ ] Explain [ ] Not applicable [ ]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

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

Complies [X] 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.

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

Complies [X] Complies in part [ ] Explain [ ]

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent and other directors no subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

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

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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 the same must be explained in the annual corporate governance report.

Complies [ ] Complies in part [X] Explain [ ] Not applicable [ ]

In the case of Mr Francesc Homs Ferret's resignation no newsletter was sent out to the other directors, but Mr Homs explained the reasons for his resignation to the Board, which was included in the minutes from the Board's meeting, which was then sent out to and approved by all the directors. Moreover, the causes for this resignation were presented in his annual report on corporate governance (section C.1.9).

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

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

Complies [ ] Complies in part [X] Explain [ ]

The company requires the directors to devote a sufficient amount of time and involvement to be able to successfully carry out their duties. However there are no regulations concerning the number of company boards on which the directors may serve.

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

Complies [X] Complies in part [ ] Explain [ ]

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [ ] Explain [ ] Not applicable [X]

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

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

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

Complies [X] Explain [ ]

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

a) The quality and efficiency of the board's operation.

b) The performance and membership of committees.

c) The diversity of board membership and competences.

d) The performance of the chairman of the board of directors and the company's chief executive.

e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

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

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. The facilitator's independence should be verified by the nomination committee.

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

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

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [X] Complies in part [ ] Explain [ ] Not applicable [ ]

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

Complies [X] Complies in part [ ] Explain [ ] Not applicable [ ]

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

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [X] Complies in part [ ] Explain [ ]

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.

Complies [X] Complies in part [ ] Explain [ ] Not applicable [ ]

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

1. With respect to internal control and reporting systems:

a) Monitor the preparation and integrity of financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With respect to the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration paid to the external auditor for their services does not compromise the quality of such services or the independence of the auditor.

c) Ensure that the company notifies any change of auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons therefor.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

45. Control and risk management policy should specify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) The determination of the risk level the company sees as acceptable.

c) The measures in place to mitigate the impact of risk events 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.

Complies [X] Complies in part [ ] Explain [ ]

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

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, manager and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [ ] Explain [ ] Not applicable [X]

49. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Complies [X] Complies in part [ ] Explain [ ]

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

a) Propose to the board the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to the directors and senior officers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on director and senior officer's pay contained in corporate documents, including the annual director's remuneration statement.

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [X] Complies in part [ ] Explain [ ]

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

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.

b) Committees should be chaired by an independent director.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all board members.

Complies ☐ Complies in part ☐ Explain ☐ Not applicable ☒

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

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.

b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.

c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, for the legitimate interests of remaining shareholders.

d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.

e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.

f) Monitor and evaluate the company's interaction with its stakeholder groups.

g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies ☒ Complies in part ☐ Explain ☐

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

a) The goals of its corporate social responsibility policy and the support instruments to be developed.

b) The corporate strategy with regard to sustainability, the environment and social issues.

c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.

d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.

e) The mechanisms for supervising non-financial risk, ethics and business conduct.

f) The channels for stakeholders communication, participation and dialogue.

g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies ☐ Complies in part ☒ Explain ☐

Fersa's corporate policy of social responsibility complies with the recommendations described in sections c, d and g above.

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

Complies [X] Complies in part [ ] Explain [ ]

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

Complies [X] Explain [ ]

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

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

Complies [X] Complies in part [ ] Explain [ ]

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

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

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

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

Complies [ ] Complies in part [ ] Explain [ ] Not applicable [X]

H OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the corporate governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report to the extent they are relevant and not reiterative.

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

3. You may also state whether the company voluntarily subscribes to other international, sectorial or other codes of ethical principles or good practices. If applicable, identify the code and date of adherence thereto.

2. SECTION C.1.3: We inform that Comsa Emte Energías Renovables, S.L., is a significant shareholder represented by Comsa Emte Energías Renovables, S.L. itself; moreover, Grupo Empresarial Enhol, S.L. represents Grupo Empresarial Enhol, S.L. However, the system prevents stating it in section C.1.3., therefore the information has been completed under the heading "Other significant shareholders".

3. Fersa Energías Renovables, S.A. is a signatory entity in the UN Global Compact since 7 August 2013, and has joined it voluntarily. By this agreement Fersa recognizes its commitment to comply with the ten (10) Principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption.

This annual corporate governance report has been approved by the Board of Directors of the Company at its meeting of 29 February 2016.

State whether any directors voted against or abstained from voting in the approval of this Report.

Yes ☐ No ☒