

**Bolsas y Mercados Españoles,
Sociedad Holding de Mercados y Sistemas
Financieros, S.A. and Companies comprising the
Bolsas y Mercados Españoles Group**

**Non-financial Information Statement for the year ended 31 December
2019, together with the Independent Expert's Report**

>> Consolidated Directors' Report / **Consolidated Non-Financial Information Statement 2019**



BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. AND COMPRISING THE BOLSAS Y MERCADOS ESPAÑOLES GROUP
(102-1)

NON-FINANCIAL INFORMATION STATEMENT

2019



Independent

Verification Report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.:

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Consolidated Non-Financial Information Statement ("NFIS") for the year ended 31 December 2019 of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (the parent company) and companies comprising the Bolsas y Mercados Españoles Group (the Group) which forms part of the Group's Consolidated Management Report for year 2019.

Responsibility of the Board of Directors of the parent company

The preparation of the NFIS included in the Group's Consolidated Management Report and the content thereof are the responsibility of the Board of Directors of the parent company. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") described in accordance with the Essential Option, as well as other details provided for each matter in the table "Non financial information content index" of the NFIS.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of any immaterial misstatement due to fraud or error.

The directors of the parent company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

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1

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Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work carried out in relation solely to fiscal year 2019. The data relating to previous years were not subject to current mercantile legislation. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several units of the Group that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with personnel from the parent company to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFIS for 2019, based on the materiality analysis carried by the Group and described in section "Materiality of the Report", considering the content required under current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in NFIS for 2019.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2019.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2018 and its adequate compilation using data supplied by the sources of information.
- Obtainment of a management representation letter from the Directors and Management.



Conclusions

Based on the procedures performed and the evidence we have obtained, no matters have come to light that might lead us to believe that the NFIS of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and companies comprising the Bolsas y Mercados Españoles Group, for the year ended 31 December 2019 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") described in accordance with the Essential Option, as well as other details provided for each matter in the table "Non financial information content index" of the NFIS.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Pablo Bascones

28 February 2020

CONTENTS

PRESENTATION LETTERS	298	5. HUMAN CAPITAL.	344
1. THE BME GROUP AND CORPORATE SOCIAL RESPONSIBILITY.	304	5.1. EMPLOYEE PROFILE.	346
2. COMPANY PROFILE.	309	5.2. COLLECTIVE AGREEMENT AND EMPLOYEE REPRESENTATION.	351
2.1. BUSINESS MODEL.	311	5.3. OUR TEAM. DIVERSITY AND EQUALITY.	352
2.2. RESPONSIBLE MANAGEMENT MODEL.	314	5.4. BEST EMPLOYMENT PRACTICES.	356
2.3. SECURITY, ETHICS AND INTEGRITY.	318	5.5. BME GROUP EMPLOYEE TRAINING.	357
2.4. RELATIONSHIPS WITH STAKEHOLDERS AND OTHER RELEVANT SECTORS.	322	5.6. HEALTH AND SAFETY IN THE WORKPLACE.	359
2.5. CORPORATE GOVERNANCE AND RISK MANAGEMENT.	323	6. SUPPLIERS.	363
3. BME SHAREHOLDERS.	331	6.1. SUPPLIER PROFILE.	364
3.1. SHAREHOLDER PROFILE.	333	6.2. SUPPLY CHAIN.	365
3.2. COMMUNICATION AND CONTACT WITH SHAREHOLDERS, ANALYSTS AND INSTITUTIONAL INVESTORS AND PROXY ADVISERS.	335	7. SOCIETY.	367
3.3. VALUE CREATION.	337	7.1. BME IN INSTITUTIONS.	369
3.4. SHAREHOLDER REMUNERATION AND OTHER BENEFITS.	339	7.2. DISSEMINATION OF FINANCIAL KNOWLEDGE.	370
4. USERS.	340	7.3. FINANCIAL INFORMATIVE ACTIVITY.	373
4.1. USER PROFILE.	341	7.4. OTHER ACTIVITIES SUPPORTING THE COMMUNITY.	376
4.2. USER PROTECTION AND PRIVACY.	342	8. ENVIRONMENTAL PERFORMANCE.	377
4.3. USER EDUCATION.	343	8.1. ENVIRONMENTAL MANAGEMENT.	378
		8.2. ENERGY CONSUMPTION.	380
		8.3. GREENHOUSE GAS EMISSIONS.	382
		MATERIALITY OF THE REPORT.	386
		INDEX OF NON-FINANCIAL INFORMATION CONTENTS.	391



Letter from the Chairman

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Letter from the Chairman**

Dear shareholders,

I am pleased to address you to talk about sustainability, an exciting issue that is far from being a passing fad. This can be seen by the growing commitment of governments and companies to this issue, which also increasingly interests citizens. Following sustainable criteria in our activity is not just another option, it is the only possible way forward. A firm conviction that has been held in BME for years and that we do not stop reinforcing.

We live in a world in which companies are becoming more aware of the importance of their position in society and the impact they have on the environment. Transparency and good practices in corporate governance, the defence of diversity in all its forms and commitment in the fight against the effects of climate change are central issues in our day-to-day activities as a listed company. It is a priority for BME, because as a corporate business we are committed to sustainability in the broadest sense of the word.

Undoubtedly, BME is playing a leading role in this exciting paradigm shift, since capital markets are the best way to channel the commitment of listed companies with regard to this issue. The unstoppable growth of sustainable financing is proof of this. Last year, 9.76 billion euros in sustainable bonds were issued in Spain, 50% more than in 2018, according to data from the Spanish Observatory for Sustainable Financing, of which BME is part.

This intense issuing activity has put Spain in the top 10 worldwide in the issuance of green bonds, according to the Climate Bonds Initiative and the IMF. It is a higher position than we would expect for our GDP.



Antonio J. Zoido, BME Chairman

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Letter from the Chairman**

The growth of sustainable financing is also driven by increased demand from investors. The development of the green bond market in Europe had so far followed private standards, e.g. the Green Bonds Principles of associations such as ICMA or the Climate Bonds Initiative, but as a result of the European Commission's recent Action Plan on Sustainable Finance, its own regulations are starting to appear. The new taxonomy will enable this market to be clarified, which will benefit all participants.

It should also be mentioned that the issuance of green bonds has already reached small and medium capitalisation companies, as Grenergy showed last year when it registered the first green bond with BME's Fixed Income market, MARF, amounting to 50 million euros.

But sustainable investment is not limited to Fixed Income. Fund managers and investors are increasingly considering environmental, social and corporate governance criteria when creating their portfolios. In this regard, BME provides a very valuable instrument with the FTSE4Good Ibex index, which includes the Spanish companies that best meet the criteria for good corporate social responsibility practices.

This BME Non-Financial Information Statement provides a detailed explanation of our commitment to sustainability.

I invite you to read these pages, in which we reflect on BME's contribution in this field, which is in our DNA and for which we will continue working tirelessly.

Yours sincerely,

Antonio J. Zoido



Letter from the Chief Executive Officer

(102-14)

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Letter from the Chief Executive Officer**

Dear shareholders,

It is a pleasure to introduce the Non-Financial Information Statement for 2019, a significant year for the company in many respects and in which we have redoubled our commitment to sustainability as a hallmark. As proof of this, last year BME approved the Corporate Social Responsibility Policy for BME and its Group, which was prepared in accordance with the provisions of the Code of Good Governance of Listed Companies, which includes the principles and guidelines for action with the different actors that participate in the markets and society in general.

As you know, since 2007 BME has provided its stakeholders with an annual Corporate Social Responsibility Report, which since 2018 has been termed Non-Financial Information Statement, due to a change in regulations. The objective of this Report, prepared based on the criteria for the preparation of Sustainability Reports by international Global Reporting Initiative (GRI) (*) standards and Law 11/2018, of 28 December, is to present the sustainable impact of the activities of BME and its subsidiaries. It is, therefore, an exercise in transparency and accountability with you on an issue that has concerned us for years and in which we firmly believe.

The content of the report has been prepared following the materiality analysis, according to which Good Governance is the most influential feature of the decisions of the company's stakeholders, while transparency and independence in trade is what has a greater impact on BME's ability to carry out its activities.

One of the milestones for BME in 2019 was the A- with stable outlook rating granted by the risk rating agency S&P Global Ratings, placing the Company in the solid investment grade area. This was due to the company's low level of indebtedness, strong operational efficiency, vertical integration of the whole value chain of its business and a solid liquidity position.



Javier Hernani, BME CEO

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Letter from the Chief Executive Officer**

As a market infrastructures manager, BME has a vocation for social service, since it allows the real economy to obtain financing. With the help of capital markets, companies generate jobs, innovate, develop new projects and contribute to the progress of society. This has been the case since its inception, but for years now BME has been adding many other commitments to the original social function in its dual role as a company and manager of the infrastructures of the stock exchanges and the markets.

This ongoing and transversal defence of sustainability is materialised through several national and international initiatives of which this company is part. BME follows the principles of the United Nations Global Compact, which it joined in 2011, and also participates in the Sustainable Stock Exchanges. Both initiatives serve as a guideline for action in all areas of its activity, since BME faithfully complies with the universal principles of social and business responsibility, respect for human rights, environmental protection and the fight against corruption that they both advocate. The company has also been part of the Code of Good Tax Practices since 2010.

BME's main asset is its human capital. It is a priority for the BME Board of Directors to promote the defence of equality and respect for the diversity of its professionals. BME works every day to guarantee the best working conditions for everyone. Last year more than 100 courses in the continuous training plan for employees were offered, 26% more than in 2018. The ratio of training hours received by BME employees was 13.1 hours.

The shareholders, of which 95.8% are non-controlling, also enjoy preferential attention from BME. BME's pay out remained at 96% last year, one of the highest on the Spanish Stock Exchange. The company also continues to promote the Shareholder Training Plan, with in-person courses taught by qualified professionals in Madrid, Barcelona, Valencia and Bilbao. The level of satisfaction of BME shareholders participating in the specific training plan developed by the Company was 4.16 out of 5.

BME's commitment to training and financial culture is not limited exclusively to its employees and shareholders. Through Instituto BME, BME's training centre, which last year gave 4,097 hours of training to a total of 6,062 students, it contributes to the dissemination of financial knowledge, which is essential in our country. Its courses are also acknowledged by society. The training activities carried out by Instituto BME have been assessed in surveys that show a high degree of satisfaction, more than 8.34 out of 10.

Other significant stakeholders for BME are its suppliers, of which 90.42% are local. We pursue sustainable management of our supply chain through different processes that seek to contribute to actions that are respectful with the natural environment and with society.

This company is very clear about the importance of combating climate change and protecting the environment. As a securities market manager, BME promotes and encourages the growth of sustainable finance, which continues to grow, as can be seen by major developments in the issuance of sustainable bonds. As a company, BME continues to work to reduce the impact of its activity on the environment. Last year there was a reduction of 12.8% in indirect greenhouse gas emissions associated with electricity consumption, business trips by air and rail and employees commuting to the workplace using their own vehicle.

The Annual Report includes a detailed overview of BME's business last year, which was marked by the implementation of the 2019-2021 Strategic Plan and by the Takeover Bid presented by SIX GROUP.

Yours sincerely,

Javier Hernani

(*) Global Reporting Initiative (GRI) is a non-governmental organisation whose purpose is to promote sustainability reports with a view to improving their quality, rigour and usefulness through the implementation of the triple bottom-line approach: environmental, social and economic. For these purposes, the GRI publishes a methodology for the preparation of sustainability reports which it frequently reviews, and the current version of which is implemented through the GRI Standards.



1

The BME Group and Corporate Social Responsibility

(102-5)

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **The BME Group and Corporate Social Responsibility**

Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME or the Company), operator of the securities markets and financial systems in Spain, is a benchmark in the sector in terms of solvency, efficiency and profitability. The Company is a public limited company listed on the Exchange since 14 July 2006 and included in the *FTSE4Good IBEX® index* since its beginnings.

Since 2018, the Company has prepared and made available to its shareholders the consolidated non-financial information statement for the purposes of issuing the financial statements, and included as an Appendix to the consolidated management report.

The preparation of this consolidated non-financial information report, which sets out the activities carried out by BME and its subsidiaries throughout the financial year and their impact in matters of sustainability, demonstrates the high regard that the Company has for its environment. The report discloses all relevant information on financial and non-financial issues affecting the Company's activities, using one of the internationally accepted methodologies for this purpose, the *Global Reporting Initiative (GRI)*.

At its meeting held on 27 February 2019, the Board of Directors, within the scope of its powers, approved this Non-Financial Information Statement (Corporate Social Responsibility Report) for 2018, which was prepared in accordance with the content established for the preparation of the Sustainability Reports by the *GRI Standards* and Law 11/2018 of 28 December, amending the Code of Commerce, the revised text of the Corporate Enterprises Act and the Law on the Auditing of Accounts regarding non-financial information and diversity. The consolidated non-financial information statement (Corporate Social Responsibility Report) for 2018 was included as an appendix to the consolidated management report for 2018 and was verified by the independent auditor *PricewaterhouseCoopers Auditores, S.L.*

At its meeting held on 27 February 2020 the Board of Directors approved this consolidated non-financial information corresponding to the year 2019, which has been prepared in accordance with the *GRI Standards* methodology for the preparation of Sustainability Reports and the aforementioned Law 11/2018 of 28 December. The Non-Financial Information Statement for 2019, included as an appendix to the Consolidated Management Report for 2019 and verified by the independent auditor *PricewaterhouseCoopers Auditores, S.L.*, complements the annual Corporate Governance Report, the Annual Report on Directors' Remuneration and the Report on the Activities of the Board of Directors and its Committees for 2019, which are made available to the shareholders and investors on the corporate website.

Scope of the consolidated non-financial information statement for 2019.

The data included in the consolidated non-financial information statement for 2019 includes the data of the BME Group companies that consolidate financial statements. These have been consolidated using the equity method for which REGIS-TR's financial data have not been included. REGIS-TR, Société Anonyme and REGIS-TR UK Ltd, which have been consolidated using the equity method, as they are 50% owned by the BME Group companies.

The information about employees included in this statement, encompasses the whole BME Group workforce. In order to increase the transparency of this information, the non-financial and diversity information also comprises *Open Finance S.L.*, a company that manages independently its labour regime. This information does not include 3 employees of BME Soporte Local Colombia, S.A.S. and 1 of *LATAM Exchanges Data Inc.* as their employment regime is also managed independently and the data is not considered material to the whole workforce of the BME Group and Open Finance S.L.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **The BME Group and Corporate Social Responsibility**

Main key performance indicators of BME concerning Corporate Social Responsibility. (102-54)

MAIN KEY PERFORMANCE INDICATORS

ECONOMIC / OPERATIONAL



Economic value generated: **287,106** thousands of euros (-6.91% vs 2018)



Shareholder remuneration through dividends: **130,106** thousand euros in dividends (-13.70% vs 2018)



Record of financing small cap companies through alternative markets: **10,357** in fixed income in MARF (+63% vs 2018) and **1,642** million euros in shares in the MAB (79% vs 2018)

ENVIRONMENTAL



Indirect greenhouse gas emissions (associated with the consumption of electricity, business trips by air and rail and employees commuting to the workplace using their own vehicle): **2,752.50 t of CO₂** (-12.08% vs 2018)



Internal energy consumption (consumption of electricity and natural gas): **33,506.54 GJ** (2.08% vs 2018)



13 years forming part of FTSE4Good IBEX

SOCIAL



Economic value distributed to stakeholders: **285,008** thousands of euros (-8.67 vs 2018)



BME economic investments aimed at benefitting the community: **1,243** thousand euros (13.51% vs 2018)



Training provided through the BME Institute with the aim of disseminating financial knowledge: **4,097** hours **6,062** students

Our stakeholders. (102-40, 102-42, 102-43)

In accordance with the relevant criteria for the Company and its activities, it has identified five stakeholder groups which are the users of its services, its shareholders, company employees, service providers and society in general.

STAKEHOLDERS



SUPPLIERS

90.42% of BME's suppliers are local.



COMPANY

17.2% and **48.1%** of the value of listed shares are held by Spanish households and foreign investors, respectively.



USERS

Leading Exchange in Dividend Yield **4.5%** for listed companies (according to classification of market prepared by MSCI).



EMPLOYEES

13.1 hours/employee. Ratio of training hours received per employee.



SHAREHOLDERS

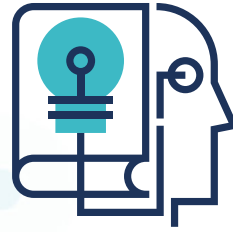
Based on the average number of BME shareholders during 2019 which stands at **51,431**, **95.53%** are minority which held **41.67%** of the share capital.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **The BME Group and Corporate Social Responsibility**

The needs and priorities of these stakeholders have been taken into account to establish BME's principles and guidelines of action (see the section on "Responsible management model").

With the aim of strengthening a constructive relationship with its stakeholders, BME maintains channels of communication that allow the Company to respond to their expectations. BME establishes the frequency in the relationship with its main stakeholders, depending on business needs.

Through the approval of this report, the Board of Directors addresses those relevant issues that have arisen in the relationships and communication of the Company with its stakeholders and the departments involved in its relationships with stakeholders. In particular, this consolidated non-financial information report has been prepared based on the materiality analysis previously performed in which the most relevant aspects for the Company and its stakeholders have been identified, covering, inter alia, economic, social and environmental issues.



2

Company Profile

(102-2, 102-3, 102-4, 102-6, 102-45)

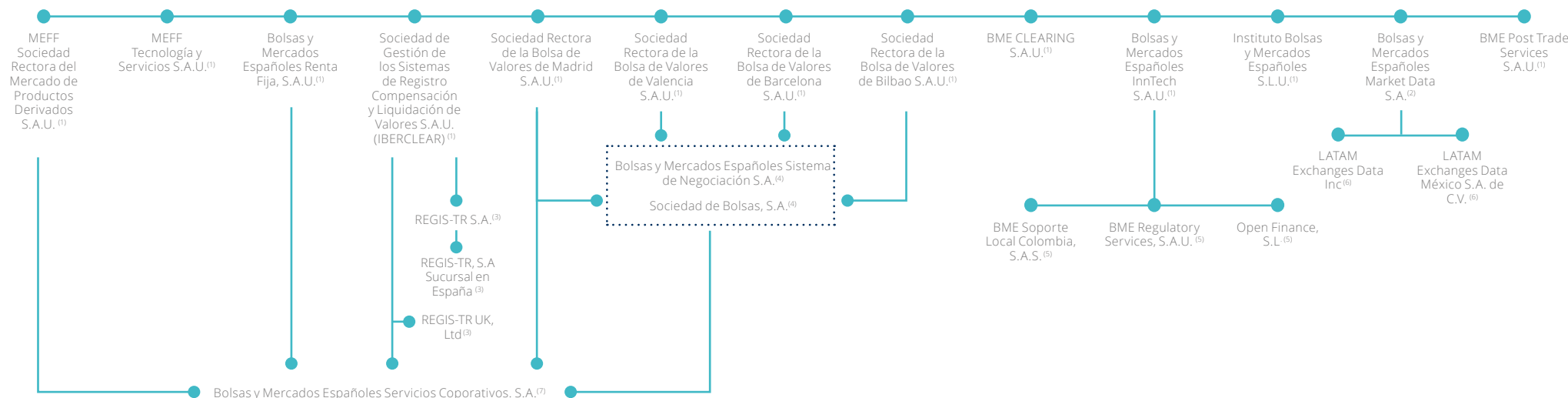
>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

COMPANY ORGANISATIONAL CHART AND OTHER COMPANY OWNERSHIP INTERESTS AT 31 DECEMBER 2019

The Bolsas y Mercados Españoles (BME) Group comprises the following entities:



BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. (BME)



(1) BME holds a 100% stake in the share capital of MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U., MEFF Tecnología y Servicios, S.A.U., Bolsas y Mercados Españoles Renta Fija, S.A.U., IBERCLEAR, Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U., Sociedad Rectora de la Bolsa de Valores de Valencia, S.A.U., Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U., Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A.U., BME Clearing, S.A.U., Bolsas y Mercados Españoles InnTech, S.A.U., Instituto Bolsas y Mercados Españoles, S.L.U. and BME Post Trade Services, S.A.U.

(2) BME, MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U., Bolsas y Mercados Españoles Renta Fija, S.A.U., Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U., Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U., Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A.U., Sociedad Rectora de la Bolsa de Valores de Valencia, S.A.U. and Sociedad de Bolsas, S.A. respectively hold a participation of 49.71%, 7.77%, 0.14%, 10.09%, 9.93%, 9.93%, 9.93% and 2.5% of the share capital of the company Bolsas y Mercados

Españoles Market Data, SA

(3) IBERCLEAR holds a 50% interest in the share capital of REGIS-TR UK Ltd and REGIS-TR Société Anonyme, a company that created a branch in Spain.

(4) Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U., Sociedad Rectora de la Bolsa de Valores de Valencia, S.A.U., Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U. and Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A.U. hold a 25% stake in the companies Bolsas y Mercados Españoles Sistemas de Negociación, S.A. and Sociedad de Bolsas, S.A.

(5) Bolsas y Mercados Españoles InnTech, S.A.U. holds a 100 percent stake in the share capital of Bolsas Mercados Españoles Regulatory Services, S.A.U., and BME Soporte Local Colombia, S.A.S., as well as a 90% stake in the share capital of Open Finance S.L.

(6) Bolsas y Mercados Españoles Market Data, S.A. holds a 51% and 49% interest in the share capital of LATAM Exchanges Data Inc. and LATAM Exchanges Data México S.A. de C.V., respectively.

(7) MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U., Bolsas y Mercados Españoles Renta Fija, S.A.U., IBERCLEAR, Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. and Sociedad de Bolsas, S.A. respectively, hold a participation of 11%, 9%, 21%, 48% and 11% of the company Bolsas y Mercados Españoles Servicios Corporativos, S.A.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

The social and operational headquarters of BME and of all Group companies (with the exception of Regis-TR, S.A., Regis-TR UK, Ltd, BME Soporte Local Colombia, S.A.S., LATAM Exchanges Data Inc -hereinafter LED- and LATAM Exchanges Data México S.A de C.V. - hereinafter LED Mexico-) are located in Spain, the country in which it mainly carries on its activity, with BME headquarters located in Madrid, at Plaza de la Lealtad 1, and with the main operational headquarters of the organisation being in Las Rozas (Madrid), on Calle Tramontana 2bis.

Since it was founded, BME has been committed to developing and upgrading the Latin American financial markets, the energy market and the financial sector in general, through shareholdings as of December 31, 2019 (notwithstanding the 49% stake in the share capital of LATAM Exchanges Data México SA de CV held on that date by Bolsas y Mercados Españoles Market Data, SA and which has been stated in the previous corporate organization chart):

- **Cámara de Riesgo Central de Contraparte de Colombia, S.A.**, in which BME holds a stake of 9.91% in its share capital.
- **Bolsa Mexicana de Valores, S.A. de Capital Variable** with a 0.99% stake.
- **Operador del Mercado Ibérico de Energía – Polo Español, S.A. (OMEL)**, of which it indirectly owns through Bolsas y Mercados Españoles Inntech, S.A. (Sociedad Unipersonal) 5.65% of its share capital.
- **OMIP Operador do Mercado Ibérico (Portugal), SGPS, S.A.**, of which BME holds a 5% stake therein.
- **Noster Finance, S.L. (Finect)**, a financing company which offers investors, inter alia, a specialised community, interactive tools to improve decision-making and financial information based on smart data technology, in which BME holds a stake of 8.98%.

Corporate transactions corresponding to 2019. (102-10)

Corporate operations carried out during 2019 have not led to changes in BME's registered office or operating headquarters, although two companies have been dissolved and liquidated and two others incorporated.

In 2019 the dissolution and liquidation process of Infobolsa Deutschland, GmbH in Liquidation, with its registered office in Germany, was completed and Difubolsa - Serviços de Difusão e

Informação de Bolsa, SA, with its registered office in Portugal was dissolved and liquidated.

Furthermore, Bolsas y Mercados Españoles Market Data, SA together with Bolsa Mexicana de Valores, SA de Capital Variable incorporated a company named LATAM Exchanges Data México SA de C.V. (LED Mexico), with registered office in the state of Mexico, in which Bolsas y Mercados Españoles Market Data, SA holds a 49% stake; and the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR) joined with Clearstream Holding AG to incorporate a company called Regis-TR UK, Ltd with registered office in the United Kingdom, in which IBERCLEAR holds a 50% stake.

Scale of the organisation. (102-7)

The following table details the necessary figures to determine the size of the organisation at 31 December 2019: total workforce and capitalisation.

■ SIZE OF THE ORGANISATION

	2018	2019
Total workforce of the BME Group and Openfinance S.L.	825	796
Own equity (thousand euros)	399,210	382,844

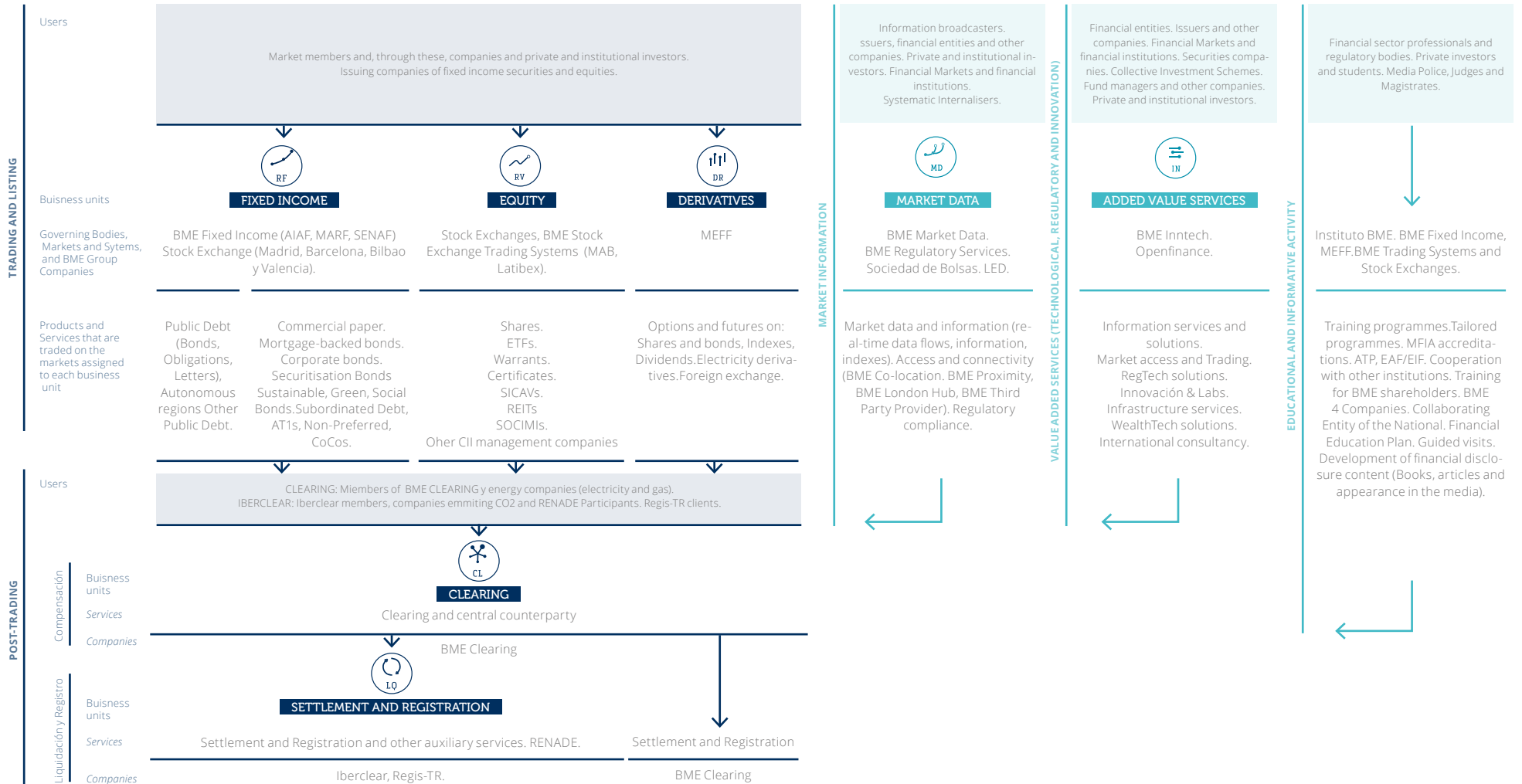
2.1. BUSINESS MODEL.

(102-2)

The following table contains a schematic representation of BME's value chain, which identifies the users of the main products and services provided by each one of the business units through the governing bodies and companies of BME Group. The educational and informative activity strengthens the aforementioned value chain and contributes to end-users and clients having the necessary and sufficient knowledge to allow them to obtain their objectives with greater assurance, transparency and security.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

BUSINESS MODEL



MISSION, VISION, VALUES AND OTHER KEY ELEMENTS OF THE BME BUSINESS MODEL.

(102-15, 102-29, 102-30)

**MISSION AND OBJECTIVES**

The mission of BME is to be the leading company for financial markets and systems in Spain, always striving to achieve service excellence and constantly innovate in markets and services. We also aim to create value for society and our shareholders.

The main objective of BME is to place the client at the heart of all corporate decisions and maximise the relationship with them in a manner so that excellence and the provision of the best service continue to be distinguishing features and BME's most recognisable hallmark.

BME also drives the significant increase in its revenue through:

- organic and inorganic growth,
- increased geographic diversification and services,
- the strengthening BME's solid business model by adapting it to the new environment, and
- *customer equity*.

**DISTINGUISHING VALUES**

BME is a leader in the sector in terms of solvency, efficiency and shareholder returns. BME is a company recognised for its impartiality, transparency and protection, it is a dynamic and modern company committed to customer service, innovation and development, using technology developed in-house that has been exported to other several countries.

**NECESSARY RESOURCES**

The necessary resources so that BME can carry out the activities detailed in the value chain centred on the workforce, the constant development of knowledge and in-house technology and the strengthening of the relationship with suppliers and users.

**VALUE GENERATED BY BME FOR ITS STAKEHOLDERS**

- This is a source of financing and liquidity for companies, promoting the confidence of society in the financial system guaranteeing the proper functioning on the markets and undertaking the commitment to being a prominent leader of the economy of Spanish companies, as well as for Latin American companies through Latibex.
- It offers its users a wide range of products, services and trading systems based on an advanced and stable proprietary technology which adapts to its requirements. BME also provides global market access systems to issuers, intermediaries and investors around the world, with clients in Europe, America and Africa.
- It also encourages the professional and personal development of its employees through the constant improvement of the services and activities that it provides them, its training programmes and professional motivation.
- It focuses its activity on the generation of shareholder value and is trusted by millions of investors who benefit from one of the highest pay-outs on the Spanish stock market, exceeding more than 90%.
- It generates business between its local suppliers.



POLICIES APPLIED BY THE GROUP AND ASSOCIATED RISKS

With the exception of Open Finance S.L., the policies that BME Group applies in relation to the activities it carries out are, inter alia, the Corporate Governance Policy, the Directors' Remuneration Policy, the Corporate Social Responsibility Policy, the dividend distribution policy, the Communication Policy, the principles of conduct of the Human Resources area, the Remuneration Policy for employees and executives and the Security Policy, as well as the measures adopted in relation to the foregoing. The above policies and their results are described in the consolidated non-financial information statement.

Within the framework of its risk management system and in the Criminal Risk Prevention System, BME has identified, evaluated and managed the risks related to, among others, environmental performance (given the possibility of damage to the environment derived from the activity of the Company), Social (derived for example from political or social instability) and labour (derived from inadequate processes for measuring and evaluating employee performance), as well as other areas such as the fight against corruption and bribery (faced with the possibility of non-compliance with ethical norms and standards), fraud (faced with the risk of committing a criminal act in the workplace) and other irregular practices. None of them is part of the main risks associated with the company's activity. However, the company has established control mechanisms to prevent its materialization, and none of these risks have materialized in 2019.

The main impacts and risks related to the activities of BME are detailed in sections E and F of the Annual Corporate Governance Report of BME for the year 2019, which is incorporated into the consolidated management report.



KEY INDICATORS OF NON-FINANCIAL RESULTS

View the main key performance indicators of BME concerning Corporate Social Responsibility detailed in Chapter 1.

2.2. RESPONSIBLE MANAGEMENT MODEL.

(102-16)

Since its incorporation, BME has been committed to playing a key role in the economies of Spanish and Latin American companies through the Latibex market. In this manner, as the manager of Spain's financial markets and systems, BME is the nexus between Spanish and international companies and investors. It provides a channel through which savings can be used to finance companies, while endeavouring to offer maximum speed, reliability, transparency, efficiency and security to the markets and systems it manages.

In this regard, BME and the Group's companies carry out their activity efficiently, responsibly and sustainably, managing the financial markets and systems in strict compliance with both domestic and international legislation, and in particular, economic, social and environmental legislation, as well as the codes it voluntarily embraces.

BME'S corporate social responsibility is an integral part of the Group's general strategy and day-to-day operations. It discloses all relevant information on financial and non-financial issues affecting the Company's activities.

During 2019, the Corporate Social Responsibility Policy of BME and its Group was approved, which was prepared in accordance with the Code of Good Governance of Listed Companies and made available in the Shareholders and Investors section of the corporate website www.bolsasymercados.es. This Policy includes the action principles and guidelines with the different actors participating in the markets and society in general, including the establishment of fluid relations between the Company, its employees and trade union organisations. (102-16)

BME Group is committed to favouring transparency and free market rules, as well as competing in markets in a fair manner and not carry out misleading or denigrating publicity of its competition or third parties. In 2019, BME Group was not affected by any significant legal proceedings filed for anti-competitive behaviour, anti-trust, and monopoly practices. (103: Unfair competition, 206-1)

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

BME PARTICIPATES IN THE FOLLOWING NATIONAL AND INTERNATIONAL INITIATIVES:

(102-12)



THE CODE OF BEST TAX PRACTICES

The aim of this Code is to promote a cooperative relationship between the Tax Agency and BME Group companies that have signed this Code, based on the principles of transparency, mutual trust, good faith and loyalty between the parties.

BME has been adhered to this code since 2010.

Almost all of the companies in the BME Group with their registered offices in Spain are individually adhered to the Code of Best Tax Practices.



THE UNITED NATIONS GLOBAL COMPACT

This initiative aims to promote business sustainability through the implementation of 10 universal principles of conduct and action in relation to human and corporate rights, labour practices, the environment and the fight against corruption, in the strategy and the day-to-day operations of all types of entities, thus promoting sustainable development objectives.

BME has been adhered to this code since 2011.

BME complies with its fundamental responsibilities in the areas of human rights, employment, the environment and anti-corruption, by incorporating the principles of the Global Compact into its strategies, policies and procedures, and by fostering a culture of business integrity.



In 2019 the company approved its first **Corporate Social Responsibility Policy**



SUSTAINABLE STOCK EXCHANGES (SSE) OF THE UNITED NATIONS.

This initiative aims to raise awareness of best corporate governance and social and corporate responsibility practices, and to foster sustainable business practices.

BME has been a *Partner Exchange* since 2015.

In the performance of the aforementioned commitment, BME encourages the issuers of securities and the new companies listed on the markets and systems managed by BME, to report non-financial environmental, social and corporate governance information in their periodic reports. (102-12)

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

Tax transparency. (103: Economic performance, 201-1)

Effective tax management and greater legal security in tax matters enhance the results of the Company and the Group, and lessen the risks inherent in complying with tax obligations.

On 30 September 2010, BME signed the Code of Best Tax Practices and, in response to its recommendations, in 2011 it approved a series of tax policy principles, which are available on the BME corporate website and which were replaced by the fiscal strategy approved by BME in fiscal year 2015 and developed by the tax policies applicable to BME and the BME Group companies approved in that same fiscal year 2015.

By virtue of the Company's fiscal strategy, the Board of Directors, subject to a favourable report by its Audit Committee, must approve the corporate transactions that might take place and that are considered relevant for the Company given the special tax treatment they receive -such as the creation or acquisition of holdings in special purpose vehicles or those domiciled in countries or territories considered tax havens- and any transaction or business of a similar nature that might undermine the Group's transparency.

TAX TRANSPARENCY.

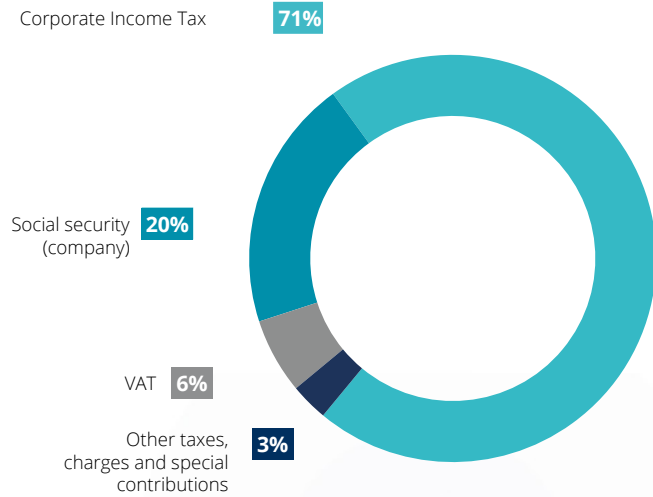
	Country	2018	2019
Pre-tax profits ⁽¹⁾ (thousands of euros)	Spain	177,285	159,255
	Germany	5	-12
	Portugal	-52	-36
	Colombia	18	27
	United States	-249	-485
Income tax (thousands of euros)	Spain	43,721	39,450
	Germany	0	-
	Portugal	0	-
	Colombia	3	5
	United States	0	0
Total tax contribution ⁽²⁾ (thousands of euros)	Spain	127,708	123,066
	Germany	10	-
	Portugal	10	-
	Colombia	61	20
	United States	8	11

(1) The data on pre-tax profit recorded in this table correspond to the profit obtained individually by the group's companies in the country in which they have their registered office, excluding consolidation adjustments. Subsequently, the data expressed here differ from the data on pre-tax profit presented in the consolidated financial statements.

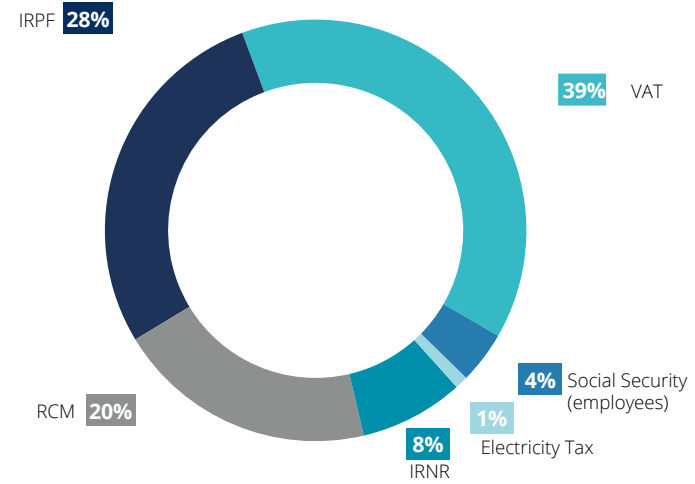
(2) This includes the taxes on its activities, which are an effective cost for the Company and its group and the taxes collected and paid on behalf of other tax payers as a result of the economic activity generated.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

TAXES PAID AND OTHER EXPENSES OF 2019



TAXES COLLECTED (2019)



CAPTION:
 VAT: Value-added Tax. IRPF: Personal Income Tax. IRNR: Non-resident Income Tax.
 RCM: Investment Income. Social Security (Company) Staff costs related to Social Security.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

2.3. SECURITY, ETHICS AND INTEGRITY.

BME considers the assets of the BME Group, among which are its operational headquarters, data processing centres and the information associated with the services that it provides, as well as the information systems that support it, as strategic resources subject to special protection.

In this regard, the Company has identified as a material aspect of great importance for its stakeholders and its strategy the secure, ethical and integral development of its activities, which is shaped by the logical and physical security policies adopted by the Company as well as by the Crime Prevention System and the Internal Code of Conduct and their implementing regulations. The documents containing the policies, regulations and procedures deriving from these issues have been distributed and made available to employees via the BME intranet.

A) SECURITY POLICY

With the aim of ensuring that the assets and persons associated with the BME Group are protected from threats and risks that may affect them, as well as safeguard the integrity of its employees, clients and partners, BME has approved the *Security Policy* which affects employees and directors of BME Group companies and any external contractors that may exist and, also the different assets of the Group, whether tangible and intangible, movable and immovable.

BME created the Security Committee, which is a body dependent on the CEO office, which is responsible for defining and applying the BME Group's Security Policy, as well as directing and organising in a comprehensive manner the logical and physical security functions under a Comprehensive Security Management Model in line with the main standards such as ISO/IEC 27001, ISO/IEC 27002, ISO 22301 and ISO/IEC 31000.

Also, as part of the global reorganisation of the company, and in order to align the structure with the BME Strategic Plan, the position of *Chief Data Officer* (CDO) was created in 2019, which includes functions covering digital transformation, *data & analytics*, support for the implementation of new projects, and the organisation and coordination of IT with Information Security.

Logical Security Policy.

BME's Logical Security Policy, which allows it to protect the information and IT systems from threats and the risk of data leaks such as intrusions, fraud, sabotage and industrial espionage, are implemented through the *Information Security Policy* and the *Business Continuity Policy*:

- *Information Security Policy*, the purpose being to prevent the abusive use of IT tools through the identification of prohibited and permitted conduct, the consequences that may derive from their abusive use and the control procedures to be adopted by Company Management.

To complement this Policy, BME has approved the *Policy on Handling Sensitive Information*, which sets out the criteria for classifying and handling documents depending on their level of confidentiality in order to reduce the risk of unauthorised access to BME Group's sensitive information.

BME has implemented a procedure, defined by the Information Security Department, which is applied to the management of Human Resources in the scope of the selection and recruitment of personnel, aligning it with the security requirements recommended by Standard ISO 27000, to ensure that the candidates understand their responsibilities and are suitable for the roles for which they are being considered, understand and comply with their duties in relation to information security and protect the interests of the organisation as part of the change process upon termination of employment.

- *The Business Continuity Policy* details the technical and organisational initiatives that ensure the operations of BME in the case of a severe security incident.

Physical Security Policy.

The Physical Security Policy is described in the *Physical Security Plan*, which details the physical security measures implemented by BME to protect the facilities, especially the data processing centres where all the IT equipment and information, storage and processing systems are located.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

B) ETHICS AND INTEGRITY . (102-16, 102-34)

Ethics and integrity at BME are the cornerstones upon which its commitment to its stakeholders is built. With this in mind, BME Group sets out the general principles of action of its directors, legal representatives, management and employees through diverse means with the aim of establishing a framework that allows BME to create efficient measures to prevent, discover, investigate and, where applicable internally penalise the crimes and inappropriate conduct that may be committed with the resources or during the performance of their activities in BME and the companies of the Group.

General principles for operating in the securities market. (102-16, 102-17)

The Company has in place an Internal Code of Conduct (ICC) that the Board of Directors maintain up-to-date, the purpose of which is to define the principles and framework of action that must be observed for operating in the securities market by all BME personnel and the companies of its Group and any other person providing their services or maintaining a professional relationship with BME and its Group.

As per the Internal Code of Conduct, and in line with guidelines for disclosing insider information to third parties published by the Spanish National Securities Market Commission (CNMV) and Regulation 596/2014 on Market Abuse BME's *Policy for the treatment and transmission of insider information* lists the measures and internal control procedures to be established in BME and its group companies to safeguard insider information.

In addition to these rules of conduct, BME has established a *Procedure for reporting deficiencies in the internal control and management systems*, which establishes the channels any employee can use to inform the competent internal body of any irregularities detected in these systems. No irregularities or weaknesses were reported in the risk management and internal control systems in 2019.

These regulations and the implementation of the procedure for reporting deficiencies in internal control and risk management systems form a mechanism for detecting potential cases of corruption and fraud.

Monitoring and compliance bodies.

The Markets and Systems Operating Procedures Committee is the competent body responsible for the interpretation of the Internal Code of Conduct, while the Audit Committee is responsible for the processing and, where applicable, the imposition of the penalties for non-compliance with the Internal Code of Conduct on the members of the Board of Directors and persons with managerial responsibilities. The Regulatory Compliance Department is responsible for monitoring and reviewing employee compliance with the Internal Code of Conduct.

The Board of Directors oversees the activities of its delegated Committees, among these being the Markets and Systems Operating Procedures Committee and the Audit Committee, with an annual assessment of their performance, through the Activities Report of these Committees. The monitoring of the actions carried out for the compliance with the Internal Code of Conduct can be consulted in the Reports on the activities of the Board of Directors and of the Committees all corresponding to 2019, which are available on the corporate website www.bolsasymercados.es.

General principles governing the actions of BME employees. (103: Anti-corruption, 102-16, 102-17, 205-2, 205-3)

With the aim of addressing and preventing all types of crime, and in particular fraud, corruption and bribery, which may potentially materialise in the performance of the activities carried out by the Company and to strictly comply with the legislation in force, BME has established a crime risk prevention system, which is based on general preventive controls, consisting of the rules, bodies and procedures and communication channels and other specific preventive controls such as the Integrated Risk Management System and the review carried out by the Regulatory Compliance and Internal Audit Departments.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

Among the general preventive controls that facilitate the prevention of crime and the fight against corruption, bribery and fraud, are:

- **Code of Conduct:** *The Code of Conduct* comprises the ethical principles and rules of conduct which govern the actions of all directors, legal representatives, executives and employees.

For illustrative purposes, employees are issued with "*Principles of Action Guidelines for Employees*" which aims to provide employees with knowledge of those conducts that may be classified as a crime.

- **Crime Risk Prevention Model:** *The Principles for crime risk prevention of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and its Group Companies* which are the basis of the Crime Risk Prevention System, described among other documents in the general and special section of the *Crime Risk Prevention Manual*, which were updated during 2015 and 2016 due to the entry into force of amendments to Spain's Penal Code. In 2019, the work of updating the Criminal Prevention System was continued with the aim, inter alia, of updating its content and improving controls to prevent corruption and other irregular practices.

Although BME is not obliged by Law 10/2010 of 28 April on Anti-Money Laundering and the Financing of Terrorism, the abovementioned Crime Risk Prevention System establishes specific controls to mitigate the behaviour associated with money laundering and the financing of terrorism within the organisation.

The Whistleblowing Channel, available to employees on the Human Resources intranet together with its Usage Policy, establishes the procedure for communicating and processing the facts from which it may be inferred that there is evidence of non-compliance with the policies or procedures implemented by the Group, non-compliance with the Code of Conduct or other aspects that may be evidence of a possible crime, such as corruption, bribery or fraud. In 2019 a communication was addressed to Whistleblowing channel's email address, which was also sent to the following email addresses: accionista@grupobme.es; info@grupobme.es; infobolsamadrid@grupobme.es and InvestorRelations@grupobme.es, from a private investor in relation to the processing of a purchase order for shares of a

listed company, an issue that is not within the objective and subjective scope of application of the Whistleblowing Channel Usage Policy, for which its content has been referred to the competent body.

The Crime Prevention Committee, reporting to the Audit Committee, was set up to implement, develop and comply with BME Group's crime risk prevention system.

In order to raise awareness among employees of the importance of these crime risk prevention measures, the company has developed and delivered a specific training course on this topic with the aim of raising awareness of the crimes that may be committed within the scope of the activities carried out by BME and its Group companies.

The Code of Conduct establishes the principles and guidelines of conduct to prevent actions related to the typical conduct associated with, for example, the crimes of corruption among civil servants or bribery and corruption in international business transactions, as well as the crimes of passive bribery and the exercise of undue influence and against the Spanish Taxation Authorities and Social Security, the controls of which aimed at mitigating the risks of committing associated conducts are detailed in the *Special Section of the Crime Risk Prevention Manual*.

In addition, the members of the Boards of Directors and certain positions of the companies of the BME Group that are considered supervised entities, must sign a Declaration of Good Repute and present the Criminal Record Certificate issued by the Ministry of Justice, in which they declare that they do not have prior convictions for any serious fraudulent or negligent crime related to, for example, the provision of financial services and data services, acts of fraud, misappropriation of funds, bribery, or misconduct in the management of a company.

In this manner, BME, through the above channels effectively fights against any case of corruption, bribery or fraud that may affect, where applicable, the companies of the Group, the employees of BME and of its Group companies, the members of the governing bodies of these companies and the other persons who provide services or engage in a professional relationship with BME or its Group companies. No cases of corruption, bribery or fraud were reported or identified in 2019 by the Business Continuity and Risk Committee. ([102-16](#), [102-17](#), [205-1](#), [205-2](#), [205-3](#))

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

Monitoring and compliance bodies. (102-29, 102-30, 205-1)

The Risk Prevention Committee, reporting to the Audit Committee, is the internal control body that has autonomous power to act upon its own initiative and control and is charged with the supervision of the functioning and the compliance with the prevention model implemented in BME Group.

This Committee, which has the support of the Regulatory Compliance Department and the General Secretary and the Board, is charged with the supervision of the effectiveness of the internal controls implemented in BME Group, it monitors the measures adopted within the scope of crime risk prevention, regularly informs the Audit Committee regarding the activity carried out, proposing, where necessary, any improvements or specific updates to the controls and procedures of the Crime Prevention System.

The Audit Committee is charged with the supervision of this System and of submitting any proposals to modify the Crime Risk Prevention Manual before the Board of Directors for approval, as well as inform this body of any actions initiated as a result of any breach or non-compliance of a criminal nature.

The Company's Internal Audit Department is responsible for periodically auditing those processes likely to be affected by corruption, bribery or fraud, as well as the risks of fraud that the Board of Directors have identified as a result of the determination of the management and risk control policy currently being drafted.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**


2.4. RELATIONSHIP WITH STAKEHOLDERS AND OTHER RELEVANT SECTORS.

A) RELATIONSHIPS WITH ITS STAKEHOLDERS (102-44)

BME has in place a series of measures for communicating with its stakeholders through which these may be informed of the activities carried out by the Company and through which they may communicate their questions, queries and suggestions.

USERS

Means used by BME to communicate with users:


- Investor Ombudsman.
- BME Group companies websites.
- Social Media: 
- Telephone hotline and the emails for Business Units.
- Press releases and documents of interest.
- Articles and other publications.
- Training days and forums.
- Technical committees and commissions.
- Collaboration with institutions and associations.
- Visit to company facilities.

Most interesting aspects of BME for users.

- New services and products.
- Quality certificates for the services provided.
- Efficiency and diversification in the business model.
- Ethics and transparency.
- User protection and privacy.
- User education.

EMPLOYEES

Means used by BME to communicate with employees:

- Corporate website: www.bolsasymercados.es.
- Social Media: 
- BME Intranet and Human Resources online.
- Email.
- Human Resources Query Hotline.
- Internal communiqués.
- Representative Bodies.
- Technical Committees deriving from the Collective Agreement.
- General Shareholders' Meeting.
- Corporate Publications (ACTIVO Magazine, Newsletters)

Most interesting aspects of BME for employees.

- Work/life balance.
- Diversity and equal opportunities.
- Social benefits.
- Training.
- Career advancement.
- Salary policy and employment conditions.

SOCIETY

Means used by BME to communicate with society.

- Participation in national and international institutions.
- Financial Education Day.
- Partnerships with universities and academic associations.
- BME Digital Editions and sponsorship of publications.
- Educational and informative activity.
- Support for *SMEs* y *start-ups*.
- Corporate website: www.bolsasymercados.es.
- Guided visits of company facilities.
- Involvement in cultural foundations and organisations.

Most interesting aspects of BME for society.

- Financial training.
- Promoted financial sponsorship and awards.
- Financial informative activity.
- Cultural and social activities.
- Environmental and greenhouse gas emissions policy.

SHAREHOLDERS

Means used by BME to communicate with shareholders:

- General Shareholders' Meeting.
- Electronic Shareholder Forum.
- Dedicated section on the corporate website: www.bolsasymercados.es
- Permanent information service for market players and regulators (www.cnmv.es).
- Social Media: 
- Shareholders' Office: accionista@grupobme.es.
- Investor relations: investorRelations@grupobme.es.
- Corporate publications.
- Press room.

Most interesting aspects of BME for shareholders.

- Economic value generated and distributed.
- Optimisation of cost and investments.
- Fiscal Policy.
- Value creation: Share price trend.
- Shareholder remuneration.
- Shareholder Education Plan.
- Marketing and Communication.

SUPPLIERS

Means used by BME to communicate with suppliers:

- Corporate website: www.bolsasymercados.es.
- Complaint and enquiry service.
- Meetings with suppliers.
- Invitations to tender.
- Formal commitment of suppliers.
- Initial supplier appraisals and quotations.
- Order evaluations.

Most interesting aspects of BME for suppliers.

- Average suppliers payment period.
- Volume of procurements.
- Suppliers accreditation, assessment and monitoring process and orders.
- Quality standards of goods and services required by BME.



>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

B) RELATIONSHIPS WITH PUBLIC ADMINISTRATIONS AND OTHER RELEVANT SECTORS. (103: Public policy, 201-4, 415-1)

In view of the importance of the functions performed by BME in ensuring the smooth running of financial markets and, by extension, the Spanish economy, the company must maintain a smooth relationship with public bodies through official channels, predicated on strict adherence to applicable regulations, and with the domestic and international media.

BME does not make donations to any political parties or organisations, allowing BME's management to remain independent in its relationships with local, regional and national government bodies. BME did not contribute any financial assistance to the government or public authorities in general in 2019.

FOUNDATION FOR CONTINUOUS TRAINING SYSTEM

	2018	2019
Monetary value of financial assistance deriving from the State Foundation for On-the-job Training system	82,431 €	94,404.72 €

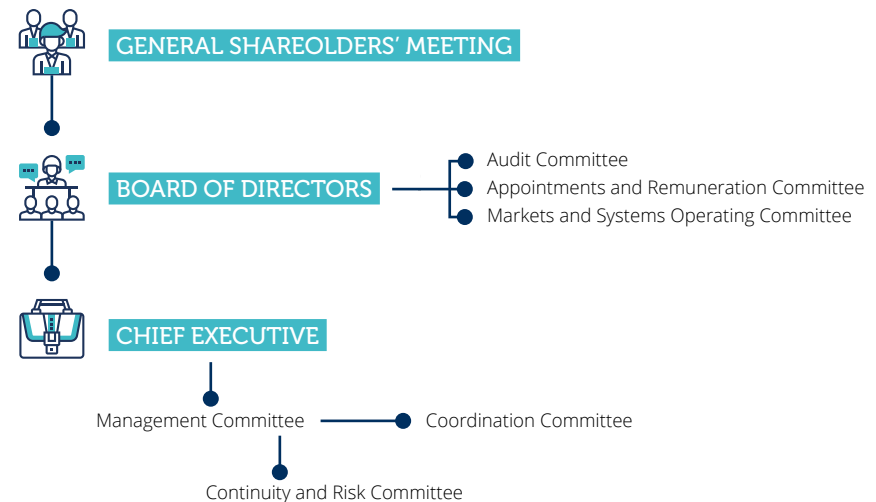
2.5. CORPORATE GOVERNANCE AND RISK MANAGEMENT

A) CORPORATE GOVERNANCE. (102-6, 102-18, 102-22, 405-1)

BME's corporate governance structure is based on the guiding principles of transparency, shareholder participation and the independence of the external auditor.

In this regard, BME's Board of Directors has approved and updated its *Corporate Governance Policy*, which is available on the corporate website www.bolsasymercados.es together with the other Corporate Policies (such as the Directors' remuneration policy), and which details the principles and aspects that govern the actions of the Company and its Group in this area, as well as the commitments undertaken for the continuous improvement and review of the corporate governance rules of the Company and its Group. BME's internal regulations are available under the "Shareholders and Investors" section of the corporate website www.bolsasymercados.es.

CORPORATE GOVERNANCE BODIES



>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

As at 31 December 2019, the **Board of Directors**, the highest governance and administrative bodies of the Company and responsible for approving the Corporate Social Responsibility Policy, was made up of 11 members of recognised capacity, integrity and independence and its composition complied with the recommendations of the Good Governance Code for listed companies,

with 9 external directors (6 independent, 2 proprietary and 1 other external) and only 2 executive directors.

COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2019

Directors	Position on the Board	Character	Length of service on the Board	Committees		
				Audit Committee	Appointments and Remuneration Committee	Markets and Systems Operating Committee
Mr Antonio J. Zoido Martínez	Chairman	Other external	15.02.2002	-	-	-
Mr Javier Hernani Burzako	Chief Executive Officer	Executive	27.04.2017	-	-	-
Mr Ignacio Garralda Ruiz de Velasco	First Deputy Chairman	External Independent	27.02.2014	-	Member	-
Mr David María Jiménez-Blanco Carrillo de Albornoz	Lead Director	External Independent	26.04.2018	-	Chairman	-
Ms Maria Helena dos Santos Fernandes de Santana	Director	External Independent	28.04.2016	-	-	-
Ms Ana Isabel Fernández Álvarez	Director	External Independent	26.04.2018	Chairwoman	-	-
Mr Joan Hortalá i Arau	Director	Executive	15.02.2002	-	-	Chairman
Mr Juan March Juan	Director	External proprietary	30.10.2014	Member	-	Member
Ms Isabel Martín Castella	Director	External independent	26.04.2018	Member	-	-
Mr Santos Martínez-Conde y Gutiérrez-Barquín	Director	External proprietary	30.10.2014	-	Member	-
Mr Juan Carlos Ureta Domingo	Director	External independent	26.04.2018	-	Member	Member

Secretary of the Board and of the Committees: Mr Luis María Cazorla Prieto

Deputy Secretary of the Board and of the Committees: Ms Cristina Bajo Martínez

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

■ NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS BY AGE

	2018	2019
< 30	0	0
30 - 50	1	1
> 50	10	10

The Directors classified as internal proprietary directors represent the only legal entity shareholder with a significant share of the share capital, whereas the majority presence of directors classified as external independent directors on the Board guarantees the protection of the interests of the minor shareholders.

The professional backgrounds of the members of the Board of Directors, which are available on the corporate website www.bolsasymercados.es, detail the posts held and activities performed in the companies of BME Group and other companies outside of the Group.

The Audit Committee, as per the Board of Directors' Regulations, is responsible for supervising the application of the principles and guidelines concerning the Company's corporate social responsibility and the monitoring of the corporate social responsibility strategy and practices. (102-20)

All the powers of the Appointments and Remuneration Committee and the Market and Systems Operations Committee, as well as all the information on corporate governance is available under the "Shareholders and Investors" section of the corporate website. In particular, the information relating to the powers of the Board of Directors, the duties allocated to the Chief Executive Officer, as the highest executive of the Company, the appointment, re-election, evaluation and removal procedures of Directors, the management of conflicts of interest, the measures adopted to guarantee there is a sufficient number of women on the Board to ensure the balance between genders, the evaluation processes of the performance of their duties by the Chairman and the Chairman of the Board of Directors, the Executive Chairman, Chief Executive Officer and the Board of Directors and its Committees is detailed in the Annual Corporate Governance Report and Report on the Activities of the Board of Directors for 2019.

BME's structure. (102-19, 102-20)

As established in the company's Articles of Association and Board of Directors' Regulations, the Board of Directors has entrusted the running of its ordinary business to its delegate bodies, the Board's executive members and the senior management team, and it falls to the Board of Directors to foster, direct and supervise those issues of special importance for the Company.

For these purposes, the Company has a **CEO**, which as of 25 April 2019 is BME's highest executive, and who is responsible for the running of the ordinary business of the Company, with the maximum executive functions. On 25 April 2019, the Chairman of the Board of Directors became non-executive Chairman, after 17 years as head of the company. (102-23)

BME's senior management is made up of the Secretary General, Mr. Luis María Cazorla Prieto, and the members of the **Management Committee**, which reports hierarchically to the CEO. This Committee, which is the body that directly supervises the management of the Business Units and Corporate Areas, ensuring a coordinated action between them, as well as that between the Company and the Group's companies.

In 2019, BME approved a series of changes in the management team, aimed at favouring a better execution of the Strategic Plan, while moving towards a more adequate distribution of tasks between businesses and corporate areas. As a result of the aforementioned changes, on 31 December 2019, the composition of the Management Committee was as follows:



In 2019 the CEO of the Board of Directors became **non-executive Chairman** consolidating best corporate practices

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

MANAGEMENT COMMITTEE ^{(1) (2)}

Mr José Manuel Ortiz Repiso Jimenez (Director of Clearing and the CEO Office)

Mr Jorge Yzaguirre Scharfhausen (Director of Markets and Market Data)

Mr Jesús Benito Naveira (Director of Settlement and Registration)

Ms Berta Ares Lombán (Director of Value Added Services)

Ms Marta Bartolomé Yllera (Financial Director)

Mr Francisco Nicolás Tahoces (Technology Director)

Mr Pablo Malumbres Muguerza (Corporate Communication Director and Public Affairs)

Mr Ignacio Olivares Blanco (Director of Legal Services)

(1) Mr. Javier Hernani Burzako, CEO and chief executive of BME, chairs the Management Committee.

(2) Mr Luis García Berral, Director of the Human Resources Department, may also attend the meetings of the Management Committee.

NUMBER OF MEMBERS OF THE COORDINATION COMMITTEE BY AGE

	2018	2019
< 30	0	0
30 - 50	2	4
> 50	7	5

In the performance of their duties, the Management Committee shall have the support of the **Coordination Committee**, formed by members of the Management Committee and any other directors the Chief Executive Officer should appoint. The Coordination Committee is responsible for the supervision and monitoring of the results of the Business Units, the projects that are being developed in the Group and the Groups' Strategic Plan.

Also, the Continuity and Risk Committee is the body that reports to the Management Committee, which is responsible for monitoring and analyzing the risks derived from the activities carried out by the Group companies and keeping the Board of Directors informed, through the Audit Committee, of the actions taken in the preparation and implementation of the risk management and control policy, the preparation, application and maintenance of the Business Continuity Policy and the approval and supervision of the application of the Business Continuity Plan.

Given the group's corporate structure, the coordinated management of its activities is based on a structure of seven Business Units and six Corporate Areas providing support functions to all business units. (102-19, 102-20)

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

BUSINESS UNITS

Person Responsible



Fixed Income: Trading of private fixed-income and public debt securities as well as listing and maintenance services for issuers on the private fixed-income market.



Equities: Trading of securities through the electronic trading platform (Sistema de Interconexión Bursátil) and floors as well as listing and maintenance services for issuers on the equity markets.

Mr Jorge Yzaguirre Scharfhausen



Derivatives: Arrangement of derivatives by electronic means.



Market Data Primary information, index use licences and other related; access and connectivity and regulatory compliance services.



Clearing: Clearing and central counterparty activities for equities, financial derivatives, government debt repos, interest rate derivatives and electricity and gas derivatives.

Mr Ignacio Solloa Mendoza



Settlement and Registration: Registration and settlement of equity, private fixed-income and public debt trades. Shareholder Register Services, Issuing Agent Services, RENADE and BME Securities Solutions.

Mr Jesús Benito Naveira



Value Added Services: Technological innovation, financial, consulting and infrastructure services; global access services and algorithmic trading.

Ms Berta Ares Lombán

CORPORATE AREAS

Head / Person Responsible

General Secretariat

Mr Luis María Cazorla Prieto

Legal Services

Mr Ignacio Olivares Blanco

Corporate Communication and Public Affairs

Mr Pablo Malumbres Mugerza

Financial

Ms Marta Bartolomé Yllera

Human Resources

Mr Luis García Berral

Technology

Mr Francisco Nicolás Tahoces

Remuneration of the Board of Directors and Senior Management of BME.

(102-35, 102-36, 102-38, 102-39, 102-48)

BME's Directors' Remuneration Policy, which is approved by the General Shareholders' Meeting, is transparent, reasonably proportional to the importance of the Company, its financial situation and the market standards of comparable companies and is compatible and in line with the business strategy, values and long-term interests of the Company and of its shareholders and is such that it promotes the long-term profitability and sustainability of BME. For Executive Directors, it shows a balanced and efficient relationship between fixed and variable components, with an appropriate proportion of variable components linked to (i) the delivery of medium- and long-term objectives, and (ii) the deferred delivery of Company shares.

The information relating to the remuneration policies of the Directors, their remuneration process and the consideration of stakeholders with regard to Director remuneration is detailed in the Annual Report on Directors' Remuneration for 2019, available on the corporate website.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - Company Profile

BME Group's Remuneration Policy, which was proposed by the Appointments and Remuneration Committee and approved by the Board of Directors during its meeting of 29 November 2017, is applicable to all persons with an employment relationship with BME or any of the companies forming the Group and those persons who, as a result of their status as members of the governing bodies of the BME Group companies with executive powers, have had their employment relationship suspended with any of the companies of the Group.

The information on the remuneration of BME's senior management is detailed in the Annual Corporate Governance Report available on the corporate website.

AVERAGE GROSS REMUNERATION OF THE DIRECTORS OF THE COMPANIES OF THE GROUP WHOSE POSITIONS ARE REMUNERATED ⁽¹⁾

(THOUSANDS OF EUROS)

	2018	2019
Directors	24	21
Women	16	16
Men	25	22

(1) The average remuneration of the Directors of the BME Group companies whose positions are remunerated includes exclusively the allowances received by the Directors of Sociedad Rectora de la Bolsa de Valores de Madrid S.A.U., Sociedad Rectora de la Bolsa de Valores de Barcelona S.A.U., Sociedad Rectora de la Bolsa de Valores de Bilbao S.A.U., Sociedad Rectora de la Bolsa de Valores de Valencia S.A.U., Sociedad de Bolsas S.A., MEFF Sociedad Rectora del Mercado de Productos Derivados S.A.U., Bolsas y Mercados Españoles Renta Fija S.A.U., Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A.U. y BME Clearing S.A.U. for attending the meetings of their Boards of Directors and delegated committees as well as the fixed and variable remuneration received by the Executive Chairman of the Board of Directors of the Governing Company of the Barcelona Stock Exchange, S.A.U.

AVERAGE GROSS REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT OF BME BY GENDER ⁽¹⁾

(THOUSANDS OF EUROS)

	2018	2019
Directors ⁽²⁾	174	206 ⁽³⁾
Women	51	77
Men	219	255
Senior Management ⁽⁴⁾	369 ⁽⁵⁾	452 ^{(6) (7)}

(1) The average remuneration of the Directors and senior management of BME contained in this table include all remunerative concepts received by the Directors as such and based on the executive functions they perform in BME and members of the senior management (including target or estimated variable remuneration, attendance fees, compensation, the payment of any form of remuneration, except the payment of long-term share-based savings schemes).

(2) During 2018, the new hires and turnovers of the Board of Directors were the following (i) Mr. Manuel Olivencia Ruiz passed away on January 1, 2018; (ii) Ms. Margarita Prat Rodrigo left her position as Director, Member and President of the Audit Commission and Member of the Executive Commission on April 26, 2018; (iii) Mr. Álvaro Cuervo García was appointed Chairman of the Appointments and Remuneration Committee on January 15, 2018. On April 26, 2018, he left his position as Director, Chairman of the Appointments and Remuneration Committee and Member of the Committee on Audit and Executive Commission; (iv) Mr. Carlos Fernández González left his position as Director and Member of the Appointments and Remuneration Committee on April 26, 2018; (v) Mr. Karel Lannoo left his position as Director and Member of the Market and Systems Operations Commission on April 26, 2018; (vi) Mrs. Ana Isabel Fernández Álvarez was appointed Director, Member and President of the Audit Commission and Member of the Executive Commission on April 26, 2018; (vii) Mr. David María Jiménez-Blanco Carrillo de Albornoz was appointed Director, Member and Chairman of the Appointments and Remuneration Committee and Member of the Executive Committee on April 26, 2018; (viii) Ms. Isabel Martín Castellá was appointed Director and Member of the Audit Committee on April 26, 2018; and (ix) Mr. Juan Carlos Ureta Domingo was appointed Director and Member of the Appointments and Remuneration Committee and of the Market and Systems Operations Committee on April 26, 2018.

(3) For the calculation of the average remuneration of the Directors of BME, the allowances received by Ms. have been included. Ana Isabel Fernández Álvarez, D. David Jiménez-Blanco Carrillo de Albornoz, D. Juan March Juan, D^a. Isabel Martín Castellá and D. Santos Martínez-Conde Gutiérrez Barquín, for attending the meetings of the Audit and Remuneration Committees of the Management Company of the Compensation, Settlement and Registry of Securities Systems, S.A.U. (IBERCLEAR) of which they are part by agreement of the Board of Directors of that Company of September 10, 2019.

(4) The calculation of the average remuneration of the senior management takes into account the number of days the senior management has formed part of the company during the year, the daily remuneration received for the period and the number of members of the senior management during the period.

(5) The data on the average remuneration of senior management as of December 31, 2018 have been modified as the number of members of senior management is incorrectly shown in the consolidated non-financial information statement for 2018.

(6) During 2019, the new hires and turnovers of the Board of Directors were the following: (i) Mr. Jaime Aguilar Fernández-Hontoria removed his position as Director of Legal Advice on May 9, 2019; (ii) Mr. Ramón Adarraga Morales left as Director of International Coordination and Value Added Services on May 27, 2019; (iii) Ms. Berta Ares Lombán was appointed Head of Value Added Services on May 27, 2019; (iv) Mr. Ignacio Olivares Blanco was appointed Director of Legal Advice on May 9, 2019; and (v) Mr. José Manuel Ortiz-Repiso Jiménez was appointed Director of the CEO Office on May 9, 2019. On the aforementioned dates, Mrs. Ares Lombán and Mr. Olivares Blanco and Ortiz-Repiso Jiménez joined to the Management Committee.

(7) The average remuneration figure of senior management is recorded without breaking down its amount by gender, since only one woman is part of it and its disaggregated information could constitute a breach of the personal data protection regulations. Likewise, it is indicated that during the 2019 financial year, the average remuneration figure for senior women and men in thousands of euros amounts to 236 and 500, respectively.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

Independence of the external auditor.

Irrespective of the maximum time limits for contracting auditors set down in audit regulations, BME has considered and continues to consider the number of consecutive years in which the external audit firm has audited the annual financial statements of the Company and its Group, in order to foster the independence of the auditors so as to increase transparency in the Company.

Accordingly, the BME Audit Committee annually approves a report regarding the independence of the external auditor of BME and its consolidated Group, which is available on the corporate website, and the Board of Directors approves the annual Corporate Governance Report, which details the fees received by the external auditor and its associated companies from BME and its consolidated Group for auditing work and services additional to those of auditing accounts, such as the independent review of this non-financial information statement.

B) Risk management. (102-29, 102-30)

The risks associated with the activities of BME Group companies are managed with criteria which enable the Company to combine the achievement of its aims of maximising its value, profitability and efficiency, with other legitimate interests, both public and private, in a way that allows the best development and functioning of those markets and systems operated by BME Group companies.

BME's risk management is based on two main pillars: good corporate governance and a rigorous internal control system.

As a result of the corporate governance structure mentioned in the above section, the management of the risks deriving from the various activities that BME carries out are initially channelled through the specific systems of identification, measurement, assessment and management that each Business Unit and Corporate Area has available in relation to the risks that may be incurred.

The Continuity and Risk Committee which reports to and works with the Management Committee in the formalisation of a risk control and management policy, which is currently in the development phase, is also responsible for the creation of the corporate Risk Map and the implementation and monitoring of the risk assessment model defined and adopted by the Management Committee, as well as the competences relating to the preparation, application and maintenance of a Business Continuity Policy and the approval and supervision of the application of the Business Continuity Plan.

In the preparation and maintenance of the Global Risk Map risks are prioritised according to their importance and matrices are produced that include the operating processes that manage such risks.

BME has put in place an Integrated Risk Management System (IRMS), based on the COSO II methodology. This ensures that any significant risks that could affect the Group's objectives and activities are identified, evaluated and controlled, and which permits the integration of different risk management systems already existing in the Company, among which are: the Internal Control over Financial Reporting System (ICFRS), the Criminal Risk Prevention System (CRPS) and the Information Security Management System (ISMS). This integration exercise enables the optimisation, at an organisational level, of all risk management efforts and also establishes a formal and coordinated risk information channel from the base of the different corporate Areas and Business Units to the Board of Directors.

Having evaluated the relevant risks, BME Management must define how to respond to them, for which it must take into account both their effect on the risk probability and impact, as well as the costs and benefits.



BME has established a Comprehensive Risk Management System (SIGR) based on the COSO II methodology that optimises risk management

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Company Profile**

Although BME's IRMS affects and involves all Company personnel, the main participants in the risk management model, in addition to the Management Committee, are the following:

- The **Board of Directors**, as the Company's highest governance and administrative bodies, is responsible for defining the control and management policy for risks, including tax risks, and annually monitors internal information-management and control systems, to ensure that the main risks are adequately identified, managed and made known.
- The **Audit Committee**, which reports to the Board of Directors, monitors the effectiveness of the Company's internal control and risk control systems, including tax risks, the Company's internal and external audit services, and the Group's regulatory compliance function.
- The **Crime Prevention Committee**, reporting to the Audit Committee, is responsible for the implementation, development of and compliance with BME Group's crime risk prevention system (CRPS).
- The **Continuity and Risk Committee** is the body that reports to the Management Committee, whose powers have been detailed in section 2.5.A9 of this Report.
- The **Security Committee** is the body responsible for defining and applying BME Group's Security Policy, which includes information, IT, and physical security.
- The **IT Security Team** is responsible for implementing, operating and maintaining the Information Security Management System (ISMS), in accordance with the Security Committee's guidelines. The Security Team is assisted by an information security operations group and an intelligence group responsible for detecting intrusions and analysing the incidents and cyber-attacks.
- The **Internal Audit Department** is charged with providing senior management and the Board, through the Audit Committee to which this department reports, with information that enables them to fulfil the company's objectives, including the assessment and evaluation of the efficiency of the risk assessment tasks carried out. Its remit is therefore aimed at evaluating and improving the efficiency of the risk management processes, control and governance, by identifying key risks and controls.
- The **Regulatory Compliance Department**, a body independent to the Company's executive officers with the aim of ensuring compliance with the regulations applicable to the activities carried out by BME and its Group companies and which reports to the Audit Committee.
- The **heads of the Business Units and Corporate Areas** are the ultimate owners of the risks arising therefrom.
- The **employee responsible for the risk** is the owner of the risk for each Business Unit or Corporate Area appointed by their respective heads

The main risks associated with BME's activities are detailed in sections E and F of BME's Annual Corporate Governance Report for 2019, included in a separate section in the management report and is available on the Company's corporate web site. In particular, BME explains how to manage and mitigate the risks identified in section E.6 of the aforementioned report, in which it describes the response and supervision plans for the Company's main risks.



3



BME Shareholders

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **BME Shareholders**

In accordance with *BME's Corporate Governance Policy* and the *Corporate Social Responsibility Policy*, which are publicly available on the corporate website and by following the best corporate governance practices and techniques, the Company strives to demonstrate before its stakeholders, among them its shareholders, a true and fair view of the performance of its activities through diverse specific activities. With regard to its shareholders:

BME promotes



Interaction between its shareholders, invited to participate actively and continuously in company life, through the bidirectional communication and information channels that the Company provides ([section 3.2](#)).



Generation of long-term sustainable value ([section 3.3](#)).



Responsible, diligent and transparent exercise of shareholders' rights and compliance, under the same terms, with their duties.



BME offers

Transparent, complete and concrete information on financial and non-financial aspects of BME and its Group ([section 3.2](#)).



Maximum shareholder remuneration policy via dividends, reaching *pay-outs* that are the highest in the Spanish Stock Exchange, ([section 3.4.A](#)).



Training to its shareholders through the Shareholder Training Plan ([section 3.4.B](#)).



>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **BME Shareholders**

3.1. SHAREHOLDER PROFILE

In 2019, there were no significant changes to the structure and ownership of BME's share capital. Notwithstanding the foregoing, as a result of the Takeover Bid presented on 18 November 2019 by SIX Group AG, the Swiss stock exchange manager, the composition of BME's shareholders from this date until December 31, 2019 may have undergone changes due to their nature and nationality.



BME 2019 General Shareholders' Meeting

■ SHAREHOLDER PROFILE

	2018	2019
Total number of shares	83,615,558	83,615,558
Avg. number of shares held per shareholder	1,478	1,990
Floating capital (%)	87.06%	86.85%

BREAKDOWN BY NATURE at 31 December 2019

	Institutional Shareholders		Non-controlling Shareholders	
	2018	2019	2018	2019
% of total shareholders	4.70%	4.19%	95.30%	95.81%
% of share capital	56.25%	70.02%	43.75%	29.98%

BREAKDOWN BY NATIONALITY as at 31 December 2019

	Spanish Shareholders		Foreign Shareholders	
	2018	2019	2018	2019
% of total shareholders	99.15%	99.03%	0.85%	0.97%
% of share capital	78.60%	57.20%	21.41%	42.80%

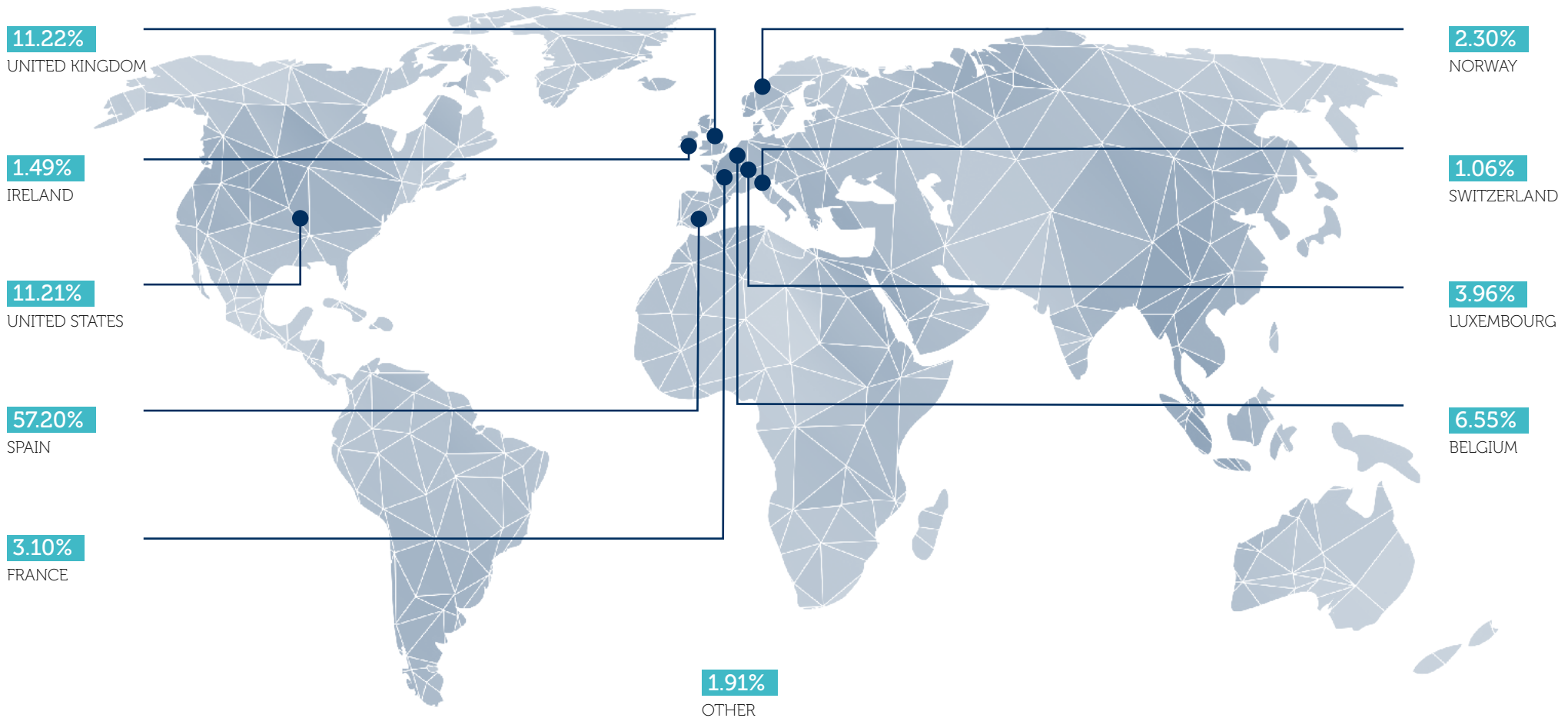
>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **BME Shareholders**



BME pays one of the **highest dividends on the Spanish Stock Exchange**, in accordance with its policy of maximum shareholder remuneration

BME SHAREHOLDERS DISTRIBUTION BY COUNTRY

AS AT 31 DECEMBER 2019



>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **BME Shareholders**

3.2. COMMUNICATION AND CONTACT WITH SHAREHOLDERS, ANALYSTS AND INSTITUTIONAL INVESTORS AND PROXY ADVISERS.

BME has put in place a *Policy on communication and contact with shareholders, analysts and institutional investors and proxy advisers* which is publicly available on the corporate website. The general principles of this are information transparency and equal access, accuracy, immediacy, equality of treatment and a balanced distribution of information.

Participation in company life.

The Company's interaction with its shareholders, analysts and institutional investors and proxy advisers is essential so that these may transmit their concerns, suggestions or queries on aspects related to the activities carried out by the BME Group. Subsequently, BME has established bidirectional channels for information and communication to create a constructive relationship with the foregoing.

■ PARTICIPATION IN THE COMPANY LIFE



GENERAL SHAREHOLDERS' MEETING



BME WEBSITE



CNMV WEBSITE



SOCIAL MEDIA



SHAREHOLDERS' OFFICE



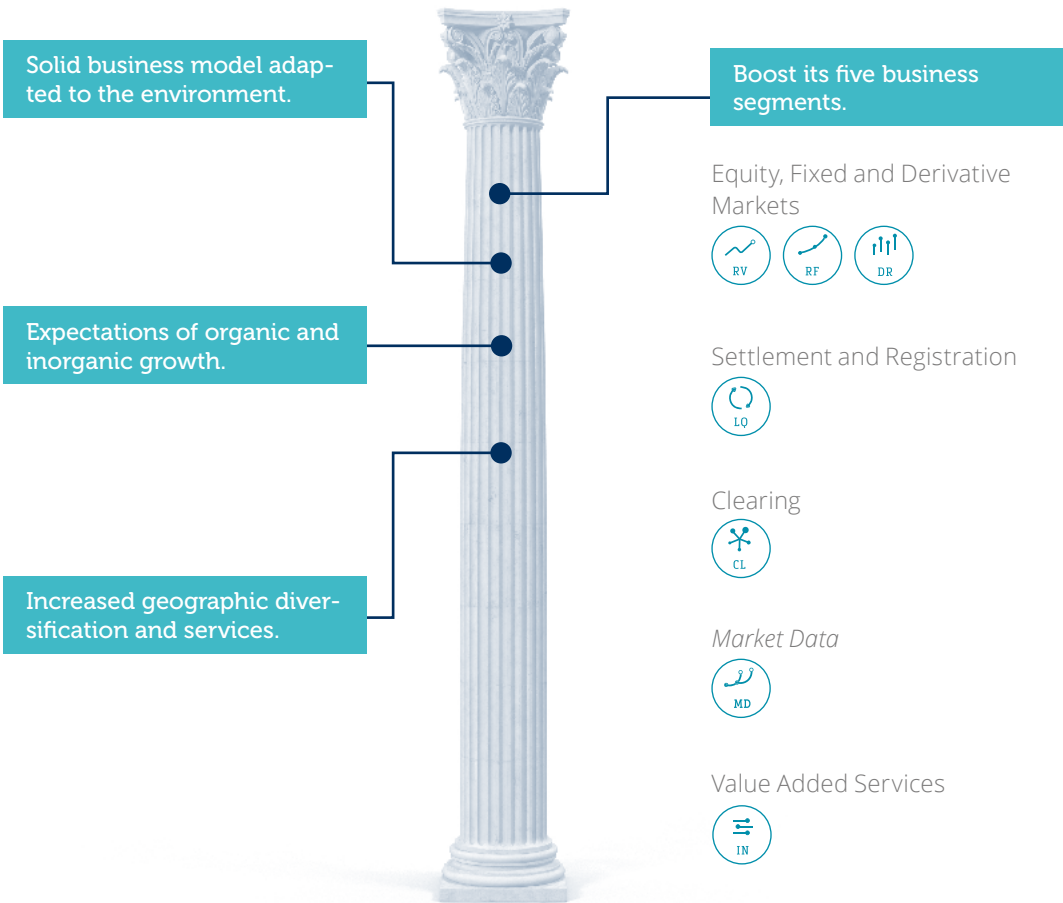
TELEPHONES AND EMAIL

Strategic Plan 2019-2021.

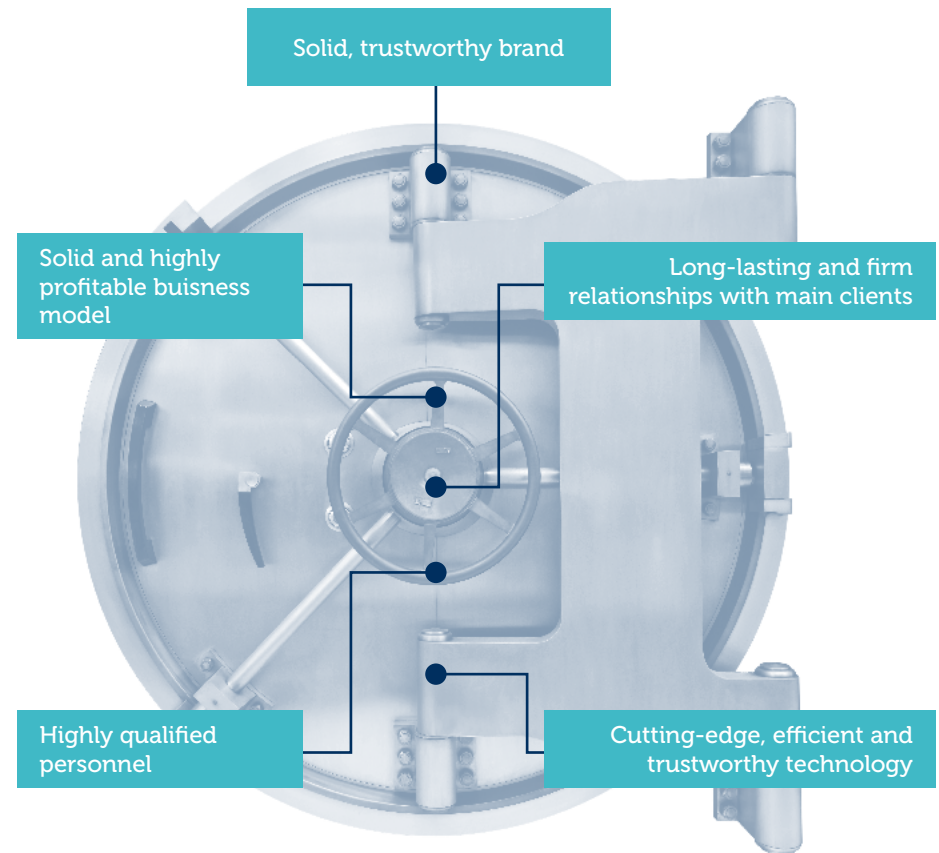
The Strategic Plan 2019-2021 includes the Company's main objectives for diversifying its income, accelerating growth and maintaining profitability for its shareholders. These objectives reflect BME's ambition to achieve a stronger position in the increasingly competitive and volatile environment in which it operates.

■ STRATEGIC PLAN 2019-2021

Main pillars



Main strengths



>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **BME Shareholders**

3.3 VALUE CREATION

(103: Economic performance)

The cornerstones of BME's corporate governance policy include maximising the Company's sustainable, long-term economic value for its shareholders and fostering business continuity.

Rating.

In 2019, BME was rated A- with a stable outlook by the risk rating agency *S&P Global Ratings*, placing the Company in the solid investment grade area. This is due to the low level of indebtedness, strong operational efficiency, the vertical integration of the entire value chain of its business and a solid liquidity position.

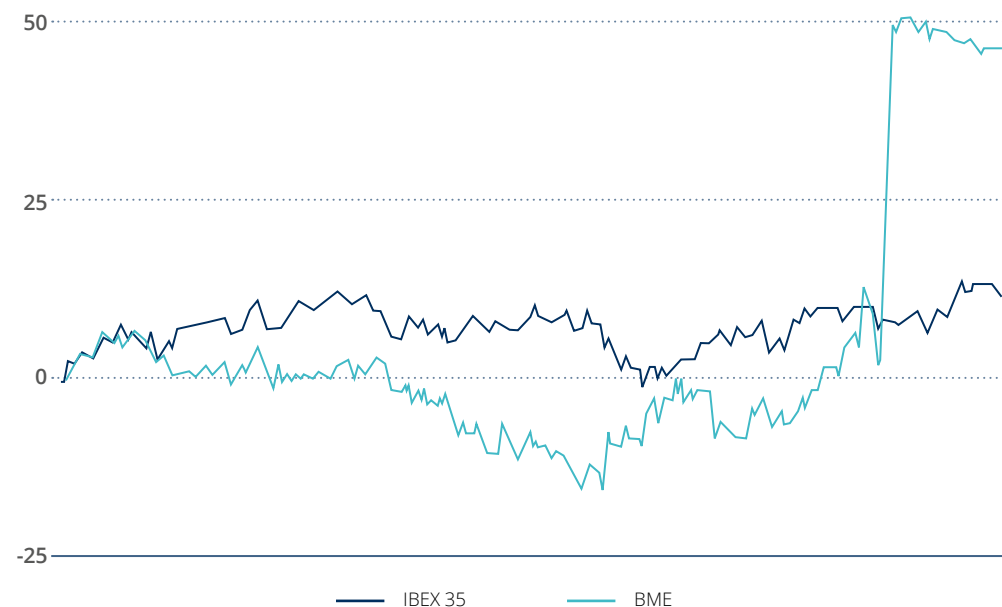
S&P Global Ratings considers that BME will maintain its dominant position as a leading operator of market infrastructures and will gradually diversify its revenue sources. The rating agency also highlights BME's "credible growth plans, through diversification in fixed income, foreign exchange and commodities trading, its central role in one of the most dynamic economies in the eurozone and its proven resistance to the financial crisis over the last ten years".

Share price performance.

In a year characterised by the convergence of various internal political and sectoral factors against a generalised backdrop of economic distrust, BME has managed to maintain its recognised position in the sector and, ultimately, obtain its objective of maximising the value of the shares to increase earnings per share. As a result of the takeover bid at 34 euros presented on 18 November 2019 by SIX Group AG, the Swiss stock exchange manager, BME's share price hit 36 euros, on a par with the highs of 2015, and then floated between 34.28 and 35.50 euros up until 31 December 2019.

BME SHARE PRICE PERFORMANCE COMPARED TO THE IBEX 35®

FROM 01/01/2019 TO 31/12/2019



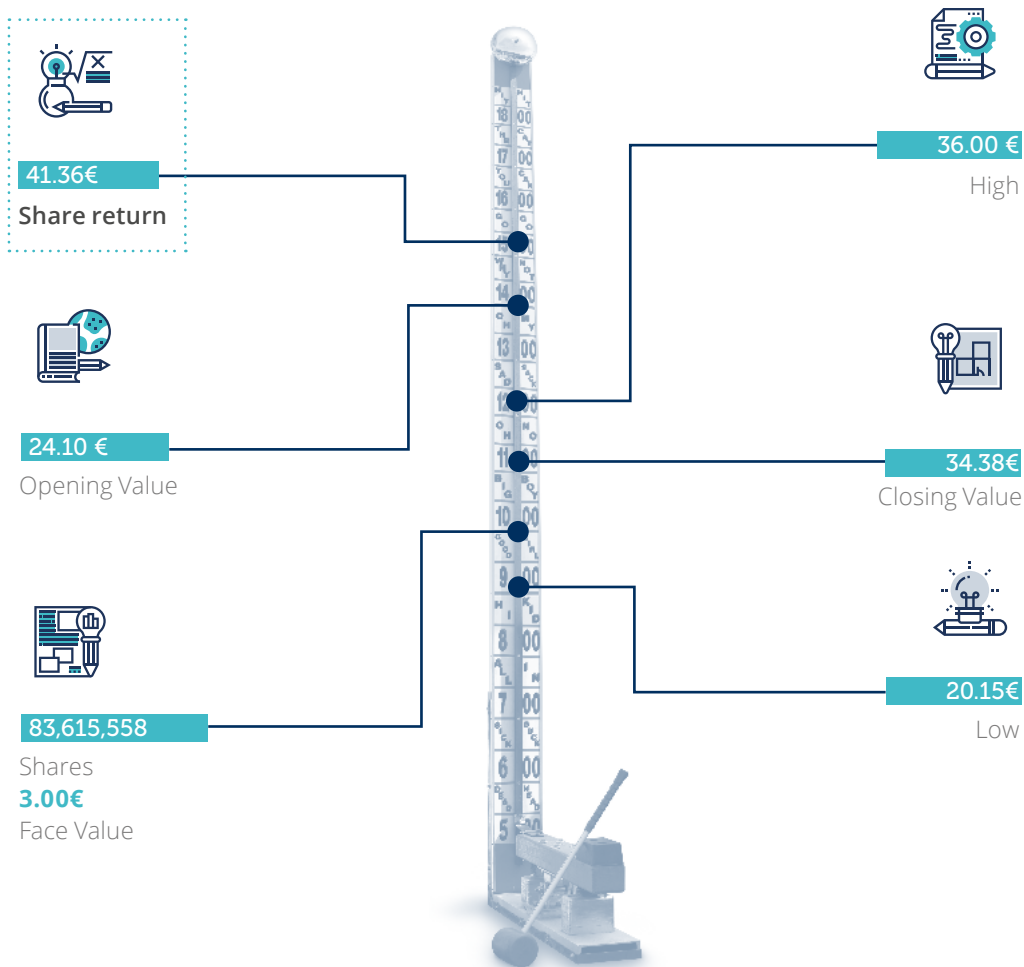
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In 2019 BME was awarded an **A-rating**, with a stable outlook by S&P Global Ratings

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **BME Shareholders**

MAIN INDICATORS OF THE BME SHARE PRICE FOR 2019



ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED ⁽¹⁾

(THOUSANDS OF EUROS) (201-1, 103: Economic Performance)

	2018	2019
Economic value generated	306,937	287,106
Net income	298,587	279,721
Other net gains (losses) ⁽²⁾	8,350	7,385
Economic value distributed	309,711	285,008
Operating expenses	40,272	40,441
Staff costs	75,952	73,135
Dividends	147,897	130,107
Income tax and other taxes ⁽³⁾	44,384	40,404
Payments to capital suppliers (financial cost)	0	0
Payments to public bodies, donations and other investments in the community	1,206	921
Economic value retained (profit not distributed)	-2,774	2,098
Reserves	-11,609	-7,351
Amortisation and depreciation	8,835	9,449

(1) The balance of net turnover for 2018 to 2019 includes the net turnover after deducting the "variable direct costs of operations", the inclusion of which in the consolidated income statement under Revenue and from which it is then subtracted is imposed by CNMV Circular 5/2016 of 27 July on accounting standards, reserved and public disclosure, and financial statements.

(2) Includes work performed by the company on own assets, other operating revenue, the share of profit (loss) of companies accounted for using the equity method and the net financial result, minus the result attributed to external partners.

(3) Includes only income tax expense and taxes reported in the year.

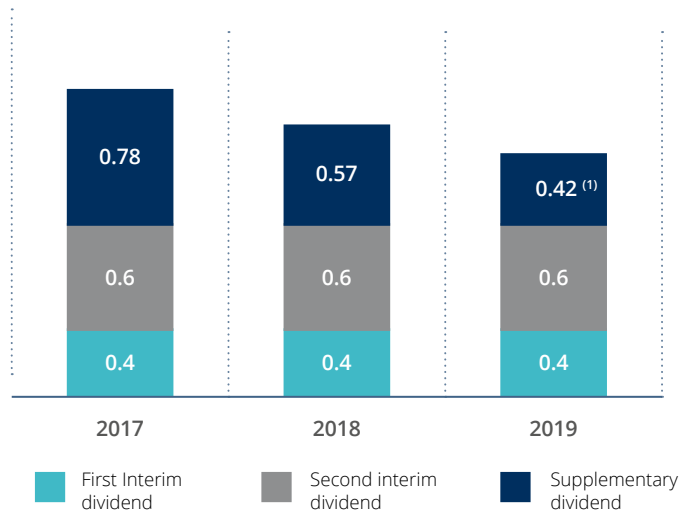
>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **BME Shareholders**

3.4. SHAREHOLDER REMUNERATION AND OTHER BENEFITS

A) Shareholder remuneration through dividends. (103: Economic performance)

Since 2009, the company's dividend policy consists of shareholders receiving three ordinary dividends (one final dividend and two interim dividends charged against profit), in May, September and December. In this manner, BME continues implementing a policy of maximum shareholder remuneration, with an ordinary *Pay-Out* of 96%.

ORDINARY DIVIDENDS BY PAY-OUT ACCOUNTING PERIOD



(1) Currently pending approval by the General Shareholders' Meeting, which is expected to be held 29 April 2020, on second call.

B) Shareholders' Training Plan.

BME's shareholder training is one of the pillars of its corporate governance policy, whereby BME implements the Shareholders' Training Plan via the Instituto BME.

The Shareholders' Training Plan involves on-site courses given by highly qualified personnel in each subject at BME's Madrid, Barcelona, Valencia and Bilbao stock exchanges. In 2019, the level of satisfaction of BME shareholders participating in the specific training plan developed by the Company was 4.16 out of 5.



Degree of satisfaction of BME shareholders regarding the Training Plan: **4.16/5**

4



Users

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Users**

4.1. USER PROFILE

The BME Group currently integrates systems for registering, clearing and settling securities, central counterparty entities, secondary securities markets and Spanish multilateral trading systems, and carries out a range of complementary and auxiliary services spanning, among other areas, information, consulting, IT, contingency services, business continuity and training.

BME's users or clients are therefore mostly entities supervised by the CNMV: the markets and trading systems managed by BME do not provide their services directly to individual investors, except through their auxiliary services.

BME maintains its commitment to sustainable financing not only as a manager of the capital markets but also as a company, as it is part of numerous initiatives and national and international working groups that seek to promote sustainability and good corporate governance in the world and in Spain, which is in the top 10 in the ranking by volume of issuance of sustainable bonds in 2018 and 2019.

The BME group has not received any significant fines or firm sanctions due to non-compliance with the regulations. (419-1)

Quality certificates for the services provided.

In 2019, BME Inntech and Instituto BME, both BME Group companies, retained the international quality stamp. BME Inntech holds UNE-EN ISO 9001:2015 quality certificates issued by AENOR guaranteeing the quality of the service relating to Contingency, Business continuity, physical and virtual hosting of clients' equipment, as well as its management and data applications, technical management and maintenance of IT platforms specialising in the finance sector, the provision of a financial messaging exchange service for banks and companies, consultancy and training regarding international financial markets.

Instituto BME holds the UNE-EN ISO 9001:2015 quality certificate issued by AENOR guaranteeing the quality of the services for the design and provision of training in the operation of financial markets that this company provides, as well as how it has become once again recognised for its quality and prestige at having been selected by the *CFA Society Spain* as an approved supplier for the *CAd (Certified Advisor) certification*, a seal that has allowed it to perform consultation tasks and provide financial information in Spain since 3 January 2017.

New BME projects in 2019. (103 Indirect economic impacts)

In 2019, BME continued to develop products and services that meet the demands of market clients and users and the requirements of companies and financial market participants. The new services and products are described in the 2019 annual market report and in the press releases that are available to shareholders and investors on the BME corporate website www.bolsasymercados.es.



BME Inntech and Instituto BME were awarded
**UNE-EN ISO9001:2015 Quality
 Certificates** by AENOR

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Users**

4.2. USER PROTECTION AND PRIVACY

(103: Client health and safety, 416-2, 418-1)

As the management body for Spanish financial markets and systems, BME is responsible for settlement participants in the markets and retail investors. Even though they are not direct clients, BME considers its position enables it to help them exercise their rights.

In BME's dealings with retail investors, of particular note are the services provided by the Investor Ombudsmen, set up and maintained by the stock exchange governing companies of Madrid, Barcelona and Valencia to assist and protect investors. The Investor Ombudsman handles queries and claims, attempts to prevent complaints and challenges being filed regarding transactions carried out on the stock exchange, and endeavours to provide conditions to clarify facts and concerns posed by investors and intermediates between parties. When litigious claims are lodged, the Investor Ombudsman ascertains the details thereof and, if the individuals fail to reach an agreement with the stock market members, issues a non-binding final report resolving the claim.

With the aim of guaranteeing and protecting the rights of natural persons in respect of the processing of their personal data, BME Group companies are responsible for the data of their employees, contacts and clients. To such effect, BME complies with the legislation in force regarding Personal Data Protection and has a procedure in place to exercise the rights of access, rectification, cancellation and opposition. The compliance with the legislation concerning data protection and the management of the procedures deriving from its compliance are carried out by the Regulatory Compliance Department. The person responsible is the "Data Protection Officer" (DPO) the legal form of which is governed by the General Regulations on Data Protection. BME Group performs regular controls and external audits in order to guarantee the compliance with the obligations deriving from the legislation on the protection of personal data. In 2019 there were no complaints regarding breaches of privacy or losses of BME Group employees, contact or client data of BME Group companies.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - Users

4.3. USER EDUCATION

As the manager of Spain's financial markets and systems, BME endeavours to actively participate in fostering the culture of finance in Spain. In this regard, it subscribes to the Organisation for Economic Co-operation and Development's Recommendation on Principles and Good Practices for Financial Education and Awareness (OCDE).

Given its significant role in the financial markets, BME regards publicising and raising awareness of financial matters in the most accessible and comprehensive manner possible as another function of its business activity, as well as being an important channel for end clients and brokers in the markets to express their concerns, interests, demands and fears.

The importance BME attaches to education is reflected in Instituto BME, the sole activity of which is to organise educational services related to financial markets in general and issues directly related to products for BME's market and systems, through its educational programmes providing guidance and training in environmental, social and corporate governance matters. This educational activity is complemented by the action performed by the other companies of the Group.

In 2019, the training activities carried out by Instituto BME, which are available on its website www.institutobme.es, have been evaluated through questionnaires revealing a high level of satisfaction, scoring above the 8.48 out of 10. In those cases in which an educational activity receives a score below 5.7, a non-compliance report is initiated, which analyses the reasons for this evaluation and the corrective or preventative actions to be adopted to avoid a reoccurrence.

Instituto BME assists in the preparation for the MFIA Certification exam, the benchmark accreditation of technical excellence in the knowledge of financial products and markets, issued by this BME Group company since 2015 and included on the CNMV's list of certificates and qualifications that comply with the guidelines set out in the Technical Guidelines 4/2017 for the evaluation of the knowledge and skills of personnel providing information and assessment services in accordance with that established by the MiFID II.



Opening Ceremony Bell-Ringing for Financial Education

5



Human Capital

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

In accordance with the perimeter defined at the beginning of this report, the data on employees included in the present consolidated non-financial information statement for the financial year 2019 refer to the staff of the BME Group and, in order to increase transparency in disclosure of non-financial and diversity information, to the staff of Open Finance, SL, a company that manages its labor regime independently from the rest of the BME Group employees.

The BME Group Human Resources Area which works to ensure the professional and personal development of its employees by constantly improving the services and activities offered to them, their training and professional development programmes, and the technical tools available to streamline any procedures, consultations or requests they may have, acts according to the following principles:

- (i) the professional development of persons in a motivating work environment which ensures and respects the responsible contribution of each one of its employees;
- (ii) identifying and attracting the best professionals to perform the different activities of BME while ensuring the principles of equality and non-discrimination;
- (iii) retaining talent by promoting training, programmes and tools for all employees to improve their skills and abilities;
- (iv) the internal recognition of the culture of effort, identifying specific objectives and granting the necessary autonomy in order to attain them within a framework that recognises the goals achieved, and
- (v) the promotion of project-based work of a transversal nature involving different areas for their completion.

The Director of Human Resources of the BME Group is the maximum authority responsible for the aforementioned area, which coordinates and supervises, among other issues, compliance with regulations related to labour, health and safety aspects of the employees who remain under his management and their responsibilities, training plans, prepared by the Training Manager. Similarly, the General Director of Open Finance, S.L. manages, directly and independently of the BME Group staff, compliance with regulations related to labour, health and safety aspects of the employees of this Company. (103: [Employment](#))

In respect of the foregoing, BME did not receive any significant fines or sanctions relating to the non-compliance of social matters. (103: [Socio-economic compliance, 419-1](#))



The BME employees at the Companies Race

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

5.1. EMPLOYEE PROFILE.

(102-8, 401-1, 405-1)

The data on employees collected in this report refer in aggregate to the employees of the BME Group and the employees of Open Finance, S.L., a company that manages its labour regime independently from the rest of the BME group employees.

■ EMPLOYEE PROFILE

AT 31 DECEMBER 31 OF EACH YEAR



■ WORKFORCE BY GENDER

AT 31 DECEMBER 31 OF EACH YEAR

	2018	2019
Women	302	299
Men	523	497
Total	825	796

■ EMPLOYEES BY GEOGRAPHICAL AREA AND GENDER

AT 31 DECEMBER 31 OF EACH YEAR

	2018	2019
Madrid	642	618
Women	246	240
Men	396	378
Barcelona	87	83
Women	26	24
Men	61	59
Bilbao	30	29
Women	10	10
Hombres	20	19
Valencia	66	66
Women	20	25
Men	46	41

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

■ EMPLOYEES BY GENDER, AGE AND PROFESSIONAL CLASSIFICATION

AS AT 31 DECEMBER OF EACH YEAR

	2018			2019		
	Men	Women	Total	Men	Women	Total
Senior management	7	1	8	7	2	9
Middle management	41	18	59	35	19	54
Specialist technicians	308	189	497	299	196	495
Administrative / Auxiliary / Support	167	94	261	156	82	238
<30	59	41	100	47	39	86
30 - 50	286	177	463	284	173	457
>50	178	84	262	166	87	253

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

■ NUMBER OF EMPLOYEES BY CONTRACT TYPE ^{(1) (2)}

AS AT DECEMBER 31 OF EACH YEAR

	2018			2019		
	Men	Women	Total	Men	Women	Total
Annual average of permanent contracts by gender, age and professional category						
Senior management	7.00	1.00	8.00	7	1.67	8.67
Middle management	41.17	17.25	58.42	37.00	18.08	55.08
Specialist technicians	308.92	186.25	495.17	296.17	187.50	483.67
Administrative / Auxiliary / Support	130.92	75.42	206.33	154.42	78.42	232.83
<30	38.25	22.25	60.50	42.25	30.00	72.25
30 - 50	271.33	175.33	446.67	287.33	173.67	461.00
>50	178.42	82.33	260.75	165.00	82.00	247.00
Annual average of temporary permanent contracts by gender, age and professional category						
Senior management	0.00	0.00	0.00	0.00	0.00	0.00
Middle management	0.00	0.00	0.00	0.00	0.00	0.00
Specialist technicians	0.00	0.17	0.17	0.17	0.00	0.17
Administrative / Auxiliary / Support	20.67	15.08	35.75	12.08	11.83	23.92
<30	16.75	13.33	30.08	16.75	13.33	30.08
30 - 50	3.92	1.92	5.83	3.92	1.92	5.83
>50	0.00	0.0	0.00	0.00	0.00	0.00

(1) The annual average of both permanent and temporary contracts has been calculated as the average of the permanent/temporary contracts for each month over the course of the year.

(2) In 2018 there were no employees with part-time contracts. In 2019, as of 18 November 2019, there was a single male employee over the age of 50 with a part-time contract in the specialised technician category.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

■ PERMANENT EMPLOYEES BY CONTRACT TYPE

	2018	2019
Full-time contract	825	795
Part-time contract	0	1
Total	825	796

■ CONTRACTED AND SUBCONTRACTED WORKFORCE

	2018	2019
Contracted employees	825	796
Subcontracted employees	159	119
Employees and management hired locally	100%	100%

■ EMPLOYEES WITH DISABILITIES

AVERAGE NUMBER OF EMPLOYEES WITH A DISABILITY OF 33% OR MORE

	2018	2019
Senior management	0	0
Middle management	0	0
Specialist technicians	5	5
Administrative / Auxiliary / Support Staff	1	1
Total	6	6
Employees with disabilities with permanent contracts	100%	100%

■ NUMBER OF DISMISSALS

	2018	2019
By gender		
Women	0	6
Men	3	3
By age		
<30	1	1
30-50	1	5
>50	1	3
By professional classification		
Senior management	0	1
Middle management	0	0
Specialist technicians	1	5
Administrative / Auxiliary / Support	2	3



99.9% of BME employees have **full-time** contracts

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

■ EMPLOYEE HIRES AND DEPARTURES BY GENDER ^(*)

(401-1)

	New hires		Employee turnover	
	2018	2019	2018	2019
Total	86	41	62	70
Breakdown by gender				
Men	57	28	41	52
Women	29	13	21	18
Breakdown by age range				
<30	24	3	12	16
30-50	62	35	9	24
>50	0	3	41	30
Breakdown by geographic area				
Madrid	77	27	43	51
Barcelona	5	0	12	4
Bilbao	0	0	1	1
Valencia	4	14	6	14

(*) The figures in the above table take into consideration the effective hire and termination date. Transfers between Group companies are not considered hires or turnovers.

■ EMPLOYEE HIRE RATE (%) ^(*)

	2018	2019
Total Workforce	10.42%	5.15%
Breakdown by gender		
Men	10.90%	5.63%
Women	9.60%	4.35%
Breakdown by age range		
<30	24.00%	3.49%
30-50	13.39%	7.66%
>50	0.00%	1.19%
Breakdown by geographic area		
Madrid	11.99%	4.37%
Barcelona	5.75%	0.00%
Bilbao	0.00%	0.00%
Valencia	6.06%	21.21%

(*) The employee hire rate has been calculated using GRI Standard criteria: number of hires among total workforce at year-end.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

EMPLOYEE TURNOVER RATE (%) ^(*)

	2018	2019
Total Workforce	7.52%	8.79%
Breakdown by gender		
Men	7.84%	10.46%
Women	6.95%	6.02%
Breakdown by age range		
<30	12.00%	18.60%
30-50	1.94%	5.25%
>50	15.65%	11.86%
Breakdown by geographic area		
Madrid	6.70%	12.62%
Barcelona	13.79%	4.82%
Bilbao	3.33%	3.45%
Valencia	9.09%	42.42%

^(*) The employee turnover rate has been calculated using GRI Standard criteria: number of finished contracts over total end-year workforce.

5.2. COLLECTIVE AGREEMENT AND EMPLOYEE REPRESENTATION

(102-41)

All BME Group employees are subject to the state Statutory Collective Agreement for Companies Sharing Organisational and Productive Factors Corresponding to the period 2018-2020, which regulates the employment relationships between different companies of BME Group and its employees, with exception to the employees of the Barcelona Exchange and the Bilbao Exchange which are regulated by their own Collective Agreements, the clauses of which are equivalent in all their aspects (social benefits, rights and obligations of the employees and any other concepts). The content of the referred to Collective Agreements includes, inter alia, the principles and policies regarding management, training, equality and non-discrimination and diversity of the employees, are available to employees in the HR intranet.

In 2019, the collective agreement was amended for the purposes of including mandatory retirement due to compliance with the age legally established in accordance with the provisions of Royal Decree-Law 28/2018 of 28 December, for the revaluation of public pensions and other urgent measures in social, labour and employment matters.

The agreements corresponding to 2018-2020, classify employees into professional groups A, B, C, D and E, which relate to the professional classifications of "senior management", "middle management", "specialised technicians", "administrative staff" and "auxiliary/support staff", respectively, used in the data at 31 December 2017, 2018 and 2019 included in the tables of this report.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS (%) ^(*)

	2018	2019
Percentage of employees covered by agreements	100.00%	100.00%
Collective agreements		
Statutory Collective Agreement for Companies Sharing Organisational and Productive Factors	90.65%	90.68%
Collective Agreement of Sociedad Rectora de la Bolsa de Valores de Barcelona	3.90%	3.92%
Collective Agreement of Sociedad Rectora de la Bolsa de Valores de Bilbao	5.45%	5.41%
Porcentaje de empleados de Open Finance SL sujetos a Convenios Colectivos	100.00%	100.00%

() All employees of BME Group companies and of Open Finance S.L. are included within the scope of this non-financial information statement, are in Spain.*

On the other hand, the staff of Open Finance, S.L. is subject to the Collective Agreement of Offices of the Province of Valencia of November 30, 2015, which is tacitly extended, and which classifies employees into six professional groups (first, second, third, fourth, fifth and sixth). In order to be able to report in aggregate the data of employees of Open Finance, S.L. and the data of employees of the BME Group it has been established an equivalence between the aforementioned Professional Groups of Open Finance, SL and the BME Group following a competency criterion.

Pursuant to the legislation, BME informs workers' representatives of the job situation and structure in the various work centres, and of any decisions taken by BME that could lead to significant changes in the organisation of the work or work contracts within the company. There were no labour disputes in 2019 with the workers' representative. Likewise, in 2019 the workforce did not undergo any significant changes in total volume, beyond the dismissal resulting from mandatory retirement after the amendment to the collective agreement due to compliance with the age legally established in accordance with the provisions of Royal Decree-Law 28/2018 of 28 December 28.

The Company has created an Interpretations and Monitoring Committee for the Collective Agreement, the main function of which is to interpret the application of the clauses of the Agreement, study developments in relationships between the parties, arbitrate in the event of problems or questions arising from the application of the Agreement, and supervise the possible process of extending the Agreement to those group companies not currently party thereto.

5.3. OUR TEAM. DIVERSITY AND EQUALITY.

(103: Diversity and equal opportunities)

The BME Group, in accordance with the provisions of Chapter III of the Organic Law 3/2007 of March 22 for the effective equality of women and men, in its wording given by Royal Decree-Law 6/2019, of 1 of March, of urgent measures to guarantee equal treatment and opportunities between women and men in employment and occupation, constituted during the 2019 financial year the Negotiating Commission for the Equality Plan, with the aim of initiating the negotiation of Equality Plans in BME Group companies with more than 50 workers, after the Diagnosis presented by the Commission for its study and for the subsequent preparation of an Equality Plan. Without prejudice of the previous, the BME Group companies promote and guarantee a discrimination-free work environment based on respect and equal opportunities among their employees in their personal and professional development, regardless of gender, race, religion, age, sexual orientation, nationality or disability, as well as also guaranteeing the universal accessibility of this group through regular monitoring.

In this manner, the company's practices for selection, recruitment, remuneration, promotion, training, classification and working conditions follow the criteria of merit and capability in relation to the post's requirements, as highlighted with the measures adopted by BME to promote diversity, equal opportunities and prevent discrimination as detailed in this report.

The 8th of March, BME promoted International Women's Day by Ringing the Bell for Gender Equality at an event to which a hundred professionals from the world of finance were invited. There was also a very good representation of both male and female employees of the Group.



BME promotes a discrimination-free work environment with **equal opportunities**

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**Diversity and equal opportunities (103: Non-discrimination)

The BME Group not only encourages equality, diversity and the individuality of each employee, but has also fully implemented the labour practices outlined in the United Nations Universal Declaration of Human Rights and its protocols. Additionally, the group adhered to the United Nations Global Compact in 2011.

BME's commitment with the concept of gender equality permeates all BME's human resources management procedures, such as hiring, recruitment, training, performance evaluation, promotion, compensation, working conditions, work/life balance and communications. BME has a Joint Equality Commission to study and, where necessary, implement possible measures concerning equality within the BME Group companies.

The recruitment and hiring procedures of the BME Group ensure equal opportunities and eradicate any discriminatory treatment, both in terms of physical access to work stations and with respect to occupying different positions within the company. Personnel are selected through internal processes that ensure confidentiality, independence and equal opportunities, and then through external channels. In 2019 at BME there were no cases of any incidents relating to discrimination or reports of human rights violations. (406-1). Notwithstanding the foregoing, as a continuation of the complaint filed during the 2018 financial year through the Whistleblowing channel of the Code of Conduct, an employee of the BME Group has filed a complaint during the 2019 financial year against the Chairman of the Board of Directors and the CEO of BME alleging the possible commission of a crime against moral integrity in the field of employment relationship (workplace harassment). In relation to the criminal procedure, the Investigating Court number 48 of Madrid has decided to provisionally dismiss the previous proceedings initiated by order that has been appealed by the complainant. Likewise, an act of labour conciliation has been held before the administrative body with jurisdiction in the matter at the request of the same employee.

Likewise, BME has an "Internal Action Protocol in cases of alleged labor and sexual harassment", which has been made permanently available to employees on the BME intranet in order to guarantee the protection of the fundamental rights of all BME Group employees, aimed at ensuring zero tolerance and the prohibition of behaviours that could constitute such harassment phenomena. The Protocol also includes a procedure for dealing with indications of labor or sexual harassment, which specifies the existing notification channels for proper notification and management. Since it was made available to employees, a notification has been received that was managed following the established procedure.

Lastly, BME upholds human rights in the performance of company activities in a manner that requires suppliers rendering security services at BME offices to provide training for their staff in this field. Given the lack of risk in this area, BME has made no significant investment in which clauses relating to human rights were included (103:Assessment by Human Resources, 412-3).



BME committed to diversity. Opening Ceremony Bell-Ringing for Gender Equality

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

Career development and remuneration policy.

The BME Group encourages the development of persons through the internal recognition of talent, rewarding good results and observing the culture of individual effort in an environment of compensation commensurate to performance.

(i) *Career advancement.*

BME employees can advance professionally and be promoted to higher levels within their professional group by achieving targets in three main areas: annual performance assessment, training, and length of service at current level.

(ii) *Remuneration policy for employees and executives* (103. Diversity and Equal Opportunities, 102-36, 102-38, 102-39, 405-2)

BME Group's remuneration policy for employees, referred to in section 2.5 of this report, responds to the objective of providing the Group suitable procedures to align the market trends concerning remuneration with the strategic objectives of the business.

The main elements of BME Group's Remuneration Policy for employees, the concepts of which are established in the applicable Collective Agreement, ensure equal remuneration for posts with equal characteristics, namely:

a) The fixed remuneration which comprises a base salary established in the applicable Collective Agreement and a personal complement which remunerates, without any form of discrimination, the professional track record, the responsibility inherent in the post, the level of professionalism exercised and determined by the content of the post held. The remuneration regime of the base salary included in the Collective Agreement of application guarantees the absence of remuneration differences for this item between men and women.

b) The annual variable remuneration that a group of identified professionals may receive, according to the professional level and post held and dependant on the individual and area targets achieved, the aim of which, in the medium term, is to attract, retain and obtain the commit of mainly the directors and prominent persons of the Group, ensuring the establishment of a stable bond and with a view to remaining with the company for a long period of time.

c) Social benefits. The employees subject to the collective agreements of BME, Barcelona Stock Exchange and Bilbao Stock Exchange, also have a series of social benefits through which it is aimed to obtain a balance between personal and work life, mainly through financial support (assistance for the physically and mentally disabled and attention to diversity, grants for the employees' children, nursery vouchers, assistance for employees' studies and their children's, baby bonus, wedding bonus, interest-free salary advances, personal loans, benefits for disabled employees).

■ SALARY GAP (*)

(405-2)

	2018	2019
Senior management	1.30	1.21
Middle management	1.24	1.23
Specialist technicians	1.08	1.11
Administrative / Auxiliary / Support Staff	1.05	1.11

(*) The salary gap has been calculated as the relationship between the average remuneration of men against the average remuneration of women, by professional category. The calculation of these averages takes into account the number of days the worker has formed part of the company during the year, the daily remuneration received for the period and the number of employees at the close of the period.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

■ AVERAGE REMUNERATION ^(*)

(THOUSANDS OF EUROS)

	2018	2019
Breakdown by gender		
Men	68.82	67.57
Women	57.02	58.41
Breakdown by age range		
<30	30.49	31.60
30-50	54.06	54.66
>50	95.92	92.47
Breakdown by category		
Senior management	347.80	309.13
Middle management	180.37	178.57
Specialist technicians	60.55	59.66
Administrative / Auxiliary / Support Staff	37.14	38.18

() The calculation of the average remuneration takes into account the real remuneration received by the BME employee (fixed remuneration, real variable pay received, which corresponds to the previous year, and remuneration in kind) and the number of days that the employee has belonged to the company during the year. The number of employees considered is the total at the end of the year.*

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

5.4. BEST EMPLOYMENT PRACTICES.

Work-life balance policy and social benefits (103: Employment)

BME promotes employment flexibility and work-life balance for its permanent and temporary workers through a number of initiatives that allow the reconciliation with personal and family life: unpaid and paid leave and working day reductions for legal guardianship and nursing mothers.

Other work/life balance measures benefiting all temporary and permanent BME employees include flexible start and finish times, a 5.5-hour working day on Fridays and the days before public holidays, and the possibility of requesting holidays at any time and split over different periods.

Similarly, the number of overtime hours per employee, which is voluntary, may not exceed 80 hours a year, except for those hours worked to prevent or repair accidents or other occasional and urgent damage, without this affecting their remuneration as overtime hours. BME aims to ensure the most extensive rotation possible among the workers affected by overtime hours, therefore preventing, insofar as is possible, the same persons always being affected. In addition, employees may request to fully or partially work from home. Notwithstanding the above, BME at present has not approved a disconnection from work policy.

Other services and activities.

(i) *Services for employees.*

BME provides its employees with various services to facilitate their access to the workplace and allow them to perform their duties more comfortably, such as a restaurant service, travel agent to organise trips and private holidays, educational activities, shows, workshops and games for the employees' children, as well as special conditions for different services provided by third parties.

Since 2018, the Company has had BME Conecta, a mobile app for employees, from which employees can access a variety of Human Resources functionalities online and other services aimed at employees.

(ii) *Sport and leisure activities.*

In 2019, BME organised a new edition of its Paddle Tennis Competition for employees and sponsored indoor and 11-a-side football teams and a basketball team by financing its members' registration and equipment costs. BME also participated in and sponsored the cycling club and the track and field group, which have participated in the 'Carrera de las Capacidades' organised by the Adecco Foundation and the annual Companies Race. BME also continues to organise an encounter with the Three Wise Men at the Palacio de la Bolsa for the employees' children.



Employees workshops organised by The Prado Museum

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

5.5. BME GROUP EMPLOYEE TRAINING

(103: Training and education, 404-1, 404-2)

BME sets out its commitment to employee training in article 26, section b), of the statutory Collective Agreement, whereby *"it shall foster plans to improve the training and advanced professional training of its workers, guaranteeing the possibility of training for all employees"*.

The Human Resources Department encourages and promotes the training of employees through the Training Plan, which is carried out both in a classroom setting and on-line, it also has specific training programmes and other complementary courses related directly to the business objectives which contribute directly to the professional and personal development of the employees. A Training Monitoring Committee and a Department of Training and Development at BME with the involvement of workers' union representatives, has been set up to improve the quality of the Training Plan and identify training needs.

NUMBER OF COURSES CARRIED OUT UNDER BME'S CONTINUOUS TRAINING PROGRAMME ^(*)

	2018	2019
The Continuous Training Programme is structured as follows:	85	107
User applications area	0	18
Skills development area	17	9
IT area	31	39
Financial markets and financial assets area	37	41

^(*) These figures do not include language training or training through Master's programmes, nor personalised or specific training, which includes the course on "Preventing crime - BME Group".

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

In addition to this training under the Continuous Training Programme, other courses are organised as necessary to meet specific business needs.

In 2019 the BME Group launched the Integral Personal Development Plan new Activate! programme aimed at the entire organisation and at detecting and personalising the training needs of employees and promoting the generation of ideas that drive the development of the 2019-2021 Strategic Plan. This programme included the following actions segmented by professional profiles and which require a high degree of personal involvement and commitment:

- Launch of the Training Needs Pre-Detection Questionnaire carried out in 2019, which will allow the Human Resources department to define a new Training Plan for 2020 and 2021 as it connects the individual needs and interests with the objectives of the different areas of the Company.
- Launch of the specific BME PRO training programme aimed at high potential professionals that was launched during the first few months of 2020 and which implies recognition of commitment to the company.
- Launch of the Idea Project, with which BME opens a permanent call to receive initiatives to undertake new projects and create new lines of work or improve current ones that contribute to the progress, evolution and growth of the company.

EMPLOYEE TRAINING ⁽¹⁾

	2018			2019		
	Men	Women	Total	Men	Women	Total
Number of employee training hours (by professional category)						
Senior management	0.00	0.00	0.00	0.00	0.00	0.00
Middle management	100.50	112.00	212.50	71.50	100.50	172.00
Specialist technicians	2,832.00	1,491.00	4,323.00	3,756.00	1,792.70	5,548.70
Administrative/Auxiliary/Support Staff	1,912.50	1,368.50	3,281.00	3,545.29	1,161.23	4,706.52
Average employee training hours (by professional category) ⁽²⁾						
hrs/employee - senior management	0.00	0.00	0.00	0.00	0.00	0.00
hrs/employee - middle management	5.29	8.00	6.44	17.88	14.36	15.64
hrs/employee - specialised technician	10.04	10.14	10.08	29.81	25.25	28.17
hrs/employee - administrative/auxiliary staff	9.38	9.12	9.27	32.23	25.81	30.36

(1) These figures do not include language training or training through Master's programmes, nor personalised or specific training, which includes the course on "Preventing crime - BME Group".

(2) The calculation of the average training hours is based on the number of hours of training given to each trained employee, by professional category.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

As previously mentioned in section 2.4 of this report, BME is adhered to the system that the State Foundation for On-the-Job Training makes available to all companies and which consists of financial assistance for the training of its employees which is made effective by way of a Social Security contribution credits.

BME also has a library service allowing BME Group employees to take out books and periodicals. This keeps employees abreast of the latest publications, legislation and documents relating to stock market issues. The library also processes requests for information. BME employees have online access to the Library and Documentation Service catalogue through the company's intranet which provides specific and regular information on projects and actions in different Group companies and departments, as well as on events carried out by the Company.

5.6. OCCUPATIONAL HEALTH AND SAFETY

(103: Occupational health and safety)

BME has established the health, safety and risk prevention measures contemplated in the Law on Occupational Health and Safety at all its work centres and each year it carries out an analysis of the risks at its installations and its employees' workplaces. With the collaboration of its employees, through their legal representatives, and the internal bodies specifically entrusted with this issue, BME draws up a programme to address the risks detected and the needs identified proposing and implementing the corresponding preventive measures, such as training, information, personal protection equipment and routine checks.

Employees participate in the planning and control of the measures adopted concerning occupational health and safety through their legal representatives and the specific internal participation bodies, which is regulated in the statutory Collective Agreement. Thus, BME has established the following health and safety committees, which monitor and advise on occupational health and safety issues. These committees represent 100% of staff and are made up of both management staff and employees. *Health and Safety Committee, Evacuation Team, Emergencies Team and First Aid Team*. In particular, the Health and Safety Committee has a dedicated e-mail for the health and safety and prevention officers of BME Group as a mechanism so that complaints and/or suggestions relating to health, comfort and ergonomics in the workplace and other safety aspects may be communicated.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

Workplace safety

BME draws up its workplace safety policy on a yearly basis, carrying out the necessary studies and projects to define the most significant risks, either in terms of seriousness or frequency, and implements effective prevention and protection systems. In addition, the Online Human Resources tool lists the names of the members of the Evacuation, Emergency and First Aid teams, and includes the Health and Safety in Offices Manual.

Workplace risk prevention programmes are implemented at all BME centres, and regular testing, as well such as fire drills, is carried out in order to prevent workplace risk.

Employee health. (403-2, 403-3)

Despite the professions of BME employees, with the exception of maintenance, not having a high occurrence or risk of disease, BME provides its employees with a healthy working environment. To that end, BME has a Health Monitoring Programme in which, among other issues, information and training is provided through, among other issues, the "Choose Health Channel" mobile application for employees BME Conecta. There is also a physiotherapy and First Aid Kits located in the work centres with up-to-date instruments for providing immediate care in the case of a cardiac arrest (Automated External Defibrillators) and a Nurse Station, located in Las Rozas which is complemented by a telephone service which allows video-conference type calls to be made at all work centres.

In addition, BME provides workers with annual physical check-ups, and has contracted health insurance for all employees and their family members. These insurance plans cover medical care, surgery and hospital care in cases of illness or injury, in accordance with the terms and conditions and in respect of the insured risks. BME also organises yearly influenza vaccination campaigns.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

FREQUENCY RATE, SEVERITY INDEX, OCCUPATIONAL DISEASE RATE, DAYS LOST AND ABSENTEEISM ⁽¹⁾

2018									
Breakdown by region					Breakdown by gender				
	Madrid	Barcelona	Bilbao	Valencia	Total	Man	Woman	Total	
Accident index with injury (Frequency rate) ⁽²⁾	6.75	0.00	0.00	0.00	5.16	3.49	8.06	5.16	
Severity index	0.39	0.00	0.00	0.00	0.30	0.24	0.39	0.30	
Occupational disease rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Days lost rate ⁽³⁾	38.93	0.00	0.00	0.00	29.80	24.32	39.28	29.80	
Absenteeism	No. hours	18,970.27	4,490.55	1,085.98	2,300.26	26,847.06	13,512.88	13,334.18	26,847.06
	Rate	1.83%	3.04%	2.14%	1.93%	1.98%	1.57%	2.69%	1.98%
2019									
Breakdown by region					Breakdown by gender				
	Madrid	Barcelona	Bilbao	Valencia	Total	Hombre	Mujer	Total	
Accident index with injury (Frequency rate) ⁽²⁾	1.91	0.00	0.00	7.00	2.18	0.00	5.91	2.18	
Severity index	0.04	0.00	0.00	0.22	0.05	0.00	0.14	0.05	
Occupational disease rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Days lost rate ⁽³⁾	3.64	0.00	0.00	21.69	5.02	0.00	13.58	5.02	
Absenteeism	No. hours	20,092.91	4,605.10	2,808.88	2,268.18	29,775.08	15,620.69	14,154.39	29,775.08
	Rate	1.92%	3.30%	5.78%	1.59%	2.16%	1.80%	2.79%	2.16%

(1) The calculation of absenteeism rates takes into account all those employees who, during the year, have belonged to the BME Group and Open Finance. The definitions considered in the calculation of the health and safety indices are established in accordance with GRI Standards:

- Accident: Fatal and non-fatal accidents in the workplace.

- Occupational disease: Disease deriving from an employment related situation or activity.

- Days lost: Sick leave of an employee due to an accident or occupational disease.

- Absenteeism (hours): Number of hours employee absent from work due to a disability of any type, not only due to an accident in the workplace or occupational disease.

The formulas used for the calculation of the health and safety indices are as follows:

- Accident index with injury (Frequency rate): $\text{No. accidents} \times 10^6 / \text{No. total work hours scheduled}$

- Severity index: $\text{Days lost} \times 10^3 / \text{No. total work hours scheduled}$.

- Occupational disease rate: $\text{No. occupational diseases} \times 10^6 / \text{No. total work hours scheduled}$.

- Days lost rate: $\text{Days lost} \times 10^5 / \text{No. total work hours scheduled}$.

- Absenteeism rate: $\text{No. absenteeism hours} \times 10^2 / \text{No. total hours work scheduled}$.

2) During the 2018 financial year, the accidents with injuries that have materialized in the BME Group workforce have consisted of 6 accidents in itinere due to traffic accidents and 1 fall from stairs in the workplace. Of them 3 were men and 4 women.

(3) During the 2019 financial year, the accidents with injuries that have materialized in the BME Group workforce have consisted in 2 accidents in itinere due to traffic accidents and 1 fall in the workplace. All of them were women.

(4) During the 2018 financial year, the accidents that materialized in the BME Group have caused a loss of 404 business days, which has led to an increase in the rate of days lost in that year.

(5) During the 2019 financial year, the accidents materialised in the BME Group have caused a loss of 69 business days.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Human Capital**

Health and safety training

The company provides its workforce with the appropriate training in health and safety matters. All new employees attend an on-line training course on workplace risk prevention measures and rules.

The First Aid Service, in partnership with the Human Resources and Corporate Communication Departments, informs regarding current blood donation campaigns and publishes informative Health Bulletins, in addition to offering employees theoretical/practical workshops on health and safety.

The personnel of the security companies hired by BME to manage the security of its buildings comply with all requirements under prevailing legislation governing the provision of security services and the protection of property, people and auxiliary services, and hold the quality certifications for their services issued by SGCS ICS Ibérica, S.A. and AENOR. In 2019, the security companies hired by BME continued running refresher courses for its employees.



6

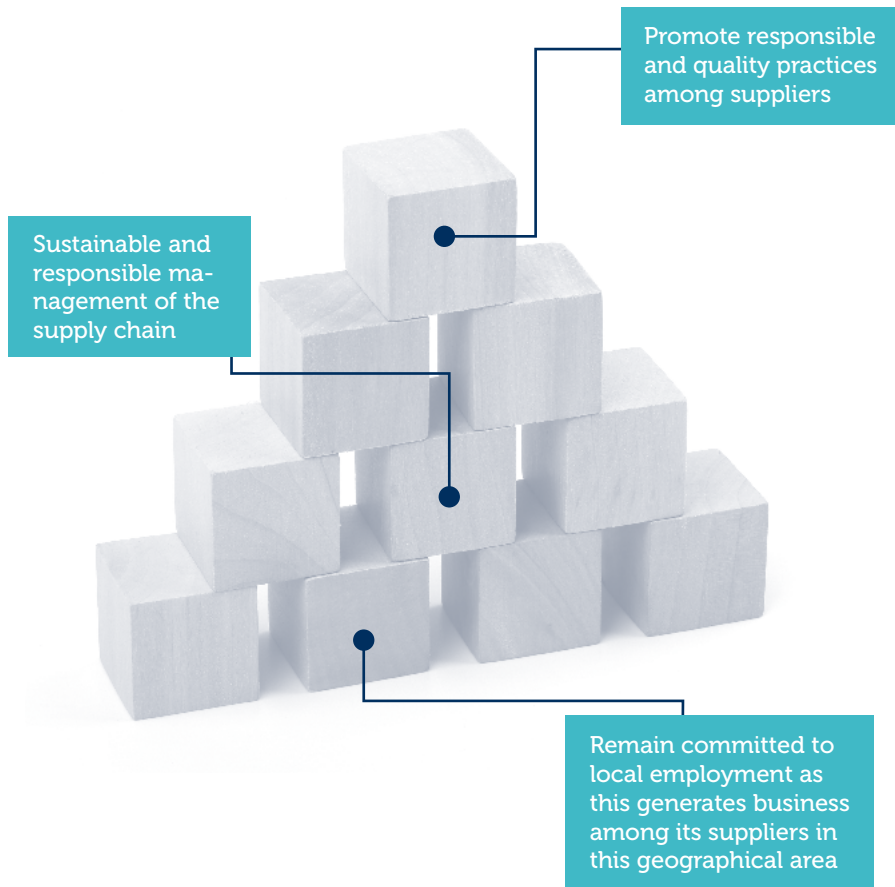
Suppliers

(103: Acquisition practices)

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Suppliers**

Suppliers are an essential aspect for BME as they provide the equipment, technical assistance and essential services for the efficient and sustainable performance of its activities.

BME has an objective of sustainable management in its supply chain through several processes with the aim of positively contributing to a respectful relationship with the natural environment and the elimination of forced or compulsory labour and to the abolition of child labour in the environment in which BME Group companies carry out their activities.



6.1. SUPPLIER PROFILE

(102-9)

BME is committed to supporting suppliers located in Spain (local suppliers) operating in the geographic location where the supplies and services are purchased and invoiced, maintaining a commitment to local employment and the procurement of locally sourced products and services. In 2019, the Company registered a total of 1,472 suppliers, of which 90.42% are local.

■ SUPPLIERS

	2018	2019
Local suppliers	1,306	1,331
Non-local suppliers	154	141
Total	1,460	1,472

Of the 1,472 suppliers managed by the BME Group during 2019, 56 have been registered as new suppliers which belong to different sectors and represent 4.62% of the total.

BME's suppliers can be classified into the following categories: technological services (supply of IT equipment and solutions), support (consultancy, auditing, travel agencies) and maintenance (improvement and management of properties and facilities).

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Suppliers**

A) Volume of procurements. (204-1)

BME's total volume of purchases of goods and services in 2019 amounted to 61,260 million euros, up 11.83% on the previous year.

Of the total volume of purchases of goods and services, those made with local suppliers represented 77.29%, with no significant change in 2019 on the previous year.

INVOICING FOR SERVICES PROVIDED BY EXTERNAL SUPPLIERS

	2018	2019
Volume invoiced by suppliers (thousands of euros)	54,778	61,260
Local suppliers (%)	78.36	77.92
Non-local suppliers (%)	21.64	22.08

B) Average supplier payment period.

As in previous years, BME settled the payment of its suppliers' invoices within the legally-established period. In 2019, the BME's average payment period was 43 days. In compliance with prevailing legislation to combat late payment in commercial transactions and corporate governance regulations, this information can be found on the Company's corporate website (www.bolsasymercados.es).

AVERAGE PAYMENT PERIOD TO SUPPLIERS, IN DAYS

	2018	2019
BME	43	43
Other group companies	37	35

6.2. SUPPLY CHAIN.

(103: Environmental evaluation of suppliers, 103: Social evaluation of suppliers, 102-9, 102-10, 308-1, 414-1)

BME's activity is governed by a series of corporate values and ethical and socially responsible commitments, which BME seeks to encourage all suppliers in its supply chain to adopt. In this regard, the BME Group, with the exception of Open Finance S.L., has implemented within its goods and services procurement process a series of mechanisms that aid the Company to continue developing a sustainable and responsible management of its own supply chain, defined as a series of activities through which products and services are supplied, which has not suffered any significant changes throughout 2019.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - Suppliers



SUPPLY CHAIN

The BME supply chain is implemented through the **"Order Authorisation System" (SI3)**, a centralised and organised system for the management and contracting of services out to external suppliers, which supports each of the phases of its products and services procurement process: requests, approval, budget control and payment management.



PROFIT

- Automated and more efficient procurement process
- Strengthening of the organisation's cost management, by having an effective mechanism to control expenditure when engaging external services.
- Know the origin and geographical location of the product acquisition. In local products this allows a reduction in CO₂ emissions.
- Identification and minimisation of potential supply chain risks due to the supplier's guarantee of regulatory compliance (economic, environmental, social and employment).
- Registered and unified information when exchanging continuous and direct information with those responsible for the product.

BME's suppliers must meet different quality standards depending on the type of products and services they offer, and must be responsible in their business practices and comply with all regulations governing their activity. BME develops concrete actions and measures that integrate environmental and sustainability aspects into the supply chain.



Supplier selection



Accreditation and evaluation



Supplier monitoring

BME has an internal process for the purchase of goods and services, and the selection and evaluation of suppliers that is applicable to all Group companies.

CRITERIA AND MEASURES IMPLEMENTED

Signed declaration by suppliers stating compliance with the economic and technical aspects necessary to be hired, as well as environmental, social and employment regulations, occupational health and safety and human rights.

RESULTS

No supplier has been rejected or any contract cancelled due to a breach of any of the technical, professional or financial criteria set down in the declaration.

In 2019, 68 new suppliers have signed the statement of compliance, of which 56 are suppliers managed by the Company in 2019.

Initial accreditation and evaluation process with the support of the SI3 system of the level of compliance of new suppliers with an initial order worth in excess of €10,000 or where the goods or services are deemed critical (higher risk given the size of the purchase and/or the direct impact they have on the activities or services rendered to its clients).

CRITERIA AND MEASURES IMPLEMENTED

- Economic and technical criteria. Ensure that suppliers comply with the commitments undertaken:
 - Economic and financial solvency
 - Technical and human infrastructure
 - Supply capacity
 - Quality, after-sales service and guarantees
 - Previous experience in BME Group companies
 - Recognition on the market
- Environmental and sustainability criteria in their supply chain. The suppliers of services with a greater environmental impact have environmental and energy-efficiency certification (such as those providing the maintenance services of the facilities or the suppliers of IT office equipment).
- Measures to avoid fraud and corruption between the Company and intermediaries, such as requesting alternative quotations from other suppliers.

Monitoring process of registered suppliers verifying through regular reviews to ensure that the initial commitments undertaken remain in effect throughout the contractual relationship, and that the expected quality of the products or services is maintained.

CRITERIA AND MEASURES IMPLEMENTED

- Supplier assessment questionnaire for each product or service delivered.
- Detection, recording and follow-up of any incidents, delays or claims.

RESULTS

In 2019, 1,935 orders were placed with 424 suppliers eligible for assessment via SI3. However, 1,048 suppliers have provided services that were already budgeted and therefore, pre-authorised (pre-evaluated).

As a result of the evaluations carried out 11 of the orders were negatively evaluated.



7



Society

(103: Indirect economic impact) (413-2)

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Society**

The actions carried out by BME aimed at strengthening its commitment with the society in which it provides its services, improving the social and institutional relations that it maintains with its environment and offering a true and fair image of the performance of the activities it carried out, are contemplated in its *Corporate social responsibility policy*. Of which the following are of particular note:

BME does not have negative impacts on the local communities in which it operates. However, in the development of its activities the Group companies carry out the necessary actions to ensure legal compliance and evaluate and mitigate all the negative impacts that their activity may cause on local communities.

Additionally, BME carries out other activities to support the community, such as the promotion of cultural institutions and events and of other social actions for the benefit of the local community. (103: Indirect economic impact)

CULTURE AND SOCIAL ACTION



Invest in training and culture and socio-economic development for the benefit of the local community (section 7.2).



Promote financial culture and cultural activities and social action (section 7.3 y 7.4).

TRAINING



Collaborate with universities, educational centres and other relevant sectors of society (section 7.2).

LEADERSHIP AND TRUST



Commit to playing a key role in the economies of Spanish and Latin American companies through the Latibex market.



Foster confidence in the Spanish financial system.



Ensure the good functioning in the markets.

FINANCING AND LIQUIDITY



Establish a channel of financing and liquidity for companies, in particular SMEs (section 7.3).

THE ENVIRONMENT



Take care of the environment: management of its activities in a sustainable manner and the monitoring of its greenhouse gas emissions (section 8).

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - Society

7.1. BME IN INSTITUTIONS

(102-13)

	BME Group (1)	BME Group (2)	BME Group (3)	BME Group (4)
SPANISH ASSOCIATIONS AND INSTITUTIONS				
Spanish Association of Accounting and Business Administration	-	-	YES	-
Spanish Association of Financial Managers and Company Treasurers	-	-	YES	-
Financial Markets Association	-	YES	YES	-
European Finance Centre, Barcelona	-	-	YES	-
Círculo de Economía	-	-	YES	-
Catalan Institute of Economists	-	-	YES	-
Institute of Internal Auditors (IAI)	-	-	YES	-
Spanish Venture Capital & Private Equity Association (ASCRI)	-	-	YES	-
ALASTRIA	YES	YES	YES	-
SUPRANATIONAL ASSOCIATIONS AND INSTITUTIONS				
World Federation of Exchanges (WFE)	-	YES	YES	YES
Federation of European Stock Exchanges (FESE)	YES	YES	YES	YES
Ibero-American Stock Exchange Federation (FIAB)	YES	YES	YES	YES
European Capital Markets Institute (ECMI)	YES	YES	YES	-
International Organisation of Securities Commissions (OICV-IOSCO)	-	YES	YES	-
Centre for European Policy Studies (CEPS)	-	YES	YES	-
Futures Industry Association (FIA)	-	YES	YES	-
Spanish SWIFT Users Group (SWIFT GNUSE)	-	YES	YES	-
International Securities Services Association (ISSA)	-	-	YES	-
European Central Securities Depositories Association (ECSDA)	YES	YES	YES	-
Extensible Business Reporting Language (XBRL) Association	-	-	YES	-
Financial Services in Europe (EUROFI)	-	YES	YES	-
AFME – Securitisation Division (previously: European Securitisation Forum)	-	-	YES	-
Financial Information Services Association of SIIA (FISD)	-	-	YES	-
European Association of CCP Clearing Houses (EACH)	YES	YES	YES	-

BME GROUP: Domestic and international associations and institutions in which BME, directly or indirectly:

(1) holds a position on the governance body.

(2) participates in its projects or committees.

(3) views membership thereof as a strategic decision.

(4) provides substantive funding beyond routine membership dues.

Besides, Open Finance, S.L. is an associate of the Spanish Association of Financial Advisory Companies (ASEAFI), of the Spanish Association Fintech and Insurtech and of the IT Technological Institute.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - Society

7.2. DISSEMINATION OF FINANCIAL KNOWLEDGE.

(103: Indirect economic impact, 102-48, 203-2)

BME is committed to the dissemination of financial knowledge and the increase in the access to the financial culture of economic agents whatever their condition, aspects that will improve the protection of investor rights, given that a higher level of financial culture among the public favours decision-making, as being well informed and having an adequate identification of the risks also permits the sustainable growth of the business of the companies. In this sense, BME endorses the recommendations and good practices for Raising Awareness and the Financial Education of the Organisation for Economic Cooperation and Development (OECD).

BME's commitment to promoting a financial culture is evident with the existence in the BME Group of an educational centre, Instituto BME, whose activity is focused on the organisation of different educational services related to the financial markets, and which are aimed at all types of groups. Special mention should be made of BME's Shareholder's Training Plan mentioned in Chapter 3.4.

The main positive impact of this dissemination of financial knowledge is that it allows Spanish households and all the groups that form society to improve their understanding of the products, concepts and financial risks and, through information, instruction and assessment, they can develop the skills and confidence to become more aware of the financial risks and opportunities.



BME supports financial education. mFIA Annual Meeting

BME INVESTMENT IN ACTIONS THAT BENEFIT THE COMMUNITY

(THOUSANDS OF EUROS)

	2018	2019
Financial culture and training	1,095 (*)	1,243
Socio-economic development (Awards)	20	10

(*) The information on training and financial culture for 2018 has been modified to incorporate the economic investment not made by a BME Group company that was not taken into account in the previous year by mistake.



BME invested more than
1 million euros in
**training and financial
culture** in 2019

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Society**

Financial-stock market training

BME collaborates, directly or through the Instituto BME and the four Stock Exchanges, through training projects and teaches specific courses and seminars aimed at:



Universities (Málaga, Carlos III, País Vasco, Pontificia de Comillas, San Pablo CEU, Santiago de Compostela, Valencia, Oviedo, Cantabria, Castilla la Mancha, Sevilla, Zaragoza and Sergio Arboleda, in Colombia).



Training institutions (University College of Financial Studies, School of Finance, EAE Business School, Foundation of Financial Studies and FESE Capital Market School).



Groups outside the sector (General Council of the Judiciary, National Police, Civil Guard and National Office for Fraud Investigation (ONIF), reporting to the State Tax Administration Agency (AEAT).

Financial education day

BME regularly assists in the organisation and development of this initiative that forms part of the Financial Education Plan promoted by the Banco de España, the CNMV, the Directorate-General for Insurance and Pension Funds and the General Secretariat of the Treasury and International Finance.

Financial awards

In 2019 BME:



- > Co-sponsored the XI Economic Olympics of Madrid and Robotrader 2019.
- > Collaborated with the CFA Spain award.
- > Took part in the II Carlos Humanes Prize for Economic Journalism presented at the Madrid Stock Exchange.

371



Carlos Humanes Award for Financial Journalism Ceremony

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Society**

Sponsorship of financial publications (203-2)

BME contributes to the study and knowledge of the Spanish financial economy, encouraging the dissemination of finance and the stock markets through the direct publication of books and magazines and through the sponsorship of various publications.

The BME Studies Service has personnel at the four stock exchanges, which prepare, filter, select and distribute statistics on the markets and systems of the BME Group, reports and documentation on what is happening in the national and international financial markets through the BME's digital publications service (BME Ediciones Digitales).

BME also has libraries and documentation centres at all its offices with more than 30,000 titles on economics and finance available to employees and non-BME personnel.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Society**

7.3. FINANCIAL INFORMATIVE ACTIVITY

(203-2) (103: Indirect economic impact)

BME has been helping Spanish businesses to make the most of market opportunities and assisting them with funding, growth, training, visibility and efficiency.

Financial informative activity. (203-1)

The dissemination activity carried out by BME to its users and society in general is through forums, conferences, trade fairs and other activities related to the stock market.

IN 2019 BME COLLABORATED...



With "el Nuevo Lunes", for the organisation of the "Sustainability leads the future of investment" Conference at the Madrid Stock Exchange, which addressed the role of the public sector in sustainable investments and the importance of incorporating environmental, social and good governance criteria in investment decisions.



With the Royal Academy of Jurisprudence and Legislation, in contributing to the development of financial culture promotion tasks carried out by this institution in matters of Law concerning the financial sector and the stock market.

...PARTICIPATED IN...



Spain Investors Day.



Forinvest Trade Fair and SIBOS.



Annual Convention of the European Stock Exchanges.



Annual meetings of "Geneva MidCap Event", "Spanish Small & MidCaps Conference" y "Spain All Caps Conference".

... AND ORGANISED.



MedCap Forum.



Latibex Forum.

Due to the interest in the historical and artistic heritage of Palacio de la Bolsa in Madrid, the Madrid Stock Exchange offers free guided tours, during which the importance of the activity carried out by BME is made apparent. To celebrate a new edition of "Madrid, Otra Mirada" (Madrid, Another Perspective) organised by the Madrid City Council, BME joined this informative event by opening the doors to the Palacio de la Bolsa in Madrid. The other stock exchanges in Barcelona, Bilbao and Valencia also offer guided tours, promoting education and information about stock markets.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Society**

Promotion of added value services to listed companies.

(103: Indirect economic impacts)

BME provides information on and promotes added value services to listed companies, intermediaries and other investment services companies, understanding as such the group of services that accompany the sale/purchase cycle of negotiable financial assets, which are performed through the Information and Value Added Services Unit.

Within this context, BME, through the dissemination and provision of these services strengthens the transparency of the markets, investor protection and security, the non-discriminatory participation in the markets and the participation in the channelling of savings towards productive investment, as well as, ultimately, provide value to the whole national economy in terms of economic growth and the generation of employment.



BME collaborates with the CEPYME 500 Initiative, in support of SMEs

Support for small and medium-sized enterprises.

(103: Indirect economic impacts)

BME's prime objective is to provide the highest number of companies access to financing through the securities market, particularly small- and medium-sized companies. To do so, the Alternative Equity Market (MAB) and the Alternative Fixed Income Market (MARF) created by BME aim to cover the financing needs of the Spanish small- and medium-sized companies.

Companies also enjoy the comprehensive solutions offered by BME4Companies created by BME, which allows entrepreneurs to reap the benefits of the securities market through an extensive and competitive range of services, as well as the Pre-Market Environment, a joint initiative between BME and *Big Ban Angels*, to facilitate the access of *start-ups* and other growth companies to the capital markets and assist them in the search for new investors, for which BME together with Big Ban Angels received the 2019 award for the best public interest initiative. In 2019 BME participated in one of the largest technology entrepreneurship events in Europe called "Startup Olé" with this initiative.

As usual, this year BME once again participated alongside the Confederación Española de la Pequeña y Mediana Empresa [Spanish Confederation of Small and Medium-sized Enterprises] in the CEPYME 500 project, aimed at driving growth and promoting the resizing of the top 500 SMEs leading business growth in Spain.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - Society



>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Society**

74. OTHER ACTIVITIES SUPPORTING THE COMMUNITY.

(102-13, 413-1, 103: Contribution to society)



CULTURAL ACTIVITIES

BME continues to maintain its commitment to supporting the local community, in particular with regard the world of culture:

- Member of the Friends of the Prado Foundation in Madrid.
- Sponsoring partner of the Reina Sofia Museum in Madrid.
- Trustee of the Naval Museum Foundation and the National Archaeological Museum.
- Patron of the Guggenheim museum in Bilbao, and other institutions.



SOCIAL ACTION

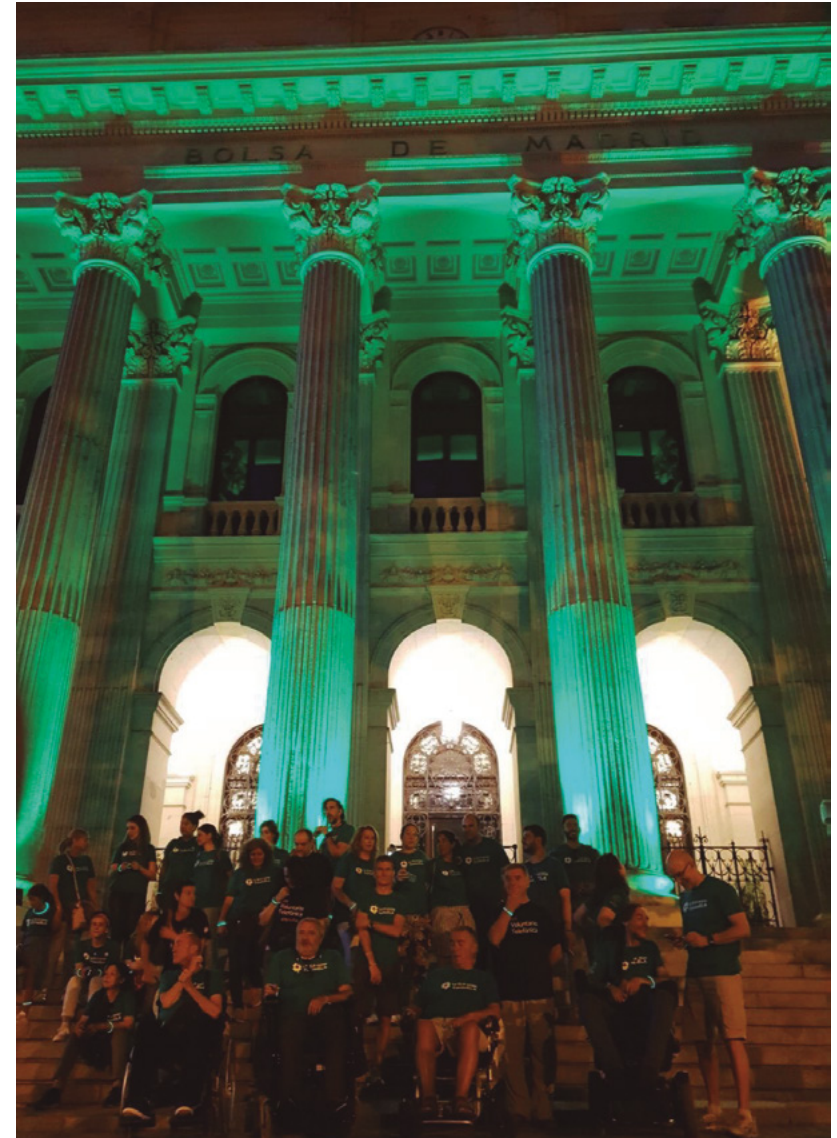
In 2019, BME made commitments with:

- Food Banks in Madrid and Barcelona.
- "Light for ALS" initiative, promoted by the Luzon Foundation, celebrating World Amyotrophic Lateral Sclerosis Day.
- Other initiatives of social value that benefit society and the local community.

BME INVESTMENT IN ACTIONS THAT BENEFIT THE COMMUNITY

(THOUSANDS OF EUROS)

	2018	2019
Financial sponsorship and promotion of cultural activities	235	138



BME supports the ALS Awareness Day



8



Environmental
Performance

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Environmental Performance**

8.1. ENVIRONMENTAL MANAGEMENT

(102-11, 103: Environmental Compliance, 103: Economic Performance, 307-1)

After the performance of the materiality analysis referred to in this report, the Company concluded that the activity of the BME office and the urban areas in which it is performed do not generate a significant direct impact on the environment, therefore the Company does not consider the aspects associated with the management of its waste and materials, biodiversity and sources of water collection within the environment of its facilities, nor the acoustic and light contamination that its facilities may generate, nor the emission of substances that deplete the ozone layer (SAO), nitrogen oxides (NOx), sulphur oxides (SOx) and other emissions to be of material significance.

In spite of the above, BME contributes to protecting the environment and dedicates economic resources to the sustainable management of its activities with the goal of minimising any environmental impacts that might arise from its operating processes and facilities, and the services it contracts.

A) Environmental management

The Company informs on its commitment to the environment by following the precautionary approach defined in the GRI Standards and Principle 15 of the Rio Declaration on the Environment and the United Nations Development Programme in 1992, indicating how it carries out its activities as well as the intention to mitigate any possible environmental impacts deriving from such through the environmental management included in this report. (102-11)

Given the activities in which the Group Companies are engaged, BME has analysed the risk factors related to their environmental performance within the risk management framework and has found that at present the environmental risk deriving from its activities is not significant and therefore it has no expenses, assets, or provisions or contingencies of an environmental nature that could be significant in relation to the equity, financial situation and consolidated results.

Notwithstanding the foregoing, given its commitment to the environment BME has adopted a series of action measures to mitigate any potential environmental impacts:

- comply with prevailing national, regional and local legislation, as well as with BME's own commitments to minimise the environmental impact of its activities
- foster measures to reduce the use of the resources consumed directly and indirectly by BME
- encourage the recycling of waste in order to minimise the company's environmental impact. BME fosters compliance with the three "R" approach to environmental protection: *Reduce, Reuse y Recycle*.
- encourage an environmentally-responsible behaviour by BME employees through the implementation of best environmental practices
- contribute to the advancement of corporate social responsibility in Spain through projects that promote socially responsible business practices.

As in previous years, in 2019 BME did not receive any significant fines or sanctions relating to the environment. (307-1)

The environmental impacts deriving from transport are solely due to the transport of employees during corporate trips and travelling to their place of work, therefore there are no significant environmental impacts.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Environmental Performance**

B) FTSE4Good IBEX index

In 2006, BME together with *FTSE Group* created the FTSE4Good IBEX comprising securities belonging to BME's IBEX 35® index and the *FTSE Spain All Cap* index, which comply with the best practices in corporate social responsibility. The FTSE4Good IBEX index is a tool which allows responsible investors to identify and invest in those companies that work towards environmental sustainability with the global standards of corporate responsibility, thereby providing asset managers with a socially responsible investment indicator and which encourages the idea of being socially responsible among companies.



FTSE4Good

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Environmental Performance**

8.2. ENERGY CONSUMPTION.

(103: Energy, 102-48, 302-1, 302-2, 302-3, 302-4)

As part of its drive to protect the environment and sustainability, the company implements internal measures to reduce energy consumption at its facilities and minimise the environmental impacts of the services managed at the Group's work centres, and externally through environmental support initiatives.



Internal energy consumption (302-1)

El consumo de energía interno es aquel que deriva de la contratación por BME (electricidad y gas) para el desempeño de actividades internas, siendo las principales fuentes de energía del proveedor de este servicio, la energía hidroeléctrica, nuclear, térmica, eólica y solar. Por otra parte, el consumo de gas natural se genera únicamente en el comedor para empleados de la sede de las Rozas (Madrid), cuyos servicios están externalizados.

Measures for reducing internal consumption (302-5)

BME promotes different measures with the aim of reducing its electricity consumption, deriving mainly from lighting, climate control and IT equipment and thus reduce the emissions deriving from its activity.

These include low-energy and smart lighting systems at low consumption, substitution of equipment in air conditioning systems or maintenance activities, and removal of office equipment for more efficient ones with energy efficiency guarantees such as the Energy Star certification or tools that allow to improve the energy efficiency of the equipment.



External energy consumption (302-2)

With regard to external energy consumption -energy consumption outside BME not directly contracted by the Company- primarily derives from employees' commutes to and from work, (corporate shuttle service and private vehicle) and business trips (air and rail). In the absence of data on external energy consumption, indicators for this item are not included.

Measures for reducing external consumption

Although BME does not monitor its external energy consumption, but it does implement savings measures to reduce the emissions generated in the performance of its activity, such as encouraging sustainable travel by using public transport instead of private transport (extension of the shuttle service) and financial assistance to use urban and interurban transport), prioritising the use of trains over aeroplanes for short distance business trips, promotion of technological tools as a means to holding meetings and the development of homeworking.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Environmental Performance**

ELECTRICITY CONSUMPTION INDICATORS BY GEOGRAPHIC AREA ⁽¹⁾

Madrid	2017	2018	2019
Change in total consumption (GJ)	26,653.71	25,371.06	26,502.39
Number of employees	611	642	618
Consumption per employee (GJ/employee)	43.62	39.52	42.88
Barcelona	2017	2018	2019
Change in total consumption (GJ)	4,680.24	4,457.94 ⁽³⁾	4,276.44 ⁽⁴⁾
Number of employees	94	87	83
Consumption per employee (GJ/employee)	49.79	51.24 ⁽³⁾	51.52 ⁽⁴⁾
Bilbao	2017	2018	2019
Change in total consumption (GJ)	2,676.48	1,580.76	1,446.63
Number of employees	31	30	29
Consumption per employee (GJ/employee)	86.33	52.69	49.88
Valencia	2017	2018	2019
Change in total consumption (GJ)	1,356	1,274.44	1,165.26
Number of employees	69	66	66
Consumption per employee (GJ/employee)	19.65	19.31	17.66

(1) Electricity consumption figures in gigajoules (GJ), as per GRI4 criteria. 1 kWh = 0.0036 GJ.

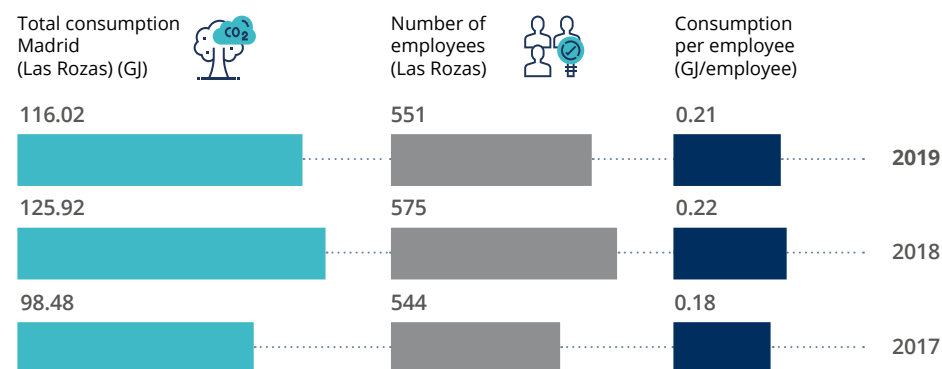
(2) The number of employees includes data from the BME Group and Open Finance, S.L. as of December 31 of each year.

(3) The energy consumption for the Barcelona office for 2018 and the consumption per employee for this period has been amended to include the data on estimated electricity consumption of the second half of 2018 in the Corporate Social Responsibility Report for 2018.

(4) Includes electricity consumption figures for the first six months of 2019 for the Barcelona Stock Exchange operational site and an estimate of the electricity consumption data for the second six months of 2019.

GAS CONSUMPTION INDICATORS ⁽¹⁾⁽²⁾⁽³⁾

(302-1, 302-3)



(1) In Madrid, only the Las Rozas building uses this type of energy.

(2) Gas consumption figures in gigajoules (GJ), as per GRI4 criteria. 1 kWh=0,0036 GJ.

(3) The gas consumption data for the exercises are included in Gigajoules (GJ) according to the criteria defined by GRI4. 1 kWh = 0.0036 GJ.

GENERAL ENERGY INDICATORS FOR BME ⁽¹⁾⁽²⁾

(302-1, 302-3)

	2017	2018	2019
Total internal energy consumption (GJ)	35,465.08	32,810.12 ⁽³⁾	33,506.54 ⁽⁴⁾
Total number of employees (total workforce)	805	825	796
Total internal energy intensity (GJ/employee)	44.06	39.77	42.09

(1) Total electricity and gas consumption figures in gigajoules (GJ) as per GRI4 criteria. 1 kWh = 0.0036 GJ.

(2) The company's total internal energy intensity per annum is calculated by dividing total internal energy consumption (electricity and gas) by the number of employees in the Group.

(3) Includes total electricity consumption figures for the Madrid, Barcelona, Bilbao and Valencia offices. The consumption data for Barcelona has been amended as this included estimated data on the electricity consumption for the second half of 2018 in the Corporate Social Responsibility Report for 2018.

(4) Includes total electricity consumption figures for the Madrid, Bilbao and Valencia offices. This includes electricity consumption figures for the first six months of 2019 for the Barcelona Stock Exchange operational site and an estimate of the electricity consumption data for the second six months of 2019 based on consumption for the last 5 years.

8.3. GREENHOUSE GAS EMISSIONS

(103: Emissions)

The Company invests time and effort in minimising the greenhouse gas emissions it generates through the monitoring of its emissions and the adoption of energy saving measures with the final objective of maintaining its greenhouse gas emissions at a stable level.



Indirect greenhouse gas emissions were **reduced** by **-12.1%** compared to 2018

DIRECT GREENHOUSE GAS EMISSIONS

As a consequence of the consumption of:



Natural gas



Corporate shuttle bus

INDIRECT GREENHOUSE GAS EMISSIONS

As a consequence of the consumption of:

Electricity



Business trips by air and rail



Staff commutes in private vehicles



>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Environmental Performance**

Greenhouse Gas Emissions Indicators (102-48, 305-1, 305-2, 305-3, 305-4, 305-5)

■ GREENHOUSE GAS EMISSIONS

TONNES OF CO₂ EQUIVALENT ⁽¹⁾

	2017	2018	2019
TOTAL CO2 EMISSIONS	3,948.56	3,191.35	2,858.72
Total direct emissions	81.14	106.41	106.22
Fuel consumption (natural gas)	5.60	6.79	6.60
Staff transport (corporate shuttle bus) ⁽²⁾	75.54	99.62	99.62
Total indirect emissions	3,867.42	3,084.94	2,752.50
Electricity consumption	2,534.61 ⁽³⁾	1,988.29 ⁽⁴⁾	1,762.28 ⁽⁵⁾
Business trips (by air)	735.27	511.28	413.29
Business trips (by rail) ⁽⁶⁾	67.54	37.37	36.93
Staff commutes to and from work (own vehicle) ⁽⁷⁾	530	548	540
TOTAL NUMBER OF EMPLOYEES (8)	805	825	796
TOTAL CO2 EMISSIONS PER EMPLOYEE (9)	4.91	3.87	3.59

(1) In 2019, the CO₂ equivalent emission factors provided by DEFRA were used as the method for calculating CO₂, CH₄ and N₂O emissions.

(2) Includes, in accordance with the methodology described in note 1 above, direct emissions of CO₂ deriving from the use of the company shuttle bus.

(3) The CO₂ emissions for electrical energy have been calculated by applying the estimated value of the gross electricity production mix for 2017 (0.258 Kgs CO₂/KWh).

(4) The CO₂ emissions for electrical energy have been calculated by applying the estimated value of the gross electricity production mix for 2018 (0.219 Kgs CO₂/KWh).

(5) The CO₂ emissions of electrical energy have been calculated applying the estimated value of the mix of gross production of electrical energy for the 2019 financial year (0.190 Kgs CO₂ per KWh).

(6) Includes, in accordance with the methodology described in footnote 1 above, indirect emissions relating to business trips made by employees by train (does not include trips made by employees by train to the Majadahonda railway station to take the company shuttle service to the Las Rozas headquarters).

(7) Includes, in accordance with the methodology described in footnote 1 above, indirect CO₂ emissions relating to trips made by employees to their place of work using their own vehicles.

(8) The number of employees includes data from the BME Group and Open Finance, S.L. as of December 31 of each year.

(9) Annual CO₂ emissions per employee were calculated by dividing total CO₂ emissions by the total number of employees in the Group each year.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Environmental Performance**

GREENHOUSE GAS EMISSIONS BY SCOPE

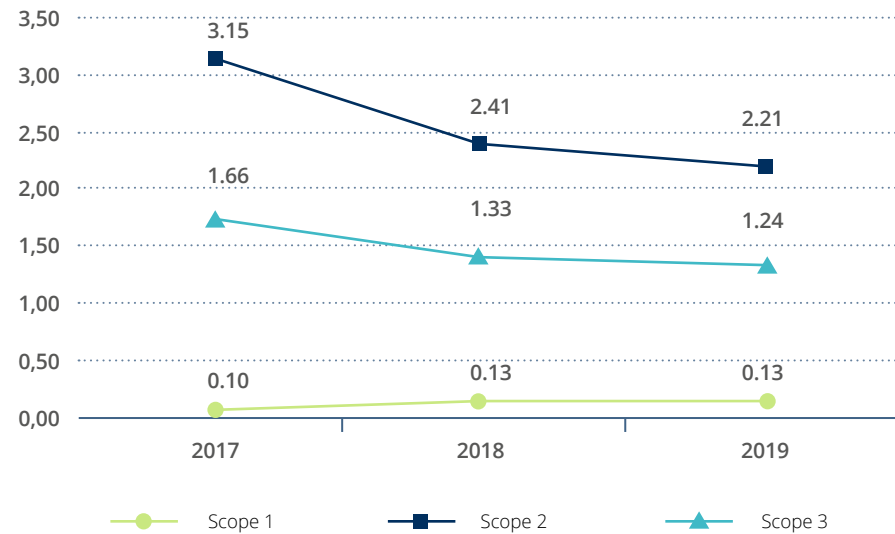
TONNES CO₂ (305-1, 305-2, 305-3)

Scope	ITEM	2017	2018	2019
Scope 1	Fuel consumption (natural gas)	5.60	7.16	6.60
	Staff transport (corporate shuttle bus)	75.54	99.62	99.62
Scope 2	Electricity consumption	2,534.61	1,988.29 ⁽¹⁾	1,762.28
Scope 3	Business trips (by air and rail)	802.80	548.65	450.22
	Staff commutes to and from work (own vehicle)	530	548	540

(1) The emissions deriving from energy consumption for 2018 have been amended to update the estimated emissions data on electricity consumption for the second half of 2018 for the Barcelona office stated in the Corporate Social Responsibility Report for 2018

INTENSITY OF GREENHOUSE GAS EMISSIONS ⁽¹⁾

TONNES OF CO₂ / EMPLOYEE (305-4)



(1) The intensity of emissions can be used to determine the organisation's environmental efficiency and performance. The annual data is the result of dividing the total CO₂ emissions between the total number of Group employees.

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Environmental Performance**

National Registry for Greenhouse Gas Emission Allowances. (201-2)

BME considers the management through IBERCLEAR of the National Registry for Greenhouse Gas Emission Allowances (RENADE) an opportunity as it provides support to the National Administrator of Emissions Allowances, in accordance with all the requirements set forth by the European Commission and the United Nations through the Spanish Office of Climate Change (OECC).

RENADE is the instrument which ensures the publicity and constant updating of the ownership and control of the greenhouse gas emission allowances of companies in Spain.

In this sense, RENADE provides industrial facilities with the technical and human resources necessary to facilitate compliance with their annual obligation to deliver rights to the State.

In 2019, Iberclear obtained the RENADE licence for the provision of management services for the national administration tasks of the Spanish Section of the Union Registry in relation to the European emission trading system, the Kyoto protocol and the Paris agreement, during the period 2020-2022, extendable until 2024.



Materiality of the report

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Materiality of the Report**

Scope of the information and standards used in the report.

This non-financial information report includes information relating to 2019 for all the activities and services provided by the Company. Where deemed appropriate, it also includes information from previous years for comparison.

It is noted that the quantitative information relating to human capital and the environment from previous years contained in this report has been re-expressed as a result of the incorporation of data on the staff of Open Finance SL and the consumption and emissions of greenhouse gases derived from this staff. Likewise, the data on the average remuneration of senior management, economic and financial training, and the data on electricity consumption and greenhouse gas emissions for the geographical area of Barcelona for the 2018 financial year (102-48) have been modified.

It has been prepared in accordance with the content established for the preparation of the Sustainability Reports by the GRI Standards and Law 11/2018 of 28 December, amending the Code of Commerce, the revised text of the Corporate Enterprises Act and the Law on the Auditing of Accounts, regarding non-financial information and diversity.

GRI principles for gathering content.

The structure and content of this report is based on the principles established by GRI for the preparation of sustainability reports, as indicated below:

- **Stakeholder engagement.** The preparation of this report has been carried out attending to the interests and expectations of the stakeholders in relation to the functioning of BME, which has been received, via the managers of the Company that interact with them.
- **Context of Sustainability.** An evaluation has been carried out of the relationship between the activities and services provided by BME with the social, economic and environmental context in which the Company operates.

- **Materiality.** A materiality analysis has been performed to define and identify the most significant aspects for BME with regard to sustainability, the methodology of which is detailed below and which was revised in 2019.
- **Thoroughness.** After the identification of the material aspects for BME, information regarding these has been included with a view to facilitating the stakeholders' evaluation of the economic, social and environmental performance of the Company in recent years.

GRI Principles for the processing and quality of the information (102-46)

The principles established by GRI to guarantee the quality of the information have also been taken into account in the preparation of the report:

- **Balance.** According to this principle, the sustainability reports must reflect both the positive and negative aspects of the Company's performance. Through its application, an objective and complete view is obtained of the general performance of BME.
- **Comparability.** The Company has gathered information on a regular basis and it has been included in the contents with the aim of its stakeholders being able to analyse the progress of its performance in recent years, and compare it to that of other organisations.
- **Accuracy.** The information provided is stated in sufficient detail to cover the expectations indicated by the stakeholders.
- **Punctuality.** Following the same pattern as in recent years, BME will continue updating the content of its consolidated non-financial information report annually with the aim of facilitating regular information to its stakeholders.
- **Clarity.** The Company wishes to present information on its performance in a manner that is accessible and clear for all stakeholders.
- **Reliability.** This report details the process followed for its preparation. With this, BME guarantees that the content of the report may be subjected to external evaluation to judge the quality and materiality of the information.

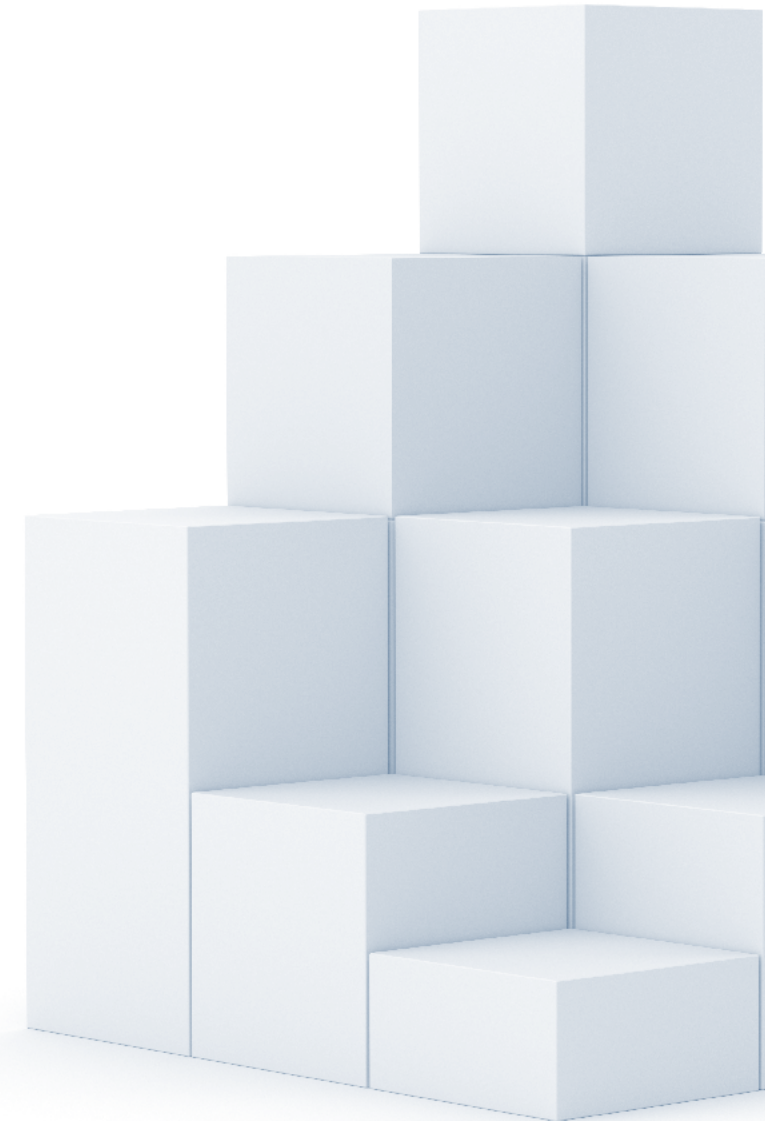
>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Materiality of the Report**

Materiality analysis [\(102-46\)](#)

Pursuant to that established in the GRI Standards, this document contains information on the indicators corresponding to those aspects of sustainability deemed as material. To this end, a review of the performance of the Company in terms of sustainability was carried out in 2019 and a specific analysis was carried out whereby BME evaluated which issues are key one, either because they affect the decisions that its stakeholders could make, or because they are critical to the long-term success of the Company's strategy.

In particular, the activities carried out for this materiality analysis and review consist of:

- **Meetings** with managers and directors in key areas of the Company.
- **Benchmarking** of other international companies in the stock exchange sector.
- **Analysis of investor requirements with regard to corporate social responsibility** based on the analysis of contents/indicators requested through initiatives such as the *Dow Jones Sustainability Index (DJSI)*, *Carbon Disclosure Project – Climate Change (CDP)*, *FTSE4Good*.
- **Analysis of key aspects with regard to corporate social responsibility in other initiatives in which BME participates**, such as *Sustainability Stock Exchange (SSE)* and the United Nations Global Compact.
- **Analysis of the recommendations for the Company's reporting made by the Corporate Social Responsibility Observatory.**
- **Analysis of press dossiers** compiled by the Company over the last year.
- **Analysis of BME's Corporate Policies**, including, the Corporate Social Responsibility Policy, the Code of Conduct, Crime Prevention Guidelines, Tax policies and principles, and Policies for the processing and transmission of insider information.



>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Materiality of the Report**

The result of these actions allowed the following materiality matrix (102-47) to be created for the Company in 2019:



>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Materiality of the Report**

The following table specifies the specific coverage of each one of these material aspects.

Material aspect (102-47, 103-1)	Coverage ⁽¹⁾	
	Organisation	Outside of the organisation
Economic performance	✓	✓
Indirect economic impact		✓
Energy and emissions	✓	✓
Employment	✓	
Occupational health and safety	✓	
Training and education	✓	
Equal opportunities	✓	
Contribution to society		✓
Dissemination of financial knowledge		✓
Regulatory compliance	✓	
Supplier assessment	✓	✓
Ethics and integrity	✓	
Transparency and independence in operations	✓	✓
Client management		✓
Good governance	✓	
Relationship with shareholders		✓
Fiscal policy	✓	
Cybersecurity, security and accuracy of information	✓	✓
Sustainable finance		✓
Value services for listed companies	✓	✓
Support for SMEs and start-ups in accessing the stock market	✓	✓

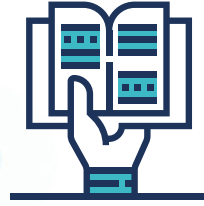
(1) BME's activities generate positive and negative impacts on sustainability. The coverage of each aspect refers to the place where these impacts occur (within the organisation and/or outside), with a description of their nature throughout the report.

Once these material aspects were identified and their coverage determined, the collection of information to prepare the report was performed based on interviews and sending information gathering sheets to managers within the Company. Having received this data and the contextual information obtained through the activities carried out in the materiality analysis, BME has prepared the final version of this report. The sections where the information relating to each one of the indicators required by the said international standard are identified on the GRI table of contents included in the following section.

In those cases in which it has not been possible to cover all the requirements of the guidelines when reporting on a specific indicator, this has been detailed on the aforementioned table. The Company also undertakes to improve its information systems with the aim of having all the data required for future reports.

More information (102-53)

If you would like additional clarification regarding the information included in this document, or on the Company's activities concerning sustainability, you may contact BME at the following address: sconsejo@grupobme.es



Index of

Non-Financial

Information Contents

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Business model				
Description of the business model	102-2	Activities, brands, products and services	2	309
Business environment	102-3	Location of headquarters	2	309
	102-4	Place of operations	2	309
Active markets	102-6	Markets served	2	309
Organisation and structure	102-7	Scale of the organization	Annual financial statements	311
			2	
Objetivos y estrategias	102-14	Statement from senior decision-maker	Letter from the Chief Executive Officer	
Main factors and trends that might affect future performance	102-15	Key impacts, risks and opportunities	2.1	311-314
Group policies and results				
Description of the policies applied by the Group and their results	102-15	Key impacts, risks and opportunities	2.1	311-314
Short-, medium- and long-term risks				
Short-, medium- and long-term risks	102-15	Key impacts, risks and opportunities	Annual financial statements	311-314
			Annual Corporate Governance Report	
Key performance indicators for non-financial results (KPIs)				
Key performance indicators for non-financial results that are relevant to the specific business activity and meet the comparability, materiality, relevance and reliability criteria.	102-54	Claims of reporting in accordance with the GRI Standards	1	306

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
I. Information on environmental issues				
Global environment				
	103	Management approach: Economic performance	8.1	378
Resources dedicated to prevention of environmental risks	308-1	New suppliers that were screened using environmental criteria	6.2	365-366
	307-1	Non-compliance with environmental legislation and regulations	8.1	378
Precautionary principle	102-11	Precautionary Principle or approach	8.1.A)	378
Effects of the company's activities on the environment	103	Management approach: Economic performance	8.1	378
	201-2	Financial implications and other risks and opportunities due to climate change	8.3 Annual financial statements	385
Pollution				
Air pollution	103	Management approach: Emissions	8.3	383-385
Light and noise pollution		Non-material indicator for the Group, as shown by the materiality analysis		
Measures to prevent, reduce or offset carbon emissions	305-5	Reduction of GHG emissions	8.3	383
Circular economy and waste prevention and management				
Circular economy, waste and action to combat food waste		Non-material indicator for the Group, as shown by the materiality analysis		

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Sustainable resource use				
Water consumption		Non-material indicator for the Group, as shown by the materiality analysis		
Consumption of raw materials		Non-material indicator for the Group, as shown by the materiality analysis		
	103	Management approach: Energy	8.2	380
	302-1	Energy consumption within the organisation	8.2	380-382
Energy consumption and measures to improve efficiency and use of renewable energies	302-2	Energy consumption outside the organisation	8.2	380-382
	302-3	Energy intensity	8.2	380-382
	302-4	Reduction of energy consumption	8.2	380-382
	302-5	Reduction in energy requirements of products and services	8.2	380
Climate change				
	103	Management approach: Emissions	8.2	383
Greenhouse Gas Emissions	305-1	Direct GHG emissions (scope 1)	8.3	383-384
	305-2	Energy indirect GHG emissions (Scope 2)	8.3	383-384
	305-3	Other indirect GHG emissions (scope 3)	8.3	383
	305-4	GHG emissions intensity	8.3	383
	305-5	Reduction of GHG emissions	8.3	383-384
Measures to adapt to the consequences of climate change	103	Management approach: Economic performance	8.3	379-380/385
	201-2	Financial implications and other risks and opportunities due to climate change	Annual financial statements 8.3	385
Reduction goals	103	Management approach: Emissions	8.3	383
	305-5	Reduction of GHG emissions	8.3	383

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
II. Information on personnel and social welfare issues				
Employment				
	103	Management approach: Employment	5	345
	102-8	Information on employees and other workers	5.1	345-349
Total number of employees and distribution			Annual Corporate Governance Report	
	405-1	Diversity in governing bodies and employees	2.5.A)	323-329
			5.1	346
Total number and distribution of contract types	102-8	Information on employees and other workers	5.1	345-346
	102-8	Information on employees and other workers	5	345
Annual average permanent, temporary and part-time contracts			5.1	346-350
			Annual Corporate Governance Report	
	405-1	Diversity in governing bodies and employees	5.1	346-348
Employees with disabilities	405-1	Diversity in governing bodies and employees	Annual Corporate Governance Report	
			5.1	346
Number of dismissals	401-1	New employee hires and staff turnover	5.1	346
			Annual Corporate Governance Report	
	102-35	Remuneration policies	Director Remuneration Report	
			Directors' remuneration policy	
			2.5.A)	327-328
Average remuneration of directors and executives	102-36	Processes for determining remuneration	Director Remuneration Report	
			Directors' remuneration policy	
			2.5.A)	327-328
			5.3	354-355
	102-37	Stakeholders' involvement in remuneration	Director Remuneration Report	
			2.5.A)	327-328
	102-38	Annual total compensation ratio	5.3	352-354
			2.5.A)	327-328
	102-39	Percentage increase ratio of the total annual compensation	5.3	352-354

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Average remuneration and changes Salary gap	405-2	Ratio of basic salary and remunerations of women to men	5.3	352-354
Employment separation policies	103	Management approach: Employment	5.4	356
Organisation of work				
Organisation of working time and measures to facilitate work-life balance	103	Management approach: Employment	5.4	356-357
Number of hours of absenteeism	403-2	Hazard identification, risk assessment and incident investigation	5.6	360-361
Health and safety				
Occupational health and safety conditions	103	Management approach: Occupational health and safety	5.6	359-360
Work accidents	403-2	Hazard identification, risk assessment and incident investigation	5.6	360-361
Occupational diseases	403-3	Occupational health services	The professions of BME workers does not have high incidence or high risk of diseases associated with their occupation 5.6	360-361

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Workforce relations				
Dialogue with workers	103	Management approach: Freedom of association and collective bargaining	BME guarantees all of its employees the right to form trade unions for the defence and promotion of their economic and social interests. Trade union workers' representation bodies and the technical committees deriving from the Collective Agreement in which the employees participate provide a constant channel of dialogue between the company and its employees, not only for collective bargaining but also to resolve any potential conflicts. There are no risks of violations of, or threats to, the freedom of association and collective bargaining at any of the Company's locations or suppliers	
	407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk		
Employees covered by collective bargaining agreement	102-41	Collective bargaining agreements	5.2	351
Balance de los convenios colectivos, en particular, en el campo de la salud y la seguridad en el trabajo	403-4	Worker participation, consultation and communication on occupational health and safety	BME addresses all these concerns that it considers relevant in the Health and Safety Committees listed in section 5.6 of this report. For example, social security, workplace risk prevention, security measures and fire drills	
Training				
Policies implemented	103	Management approach: Training and education	5.5	357-358
	404-2	Programs for upgrading employee skills and transition assistance programs	5.5	357-358
Total training hours	404-1	Average hours of training per year per employee	5.5	357
Universal accessibility for people with disabilities				
Universal accessibility for people with disabilities	103	Management approach: Diversity and equal opportunities	5.3	352
Equality				
Equality policy and plans and measures adopted	103	Management approach: Diversity and equal opportunities	5.3	352

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
III. Information on respect for human rights				
Elimination of forced and compulsory labour		Non-material indicator for the Group, as shown by the materiality analysis		
Effective abolition of child labour		Non-material indicator for the Group, as shown by the materiality analysis		
			5	345
Elimination of discrimination in employment	103	Management approach concerning Employment and Diversity and Equal Opportunities	5.2	352-353
			5.3	353-354
	406-1	Incidents of discrimination and corrective actions taken	5.3	354
Complaints filed regarding human rights violations				
Promotion and compliance with the provisions of the fundamental Conventions of the International Labour Organisation	407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	There are no risks of violations of, or threats to, the freedom of association and collective bargaining at any of the Company's locations or suppliers	
	412-3	Significant investment agreements and contracts that include human rights clauses or that are subject to human rights screening.	5.3	353
Due diligence procedures			2.2	314
	102-16	Values, principles, standards and code of conduct	2.3.B)	319-320
	102-17	Mechanisms for advice and concerns about ethics	2.3.B)	319-320

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
IV. Information relating to the fight against corruption and bribery				
	103	Management approach: Anti-corruption	2.3.B)	319-320
Measures adopted in the fight against corruption and bribery	205-1	Operations evaluated for risks relating to corruption	2.3.B)	320
	205-2	Communication and training on anti-corruption procedures and policies	2.3.B)	319-320
	205-3	Confirmed incidents of corruption and actions taken	2.3.B)	319-320
Measures to combat money laundering	205-2	Communication and training on anti-corruption procedures and policies	2.3.B)	319-320
Contributions to foundations and not-for-profit entities	413-1	Operations with the participation of the local community, impact assessments and development programmes	7.4	376
V. Information on the company				
Commitment of the company to sustainable development				
	103	Management approach: Indirect economic impacts	7	367
Impact on local development and employment	203-1	Investments in infrastructures and support services	7.3	373
	203-2	Significant indirect economic impacts	7.2	370-372
			7.3	373
	204-1	Proportion of spending on local suppliers	6.1	365
	413-1	Operations with the participation of the local community, impact assessments and development programmes	7.4	376

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Impact on the local population and area	413-1	Operations with the participation of the local community, impact assessments and development programmes	7.4	376
	413-2	Operations with significant actual or potential negative impacts on society	7	367
Relations with actors from society	102-43	Approach to stakeholder engagement	BME establishes the frequency in the relationship with its main stakeholders, depending on business needs. BME has taken into account the main expectations mentioned by these stakeholders in the preparation of the report. To do so, it has requested information and opinions from the managers of the Company with whom it has worked to define the report contents	
			1	307
Association and sponsorship actions	102-12	External initiatives	Annual Corporate Governance Report	
			2.2	315
			7.1	369
	102-13	Membership of associations	7.4	376
Subcontracting and suppliers				
Purchasing policy	103	Management approach: Social and environmental assessment of suppliers		
Supervision and audits	103	Management approach: Social and environmental assessment of suppliers		
	308-1	New suppliers that were screened using environmental criteria	6.2	365-366
Purchasing policy and relations with suppliers and subcontractors	102-9	Supply chain		
	414-1	New suppliers that were screened using social criteria		

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Consumers				
Measures for the health and safety of consumers	103	Management approach: Client health and safety		
Claims systems, complaints received and their resolution	103	Management approach: Client health and safety	4.2	342
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		
Tax information				
Profit obtained country by country and tax on profits	103	Management approach: Economic performance	2.2	316
			Annual financial statements	
	201-1	Direct economic value generated and distributed	2.2	316
Public subsidies received			3.3	338
	201-4	Financial assistance received from government	2.4.B)	323

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Other significant information				
Other information about the company's profile				
Other information about the company's profile	103	Management approach: Unfair competition, public policy, and social and economic compliance	2.2	314
			2.2	314
	102-1	Name of the organisation	Cover	1
	102-5	Ownership and legal form	Annual Corporate Governance Report	
			1	304
	102-10	Significant changes in the organisation and its supply chain	2	311
			6.2	365-366
			There were no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.	
	206-1	Legal actions related to anti-competitive behaviour, anti-trust, and monopoly practices	2.2	314
	415-1	Political contributions	2.4.B)	323
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no complaints regarding breaches of client privacy and losses of client data		
		Annual financial statements		
419-1	Non-compliance with laws and regulations in social and economic areas	4.1	341	
		5	345	

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Corporate Governance				
	102-18	Governance structure	Annual Corporate Governance Report 2.5.A)	323-325
	102-19	Delegation of authority	Annual Corporate Governance Report 2.5.A)	325-326
	102-20	Executive-level responsibility for economic, environmental and social topics	Annual Corporate Governance Report 2.5.A)	325-326
	102-22	Composition of the highest governance body and its committees	Annual Corporate Governance Report 2.5.A)	323
	102-23	Chair of the highest governance body	Annual Corporate Governance Report 2.5.A)	325
Corporate Governance	102-24	Nominating and selecting the highest governance body	Annual Corporate Governance Report	
	102-25	Conflicts of interest		
	102-26	Role of the highest governance body in setting purpose, values and strategy	Report on the Activities of the Board of Directors	
	102-27	Collective knowledge of highest governance body	This company Report includes the most recent materiality analysis in which the most relevant aspects for the company and its stakeholders have been identified, covering, inter alia, economic, social and environmental issues	
	102-28	Evaluating the highest governance body's performance	Annual Corporate Governance Report Report on the Activities of the Board of Directors Report on the Activities of the Appointments and Remuneration Committee	

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)	
Corporate Governance	102-29	Identification and management of economic, environmental and social impacts	Annual Corporate Governance Report		
			2.1	313-314	
			2.3.B)	321	
				2.5.B)	329-330
	102-30	Efficiency of the risk management processes	Annual Corporate Governance Report		
			2.1	313-314	
			2.3.B)	321	
				2.5.B)	329-330
	102-31	Review of economic, environmental and social matters	Annual Corporate Governance Report		
			Report on the Activities of the Board of Directors		
	102-32	Highest governance body's role in sustainability reporting	The Board of Directors is the body that approves the Non-Financial Information Statement		
	102-33	Communicating critical concerns	Annual Corporate Governance Report		
	102-34	Nature and total number of ethical concerns	2.3.B)	319-321	
102-45	Entities included in the consolidated financial statements	Annual financial statements			
		2	309		

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Stakeholder engagement				
	102-40	List of stakeholders	1	307
	102-21	Consultation with stakeholders on economic, environmental and social matters	The Board of Directors is informed on all relevant economic, environmental and social matters that arise in the dialogue between the Company with its stakeholders and the areas, units and departments involved in relation to the former	
Stakeholder engagement	102-42	Identification and selection of stakeholders	The stakeholders have been selected according to the criteria of relevance to the Company and its activities	1 307
	102-44	Focal areas for the participation of stakeholders Key topics and concerns mentioned	The report only includes information concerning the satisfaction questionnaires relating to the educational activities	
		Key topics and concerns mentioned	The contents of the report respond to the main expectations detailed by BME stakeholders. Result of the interaction with the interest groups, no problems detected that the company considers as key	

>> Consolidated Directors' Report / Consolidated Non-Financial Information Statement 2019 - **Index of Non-Financial Information Contents**

Law 11/2018, of December 28, on non-financial information	GRI Standards	Description	Headings of this report / Other reports	Page(s)
Other useful information on the preparation of the document				
	103	Management approach: Explanation of the material topic and its Coverage		389-390
	102-46	Defining report content and topic Boundaries	Materiality of the report	
	102-47	List of material topics		389
			2.5	327
			7.2	370
	102-48	Restatement of information	8.2	380
			8.3	383
			Materiality of the report	387
Other useful information on the preparation of the document	102-49	Changes in reporting	There are no significant changes in relation to the scope and coverage of the material aspects identified in this report with respect to the Sustainability Reports published in previous years.	
	102-50	Reporting period	Año 2019	
	102-51	Date of most recent report	2018	
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	Materiality of the report	390
	102-55	Index of GRI contents	Index of non-financial information contents	
	102-56	External assurance	The Company has requested an independent review of the consolidated non-financial information statement	
Further information				
Sustainable finance		4.1	34	