

Letter from the Chairman



The current juncture, in which we are living through a difficult situation for the economy in general and for financial markets in particular, is a time that allows BME to draw lessons on new opportunities in those sectors that are truly the foundation for economic performance. It is regarding this prospect for opportunities that BME has positioned its CSR strategy.

As Company Chairman, I feel much satisfaction in submitting the Corporate and Social Responsibility (CSR) report for 2008, which outlines BME's commitment to sustainability, transparency and quality. These foundations, which society is now demanding more than ever, are priorities in the corporate strategy and complement the high technological advantages offered by secondary securities markets and registration, clearing and settlement systems in Spain.

I would like to point out that although the times that we are living through pose a difficult situation for the economy in general and for financial markets in particular, they also allow us to draw lessons on new opportunities in those sectors that are truly the foundation for economic performance. It is regarding this prospect for opportunities that BME has positioned its CSR strategy.

By its very nature, BME's management model incorporates socially responsible behaviour in that it channels the confidence of millions of persons who turn to financial markets to meet their liquidity needs; and it is this confidence, deposited in BME by society, that guides the company's Corporate Outlook, with a management model based on the consolidation of BME in terms of responsibility and sustainability as a fundamental point of reference for liquidity, trustworthiness and transparency in the global market.

In these difficult times, organised market systems have been able to appropriately respond to and handle situations characterised by enormous volatility and risk.

Moreover, the strong international presence of BME, which competes with the world's leading stock markets, requires it to firmly maintain

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Basic Principles of Conduct in all its activities; hence, this CSR report has identified the principles that best frame the company's Corporate Outlook, facilitate the participation of BME employees, satisfy shareholders to the highest degree and, unquestionably, contribute the most to the country's economic and social progress.

These Basic Principles of Conduct constitute a robust structure on which the BME management model has historically been based: efficient services, market integrity, impartiality, transparency and equity, innovation, training and investor protection.

From its beginnings, BME's responsibility and control has been twofold: as a company that must attain management results and as an institution that has the duty to channel savings from both private parties and institutional investors to financing for enterprises. In line especially with the second mission, BME has official, solid and fluid channels of communication with government and oversight bodies.

This responsibility determines the extent of BME's commitment to the CSR Principles. And these principles have a clear value as a guideline regarding given objectives, such as, for example, those related to business professionals who, more than merely complying with the law, rules of conduct or internal

regulations, are also required to behave with the utmost transparency and honesty.

BME's Internal Regulations of Conduct apply to all employees and members of the Boards of Directors, and a Standards of Conduct Unit has been created to which all employees may address their remarks regarding compliance with the Regulations.

In 2008, BME consolidated its commitment to social responsibility and corporate governance. The company has facilitated communication with and the provision of information to users, and it has simplified the Stock Exchange Investor Ombudsman and Client Ombudsman access procedures. We should stress the work of the Stock Exchange Investor Ombudsman, which has handled more than 26,000 queries and requests for information from investors.

Regarding shareholders, BME has emphasised confidence despite the volatility and problems that have wracked the financial markets. Thus, it has maintained its commitment to its dividend yield, which at the end of the year was 10.73%, which gives BME a high ranking in this regard on the IBEX 35.

As regards employees, an important effort has been made in terms of training, ensuring a proper work/life balance, and promoting equal opportunities and a unified business culture. Hence, in 2008 the number of employees par-

ticipating in the wide range of training courses taught, up to 1,200 with more than 7,400 lecture hours being given. Of particular importance was the effort in foreign languages.

BME has maintained its environmental-protection and sustainable-development policy and consolidated its share on the FTSE4Good IBEX index of socially responsible investments. In addition, training of and awareness building among employees on best resource management and waste generation have been reinforced. This has helped guarantee that employees are more observant of environmental protection requirements in conducting their activities. Hence, technological improvements have been introduced at the Company's office complex in Madrid, where 62% of the staff is located and where electricity and water consumption have been reduced. Especially noteworthy in this regard is the development of the videoconference system among the different work centres, which has led to a 15% saving in the number of airplane trips to different destinations throughout the world.

Regarding the use of paper, BME has embarked on a project to digitise documentation management, which will lead, initially, to a 10% saving in paper consumption. Along this line, 2008 will be the first year in which the Annual Report and this CSR report will be distributed only on portable USB drives, rather than being printed on paper.

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Moreover, BME has promoted new technology projects with emerging markets, especially in Latin America and in the countries of Eastern Europe, and is developing a strategy to advance financial culture by promoting activities and participating in different forums.

BME remains committed to incorporating different concerns and proposals from stakeholders into its management model. Consequently, it has applied recommendations made by international organisations, such as those of the Global Reporting Initiative (GRI). And regarding the promotion of equality and diversity among its employees, it has fully incorporated the United Nations Universal Declaration of Human Rights and the protocols thereto into its labour practices.

I would like to add that, although the company currently faces numerous, significant challenges, it aspires to maintain its position as a basic standard of reference regarding responsibility for the economic and financial sector, especially because of its commitment to the companies that trade on the stock market and to the investors whom it must serve with a maximum degree of efficiency and provide utmost security.



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