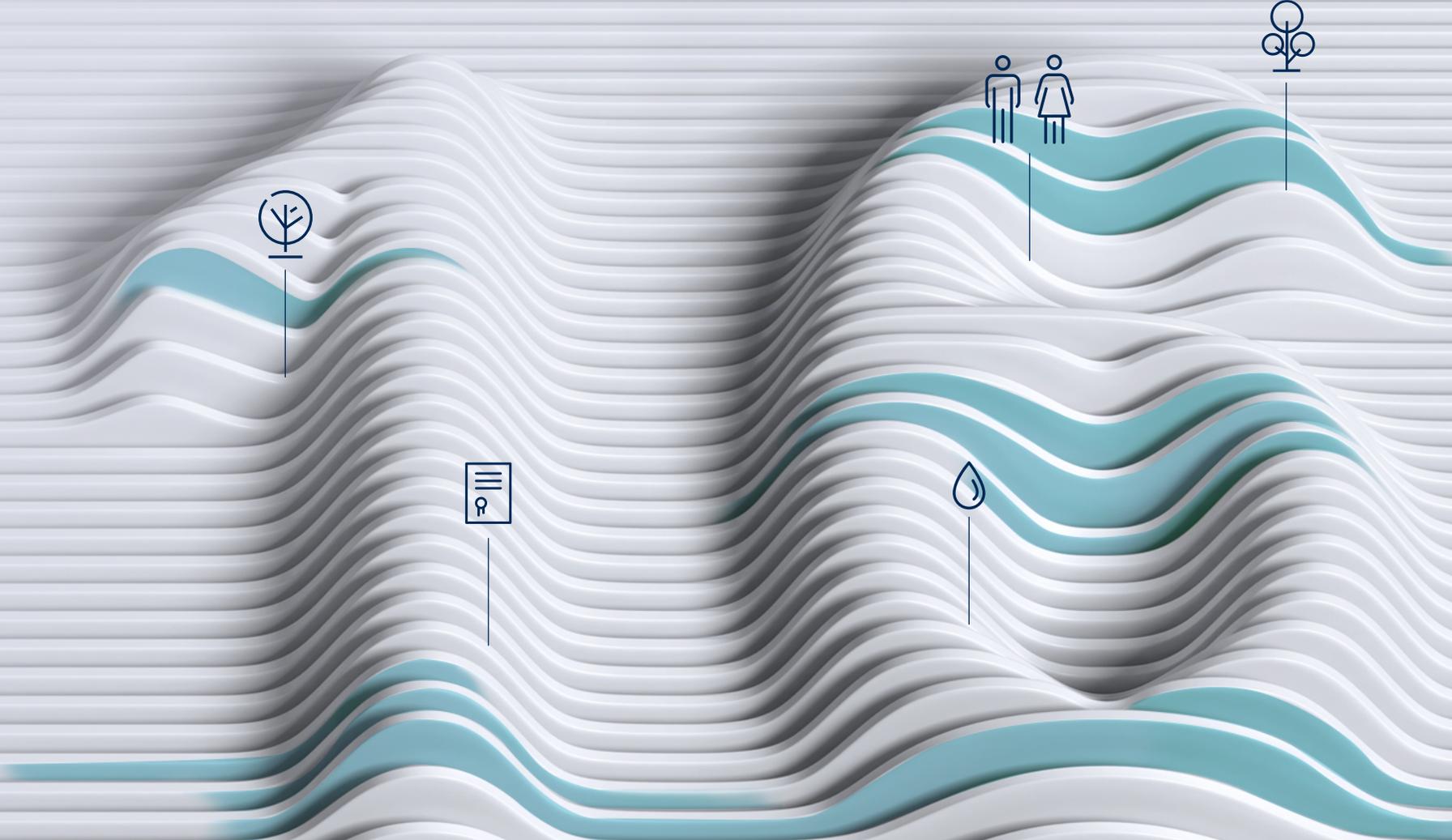


CORPORATE SOCIAL RESPONSIBILITY REPORT 2016



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5.2. Communication channels with employees	58	The importance of this initiative sponsored by BME, lies in the fact that the digitalization enables the exam in depth of the decoration of the vessels to people in general and researchers without compromising their physical integrity.	
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Letter from the Chairman



Antonio J. Zoido, BME CEO & Chairman.

Dear shareholder,

An especially notable source of our satisfaction on commemorating 10 years of BME as a listed company has been the progress made in the field of Corporate Social Responsibility (CSR), striving to pass on part of the results we have achieved over the period to the business community and the wider society.

The crisis, whose negative effects are fortunately starting to wane, made it clearer than ever that our mission in this area begins with using all our platforms to support the sustainability, growth and expansion of small and medium enterprises and major corporates alike, by enabling them to tap into finance through the securities markets. In this regard, we have channelled over to €28 billion in new investment flows to these companies, while the Spanish stock market has been a global leader providing funds in excess of \$460 billion to listed companies.

With regard to investors, the return enjoyed by BME shareholders – 40% of whom are retail investors – is also extremely satisfying, positioning us at the top in

terms of value creation to shareholders. Thanks to this vision, over the last decade, BME has offered a total shareholder return (TSR) of 120% to those who invested in our company when it became listed.

As part of our CSR pledge in the area of direct action for society and the public, we participated in the latest “Financial Education Day” hosted by the Bank of Spain and the Spanish Securities Market Commission, CNMV, through a pioneering and imaginative initiative to offer financial information to the public and in the street known as “Financial Education face to face”. This involved setting up stands in the cities of Madrid, Barcelona, Bilbao and Valencia –represented by various professionals from Instituto BME and the stock exchange in each city who have provided advice on stock market investments to visitors. This campaign is an example of BME’s commitment to transparency and financial training for many walks of society, and received hundreds of questions on different aspects of the stock market. Numerous anonymous questionnaires were also collected on the general public’s views and preferences.

Letter from the Chairman

BME has taken a big step forward in the area of transparency and Good Corporate Governance with the publication of a Voluntary Sustainability Guide for listed companies, which can be referred to when disclosing information on environmental, sustainability and corporate governance matters related with their business.

All this work is on top of our continued backing and sponsorship of other initiatives in this field, such as the United Nation's Sustainable Stock Exchanges (SSE) Initiative, and the Global Reporting Initiative (GRI).

One highlight of our transparency and communications policy this year has been the revamping of the company's corporate website to enhance communications and the information provided to our various stakeholders who use the website, optimising website functionality and dynamics to facilitate access to all information on BME, its platforms and its Group companies from any mobile device. We are also one of the companies that most actively uses social networks to engage with social groups and disseminate the information we generate.

The transparency awards given to BME and some of its staff in 2016 are therefore especially gratifying. In particular, the "2016 Business Transparency" Award from the Spanish Association of Accounting and Business Administration (AECA) recognising the quality, content and reach of information disseminated through the corporate website; and the "2016 All-Europe Executive Team" Award from Institutional Investor magazine, which ranked BME first in the Best Investor Relations Programmes section, highlighting above all the contributions made by management.

We have continued to boost our presence and participation in a variety of forums that discuss and reflect on the economy and the progress of businesses and investors, hosting, as we do every year, the Latibex Forum and the MEDCAP Forum, which have become established as meeting points for companies and investors. We have worked with various universities, educational centres and associations to run a raft of information and training activities and programmes, and we have supported new research in the finance arena by sponsoring the Equities, Fixed Income and Derivatives awards given by the Spanish Finance Association (AEF), which is the most important financial research event on the calendar in Spain.

The MFIA Certificate launched by Instituto BME, which is a benchmark accreditation awarded for attaining technical excellence in the knowledge of financial products and markets, began to bear its first fruits this year with the release of the reading material or MFIA Papers –which are extremely useful for anyone wanting to prepare for the certification exams, and the start of activities of the MFIA Community, which currently has 175 members.

As part of its work to foster financial culture, in 2016 BME was involved in publishing a number of books in its "Studies & Research" series: "A Practical Guide to Technical Analysis" and "The Theory and Practice of Portfolio Management".

On the culture front, we have strengthened our support for the National Archaeological Museum (MAN) by sponsoring the 3D digitalisation of the best works in its Greek ceramics collection – one of the most important in the world. The digital images are on show at the museum and can be viewed free on the MAN website. Readers can enjoy some of the works in this Report.

As part of our pledge to social action, we have also continued to help the Food Bank acquire new machinery for its storage centres.

In the area of environmental protection and efficient use of natural resources, our company invested slightly more in 2016 to improve air conditioning and lighting to minimise the environmental impact of our business and boost efficiency and energy savings at our facilities. Through these steps, we have slashed energy consumption per employee by 30% over the year. Our company's water consumption has also fallen by 43% compared to 2015.

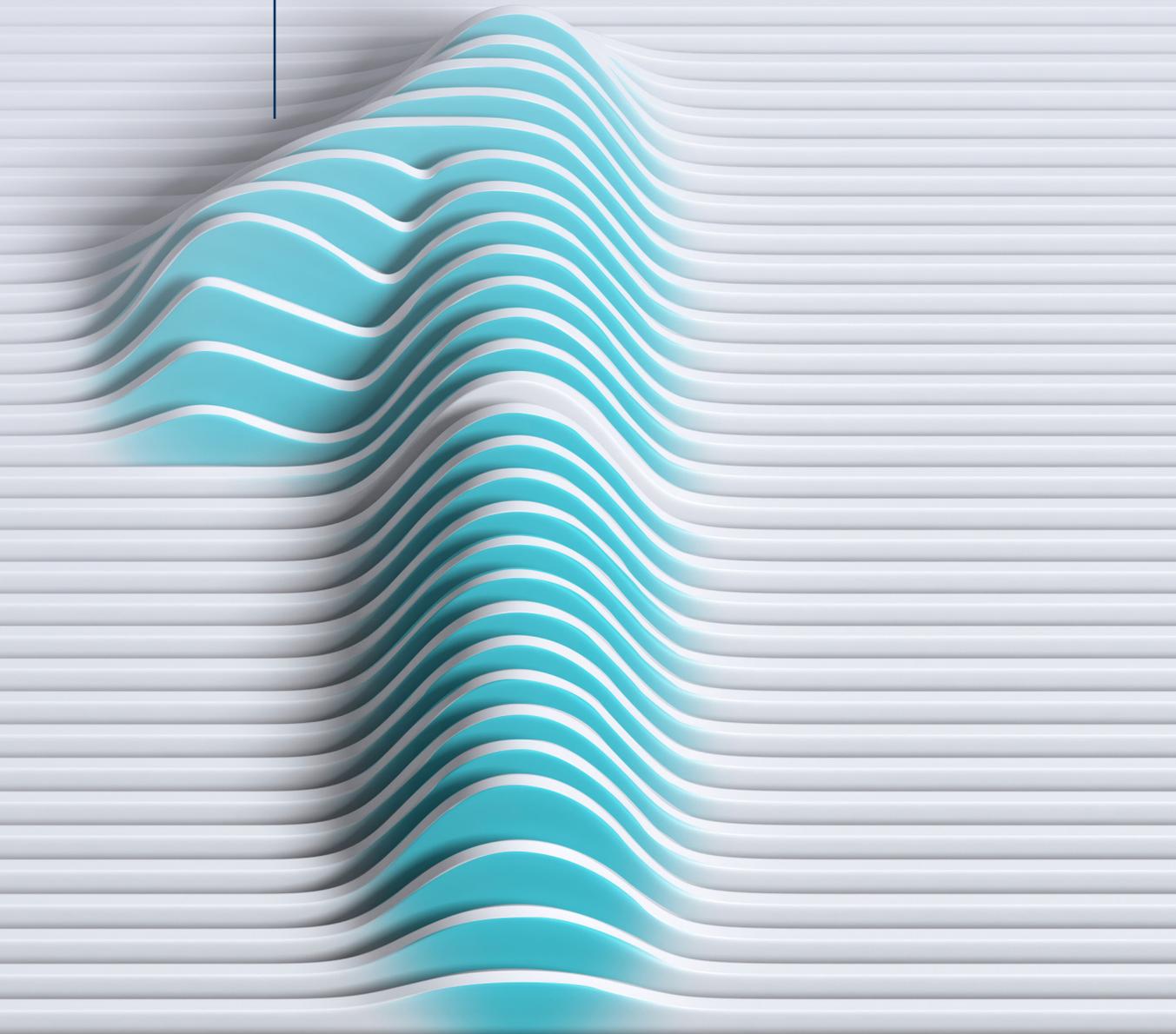
We remain firmly committed to making the financial system and Spanish business more sustainable in order to better serve society, and to supporting social, cultural and environmental programmes with which we have close ties.

Antonio J. Zoido

Since 2007, BME has been furnishing its shareholders with a Corporate Social Responsibility Report covering the activities of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME or the Company) and its subsidiaries during the year and their sustainability impact.

This Corporate Social Responsibility Report for 2016 is supplemented by the Company's 2016 Annual Report, which includes the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration for 2016. It basically includes the standard disclosures of the fourth edition of the Guidelines for preparing Global Reporting Initiative reports, along with a list of the standard disclosures and their location in the aforesaid report.

PROFILE OF BME





1. Profile of BME

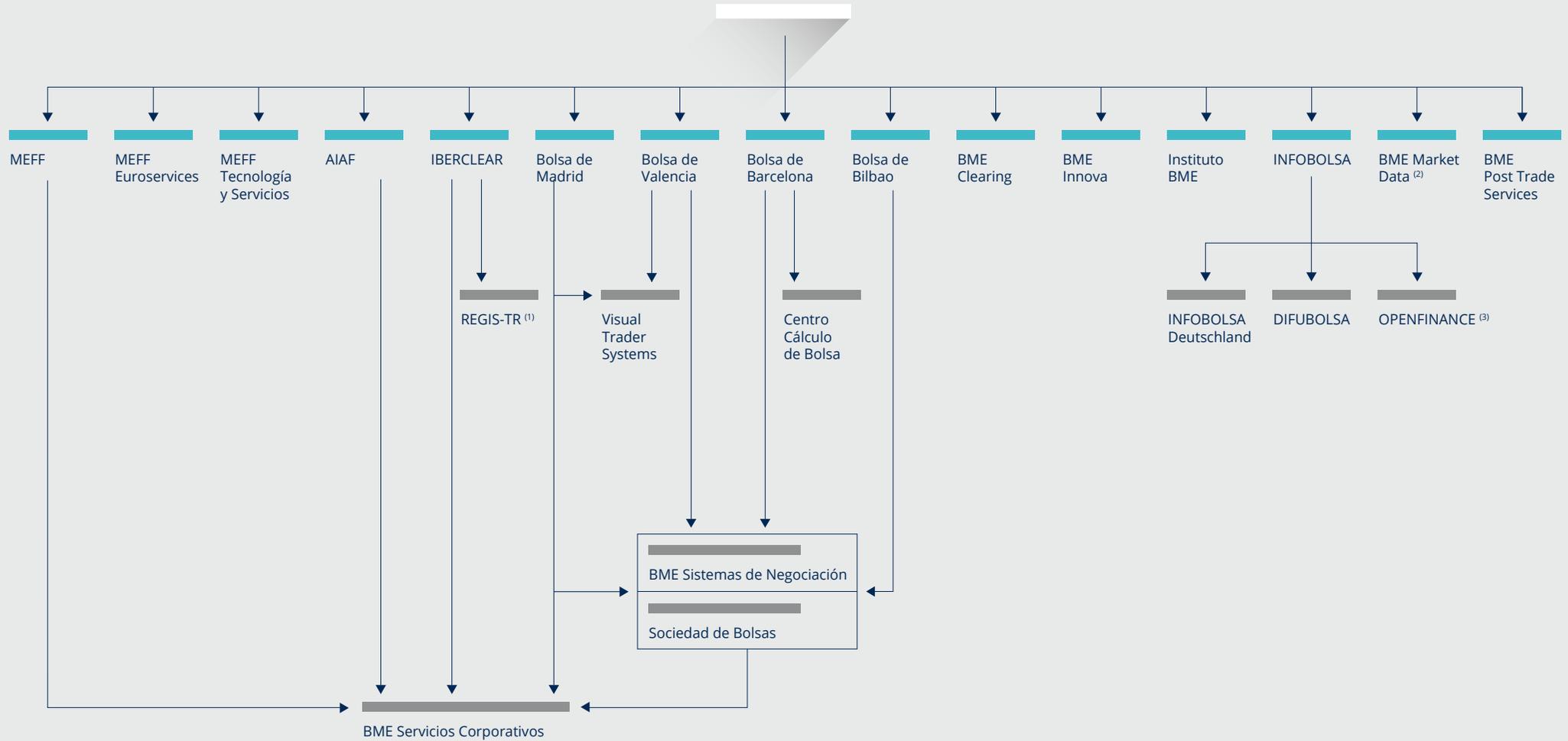
BME is the operator of the stock markets and financial systems in Spain. BME is a public limited company that has been a listed company since 14 July 2006. It is included in the FTSE4Good IBEX® index.

The head offices of BME and all of its Group companies are in Spain, where the Group carries out its business. The company's operational headquarters are in Las Rozas, Madrid.

Collaboration with National Archeological Museum.

Digitalization of Greek vessels.
Taking vessels out of their showcase.

Bolsas y Mercados Españoles (BME)



(1) BME owns 50% of the share capital of REGIS-TR, through IBERCLEAR

(2) BME has a holding of more than 50% of BME Market Data

(3) INFOBOLSA owns 81% of Openfinance

Major corporate deals in 2016 included the acquisition of 50% of the share capital of Infobolsa, S.A. on 25 February from Deutsche Börse, giving the Company 100% ownership of this company. MEFF Euroservices, S.V., S.A.U. ceased trading as an investment services company on 25 November 2016 and was transformed into a standard public limited company (sociedad anónima).

BME group companies and other investees



Stock exchange governing companies.

Stock exchange governing companies lists securities for trading, and supervise and manage official secondary securities markets.

The Barcelona, Bilbao and Valencia stock exchange governing companies trade public debt issued by the regional governments of Catalonia, the Basque Country and Valencia, respectively.

The four stock exchange governing companies also own 25% of:

Sociedad de Bolsas, S.A., which manages and operates the Spanish electronic trading platform (S.I.B.E.).



Bolsas y Mercados Españoles, Sistemas de Negociación, S.A., (BME Sistemas de Negociación) que which is the governing company of two multi-lateral trading systems:

- **Mercado Alternativo Bursátil (MAB)**, which lists securities that require specialised and unique treatment, across a variety of segments; and
- **Latibex**, the market for European investors to buy and sell euro-denominated Latin American stocks.

BME Clearing, S.A.U. (BME Clearing), which acts as the central counterparty for derivatives traded on the official secondary derivatives market, public debt repos, electricity derivatives and interest rate swaps (IRS). It launched an equities segment in 2016.



MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U. (MEFF), which manages the official secondary market for derivatives with both equity and fixed-income underlyings, and is also the trade repository for energy contract trades.

MEFF Tecnología y Servicios, S.V., S.A.U. which develops and operates data-processing systems, and manages the forward market for Red Eléctrica Española.



AIAF Mercado de Renta Fija S.A.U. (AIAF), which manages and supervises both the primary and secondary corporate debt markets, the electronic fixed-income trading platform SEND, and is the governing company of the multilateral trading system (SENAF) and the Alternative Fixed Income Market (MARF).



Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear). Spain's central depository for securities. Iberclear is responsible for the accounting records and the settlement of securities listed for trading on Spanish stock exchanges, the book-entry public debt market, AIAF and Latibex.

Iberclear also manages the National Registry of Greenhouse Gas Emission Rights, under the supervision of the Spanish Ministry for Agriculture, Food and the Environment.



Regis-TR, S.A., which is 50% owned by Iberclear and Clearstream Banking Luxembourg, S.A., a Luxembourg-based company. This company acts as a trade repository for derivatives and is authorised to operate as a Registered Reporting Mechanism (RRM), for the reporting of orders and trades in wholesale spot and derivative markets for energy.



Bolsas y Mercados Españoles Innova, S.A.U. (BME Innova), offers specialised strategic consultancy services, custom-made technological solutions and integrated training programmes for the financial markets, as well as products and services for business continuity, financial communication and management software for financial institutions.



Instituto Bolsas y Mercados Españoles, S.L.U. (Instituto BME), BME's education centre, organising a range of education services linked to financial markets in general.



Bolsas y Mercados Españoles Market Data, S.A. (BME Market Data), which specialises in handling, generating and selling information from the group's various regulated markets and multilateral trading facilities (MTFs), and in developing value-added services for the securities industry.

BME Market Data is owned by BME, the four stock exchange governing companies, MEFF and AIAF.

//visualtrader_

Visual Trader Systems, S.L., which develops and operates the Visual Trader system, a platform offering access to international markets and routing networks. Its connections allow entities and brokers all over the world to send and receive orders.

This company is owned by the Madrid and Valencia stock exchange governing companies, with stakes of 90% and 10%, respectively.

infobolsa

Infobolsa, S.A., which provides real-time financial market information. It has been 100% owned by BME since 25 February 2016. Infobolsa, S.A. has a 99.99% holding in **Difubolsa – Serviços de Difusão e Informação de Bolsa, S.A.** and a 100% holding in **Infobolsa Deutschland, GmbH**.

Openfinance

Openfinance S.L., provider of front-office solutions for financial advice and portfolio management. 81% owned by Infobolsa.

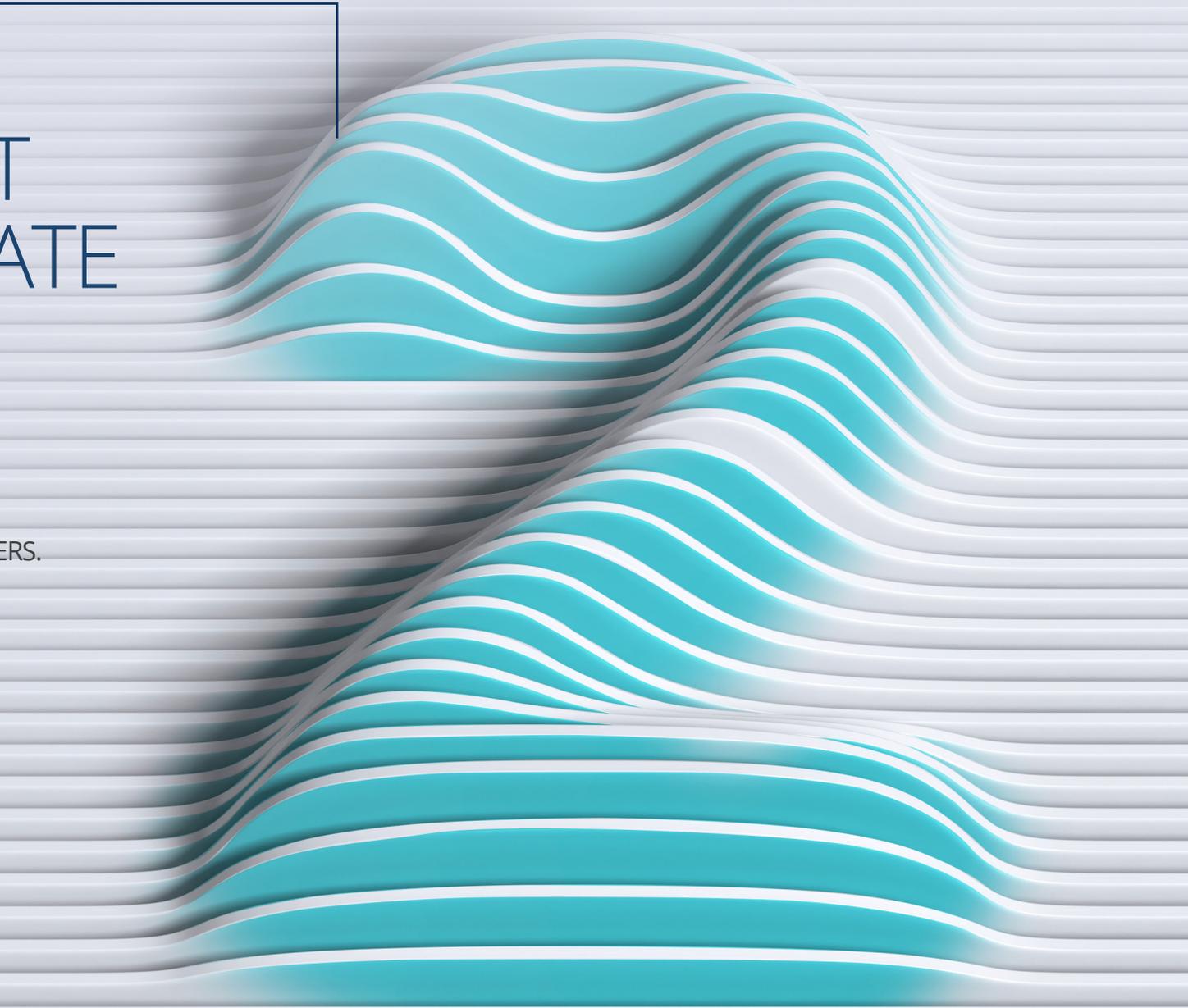
And in addition, the companies **Bolsas y Mercados Españoles Servicios Corporativos, S.A.**, **BME Post Trade Services, S.A.U.** (previously, **Link Up Capital Markets, S.A.U.**), **Centro de Cálculo de Bolsa, S.A.U.** and **MEFF Euroservices, S.A.U.**, act as auxiliary entities to the other companies in the BME Group.

Since it was founded, BME has been committed to developing and upgrading Latin American financial markets and the energy market, through shareholdings in the following companies:

- **Cámara de Riesgo Central de Contraparte de Colombia, S.A.**, the clearing house for Colombia's futures and options market, with a 9.91% stake.
- **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)** which oversees the financial management of the electricity generation market, in which BME holds an indirect 5.65% stake through BME Innova.
- **OMIP Operador do Mercado Ibérico (Portugal), SGPS, S.A.**, the holding company for the Portuguese electricity market. BME holds a 5% stake therein.
- **Sociedad Promotora Bilbao Gas Hub, S.A.**, which carries out activities promoting the financial, market and logistics services required to facilitate gas trading, in which BME holds a 2.03% stake.

RESPONSIBLE MANAGEMENT AND CORPORATE GOVERNANCE

- 2.1. RESPONSIBLE MANAGEMENT MODEL.
- 2.2. BME'S RELATIONS WITH ITS STAKEHOLDERS.
- 2.3. CORPORATE GOVERNANCE.





2.1 Responsible Management Model

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 national legislation, and in particular, economic, social and environmental legislation, as well as the codes it voluntarily embraces.

BME understands that corporate social responsibility should be 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 with the utmost transparency.

BME incorporates its basic principles of action into its Corporate Social Responsibility Report, the definition of which takes into account the needs and priorities of the different market participants, as well as society in general, as the ultimate beneficiary when financial markets and, by extension, the economy, operate properly.

Collaboration with National Archeological Museum.

Digitalization of Greek vessels.

Getting the vessels ready for digitalization at the laboratory.

General conduct principles and guidelines

BME has always been committed to setting a benchmark for the economy and for businesses in Spain and Latin America (through the Latibex). To achieve this, its actions are guided by the following principles:

- **Efficient service provision**, which is essential for the financial market to perform its key role in fostering sustainable economic growth.
- **Market integrity**, enabling several centres to undertake trading activity simultaneously and under identical conditions.
- **An impartial trading environment**, achieved through strict compliance with laws and regulations governing the financial markets and systems.
- **Transparency and fairness in the market**, by providing complete information on market performance so that investors can operate under identical conditions, without privileges of any sort.

- **Innovation and cutting-edge technology**, by providing the means necessary to help companies grow and participate actively in the creation of new financial products and the development of systems infrastructure.

- **Training**, as a cornerstone for the sustainable development of financial markets.

- **Investor protection**, crucial for creating a bond of trust between investors and the market.

The Company's guidelines for actions for the actors involved in the markets and society in general can be summarised as:

- Compliance with Spanish and international laws and regulations, and the codes to which it adheres voluntarily, as well as complying strictly with social ethics and best practice standards in its business operations.

- Making the necessary efforts to ensure that relations with users, investors and shareholders are profitable for all concerned.

- Maintaining solid and fluid relationships, through official channels, with government and watchdog bodies.

- Implementing clear procedures for selecting partners and marketing services and technology.

- Continuing contact with shareholders and potential investors.

- Building fluid relationships between the company, its employees and trade union organisations.

Initiatives and awards in 2016

The companies in the BME Group and its investees, and their employees, received the following awards in 2016:

- The “15th AECA Award for Business Transparency 2016” for the “IBEX Medium and Small Cap listed” category, recognising BME for the quality, accessibility, usability, contents and distribution of information in the general, financial, sustainability and corporate governance sections of its website.
- The “2016 All-Europe Executive Team” Award from the USA’s “*Institutional Investor*” magazine, in which BME was ranked in first place for the Best *Investor Relations programmes*, in second place for the best “sell side” Financial Directors, granted to General Manager Javier Hernani Burzako, and third place for *Investor Relations* professionals, awarded to Brian Warren, Head of the Investor Relations department.
- The Duque de Ahumada Award, presented by the Guardia Civil to the Instituto de Continuidad de Negocio (Business Continuity Institute) -a founding member of BME Innova, BME’s innovation subsidiary- for the best action to promote safety.

BME was also involved in the following national and international initiatives:

- Since 2010, the Code of Best Tax Practices. In 2016, almost all of the companies in the BME Group completed their individual membership of the Code of Best Tax Practices.



Javier Hernani receives AECA award in acknowledgement of BME transparency.



Brian Warren receives award as one of the best European Investor Relations.

- *The United Nations Global Compact (UNGC)*. BME has complied with its fundamental responsibilities in the areas of human rights, employment, the environment and corruption, by incorporating the principles of the Global Compact into its strategies, policies and procedures since 2011, and by fostering a culture of integrity.
- *The United Nations Sustainable Stock Exchanges (SSE) initiative* since 2015, of which it is a Partner Exchange. This initiative aims to raise awareness of best corporate governance and social and corporate responsibility practices, and to foster sustainable business practices.

In execution and development of this, in 2016, BME prepared and published a voluntary guide to aspects of sustainability on its website. This is aimed at listed companies in Spain and is a useful and practical tool for distributing high quality and exhaustive information on corporate responsibility efficiently.

As part of the SSE initiative, the issuing companies listed on the financial markets and systems managed by BME provided comprehensive sustainability information in 2016. As a result, the companies listed on BME hold third place in the sustainability rankings prepared by analysts at *Morningstar*.



BME subscribed the Sustainable Stock Exchanges Initiative in 2015.



Network Spain
WE SUPPORT

BME subscribed UN Global Compact in 2011.



BME has published a Sustainability Guide for issuers.

Tax transparency

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

- On 30 September 2010, BME signed the Code of Best Tax Practices and, in response to these recommendations, in 2011 it approved certain tax policy principles. These remained in place in 2016 and form the basis for the Company's tax strategy. They can be summarised as: Compliance with prevailing regulations, settling taxes in accordance with current legislation, avoiding inefficiencies in relation to tax costs.
- Adopting tax decisions based on prevailing law, in relation to the Company's business, operations and activity, and the condition of its assets, functions and risks.
- Shunning transactions of an artificial nature or with no business rationalisation deriving from the activity of the Company with the sole purpose of reducing its tax liabilities, together with investments in territories considered tax havens, except when directly related to the performance of its business activity.

- Transparency in the criteria adopted for tax matters (which shall be based on a reasonable interpretation of applicable regulations) and their motivation;

- Transparency, trust, good faith and straightforwardness in the Company's relations with the tax authorities, without prejudice to any disputes that might arise with the authorities in defence of its interests and the interests of its shareholders.

The Board of Directors, through its Audit Committee, must be informed of all corporate transactions that might take place and that are considered relevant for the Company given the special tax treatment they receive - such as 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.

Total tax contribution

Details of the Company's total tax contribution are shown in the table below. This includes the taxes on its activities, which are an effective cost for the Company, and the taxes collected and paid on behalf of other tax payers as a result of the economic activity

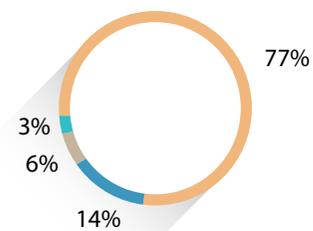
generated: namely, corporate income tax, local taxes and charges, social security and personal income tax withholdings, and other indirect taxes, together with Value Added Tax.

	2014	2015	2016
Total tax contribution	152,819	150,987	134,497
Taxes paid	82,944	80,955	66,117
Taxes collected	69,875	70,032	68,380

The average corporate income tax rate paid by BME is very similar to the general rate for this tax.

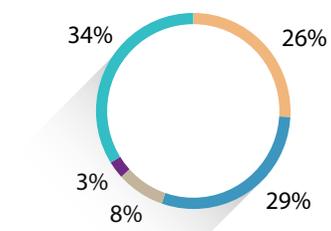
	2014	2015	2016
Average corporate income tax rate for BME	29.52%	27.67%	%
General tax rate	30%	28%	24.86%

Taxes paid (2016)



- Corporate Income Tax
- Social Security (company)
- VAT
- Other taxes, fees and special contributions

Taxes collected (2016)



- Personal Income Tax
- RCM
- IRNR
- VAT
- Social Security (employee)

2.2 BME's Relations with its Stakeholders

BME provides a number of communication channels for the main actors in the market, namely its internal and external stakeholders. These channels facilitate communication with the Company, enabling stakeholders to air their concerns, suggestions and questions about aspects of the Company's activity.

The Company considers its stakeholders to include the users of its services, its shareholders, company employees, service providers and society at large. The communication channels made available to these five groups of stakeholders are discussed in more detail elsewhere in this report.



Annual Meeting with the media.

Relations with other relevant sectors

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.

- *Relations with Public Administrations.* BME performs its role as the manager of regulated markets, trading systems, central counterparty (CCP) and

registration, clearing and settlement system, in compliance with European and Spanish regulations on the sector. Accordingly, BME and the majority of its subsidiaries are supervised by the Spanish National Securities Commission (Comisión Nacional del Mercado de Valores, CNMV) and by the *European Securities and Markets Authority* (ESMA).

As part of its strong relationship with the CNMV, BME actively participates in the forums established by the regulator and serves on the Consultative Committee, the advisory body to the

CNMV Board of Directors, and the Coordination Committee set up for the reform of the securities clearing, settlement and registration system, whose second phase is expected to be completed in 2017.

The BME Group is also involved in the National Users Group, chaired by the Bank of Spain, contributing to the implementation of the European Central Bank's *Target 2 Securities* (T2S) project.

2016 saw the completion of the application processes for practically all Group companies to the Code of Best Tax Practices. This Code was approved by the Large Businesses Forum on 20 July 2010, with BME becoming a signatory on 30 September 2010.

- *Relations with the media.* BME serves the domestic and international media through its Corporate Communications department, satisfying day-to-day demands for information through regular press releases and by responding to ad hoc requests from the media and others through its newsbme@grupobme.es, email, meetings with the press, cooperation with professional associations, sponsorship of awards by business newspapers and holding forums and events.

It also keeps all relevant information on the Company up-to-date on its corporate website, where speeches by the Chairman and other relevant documents can be found in the "Press" section, which also offers live broadcasts of the General Shareholders' Meeting and presentations of its results.

The stock exchange trading floor continues to attract the attention of the media. This has prompted BME to strive to meet the infrastructure needs of TV and radio stations and other media, and to create an active press room, fully equipped with computer systems, subscriptions to financial information services, and other resources.

BME does not contribute to any political parties or organisations, allowing BME's management to remain independent in its relationships with local, regional and national government bodies.

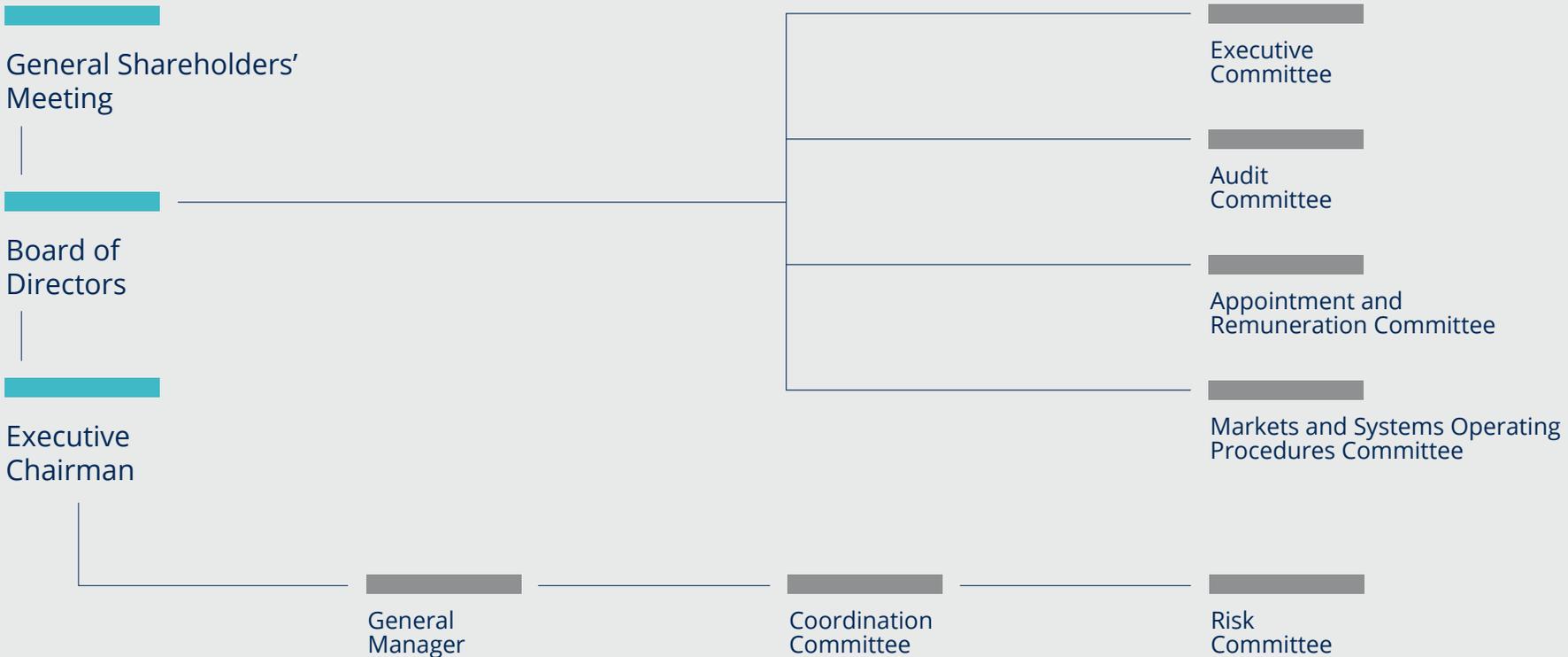
BME did not receive any financial aid from the government or public authorities in general in 2016. However, it did avail itself of subsidies offered by the Fundación Tripartita para la Formación en el Empleo (Tripartite Foundation for On-the Job Training) to provide in-company training initiatives for its employees (see Chapter 5 for more information).

2.3 Corporate Governance

BME's corporate governance structure conforms to the highest market standards in this field. Its guiding principles are transparency, shareholder participation and the independence of the external auditor.

BME's internal regulations are available under the "Information for Shareholders and Investors" section of the corporate website: www.bolsasmercados.es.

Corporate Governance bodies





* María Helena dos Santos, whose picture is on page 25, joined BME Board of Directors after the GSM.

BME Board of Directors.

The **Board of Directors** is the company's most senior governing and administrative body. At 31 December 2016, it comprised 12 members of recognised capacity, integrity and independence. The Board of Directors is responsible for approving the corporate social responsibility policy.

The composition of the board complies with the recommendations of the Unified Good Governance Code for listed companies, with 10 external directors (3 proprietary, 6 independent and 1 other external director) and only 2 executive directors.

All information relating to corporate governance at BME can be found in the company's 2016 Annual Corporate Governance Report, Annual Report on Directors' Remunerations and Report on the Activity of the Board of Directors, all of which are available on the corporate website www.bolsasymercados.es.



María Helena dos Santos, new member of BME Board in 2016.

Composition of Board of Directors

DIRECTORS	Position on the Board	Character	Committees			
			Executive Committee	Audit Committee	Appointments and Remuneration Committee	Markets and Systems Operating Procedures Committee
Antonio J. Zoido Martínez	Chairman	Executive	Chairman	-	-	-
Ignacio Garralda Ruiz de Velasco	First Vice Chairman	External independent	Member	-	-	-
Mrs. Margarita Prat Rodrigo	Second Vice Chairwoman	External independent	Member	Chairwoman	-	-
Manuel Olivencia Ruiz	Lead Director	External independent	-	-	Chairman	-
María Helena dos Santos Fernandes de Santana	Director	External independent	-	-	-	-
Álvaro Cuervo García	Director	External independent	Member	Member	Member	-
Carlos Fernández González	Director	Other external director	-	-	Member	-
Joan Hortalá i Arau	Director	Executive	-	-	-	Chairman
Karel Lannoo	Director	External independent	-	-	-	Member
Juan March Juan	Director	External proprietary	-	-	-	Member
Santos Martínez-Conde y Gutiérrez-Barquín	Director	External proprietary	Member	-	Member	-
Ramiro Mato García-Ansorena	Director	External proprietary	-	Member	-	-

* Secretary of the Board and of the Committees: Luis María Cazorla Prieto.

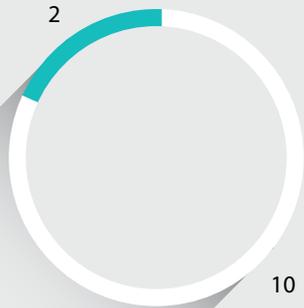
* Deputy Secretary of the Board and of the Committees: Mrs. Cristina Bajo Martínez.

* Legal advisor: Jaime Aguilar Fernández-Hontoria.

Classification of members of the Board of Directors

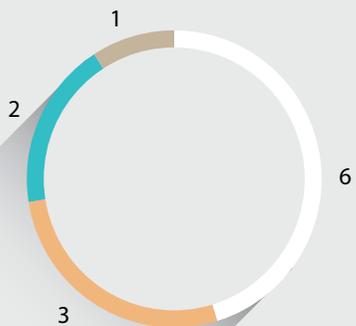
At 31 December 2016

External/ internal directors



- Internal directors
- External directors

Type of director

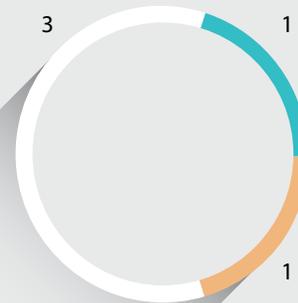


- Independent directors
- Proprietary directors
- Executive directors
- Other external directors

Classification of committee members

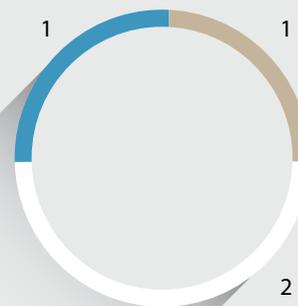
At 31 December 2016

Executive Committee



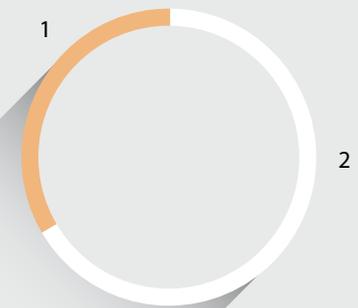
- Proprietary directors
- Executive directors
- Independent directors

Appointments and Remuneration Committee



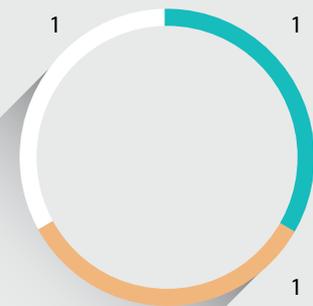
- Independent directors
- Proprietary directors
- Other external directors

Audit Committee



- Independent directors
- Proprietary directors

Markets and Systems Operating Procedures Committee



- Independent directors
- Executive directors
- Proprietary directors

BME's structure

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.

Accordingly, the company has a **General Manager**, who, with the supervision and support of the Chairman, as the most senior executive, coordinates the business units and areas, and a **Coordination Committee**, which is responsible for permanently coordinating the group's various business units and the activities of the company and Group companies.

Coordination Committee

Antonio Zoido Martínez (Chairman)

Javier Hernani Burzako (General Manager)

Ramón Adarraga Morales

Jaime Aguilar Fernández-Hontoria

José Massa Gutiérrez del Álamo

Francisco Nicolás Tahoces

Jorge Yzaguirre Scharfhausen

Given the Group's corporate structure, the coordinated management of its activities is based on a structure of seven business units and seven corporate areas providing support functions to all business units.

Business units

Equities: Trading of securities through the electronic trading platform (Sistema de Interconexión Bursátil) or on the stock exchange floor and all corresponding post-trade activities, as well as listing and maintenance services for issuers on the equity market.

Derivatives: Trading of derivatives by electronic means.

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.

Settlement and registration: Registration and settlement of equity, private fixed-income and public debt trades.

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

Information: Dissemination of information as a primary source, index licences and other.

IT&Consulting: Production and sale of software, global access, advisory and training services.

Corporate area	Head
Human Resources	Luis García Berral
Technology	Francisco Nicolás Tahoces
Financial	Javier Hernani Burzako (Director General)
International Relations	Ramón Adarraga Morales
General Secretary	Luis María Cazorla Prieto
Legal services	Jaime Aguilar Fernández-Hontoria
Corporate Communications	Pablo Malumbres Muguerza

Risk management

BME has put in place an integrated risk management system (SIGR), based on the methodological framework set out in the COSO II report. This ensures that any significant risks that could affect the Group's objectives and activities are identified, evaluated and controlled as described in BME's Annual Corporate Governance Report.

The Risk Committee, the Internal Audit Department and the Compliance Department assist the Board of Directors and the Audit Committee in developing a suitable risk management programme.

The **Board of Directors**, as the Company's senior governance and administrative body, defines the control and management policy for risks, including tax risks, and monitors internal information-management and control systems.

The **Audit Committee**, which reports to the Board of Directors, monitors the effectiveness of the Company's internal control and risk-control systems, including that for tax risks, the Company's internal and external audit services, and the Group's regulatory compliance function.

The **Risk Committee**, chaired by the General Manager, reports to the Coordination Committee. These two units work together to implement the risk control and management policy laid down by the Board of Directors. The committee monitors and analyses the risks arising in the day-to-day activities of BME group companies.

The Risk Committee has created an Integrated Risk Management System (IRMS) and also maintains the Corporate Risk Map, which includes the Internal

Control over Financial Reporting system (ICFRS). A description of which is available in the Annual Corporate Governance Report.

The company has also had a Criminal Risk Prevention System since 2013, as described in Chapter 5 of this report. The system was gradually updated in 2015 and 2016, to reflect changes in the Criminal Code. The Audit Committee has set up a Criminal Prevention Committee, which is responsible for the implementation and development of, and compliance with, the BME Group's criminal risk prevention system.

Independence of the external auditor

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 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.

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.

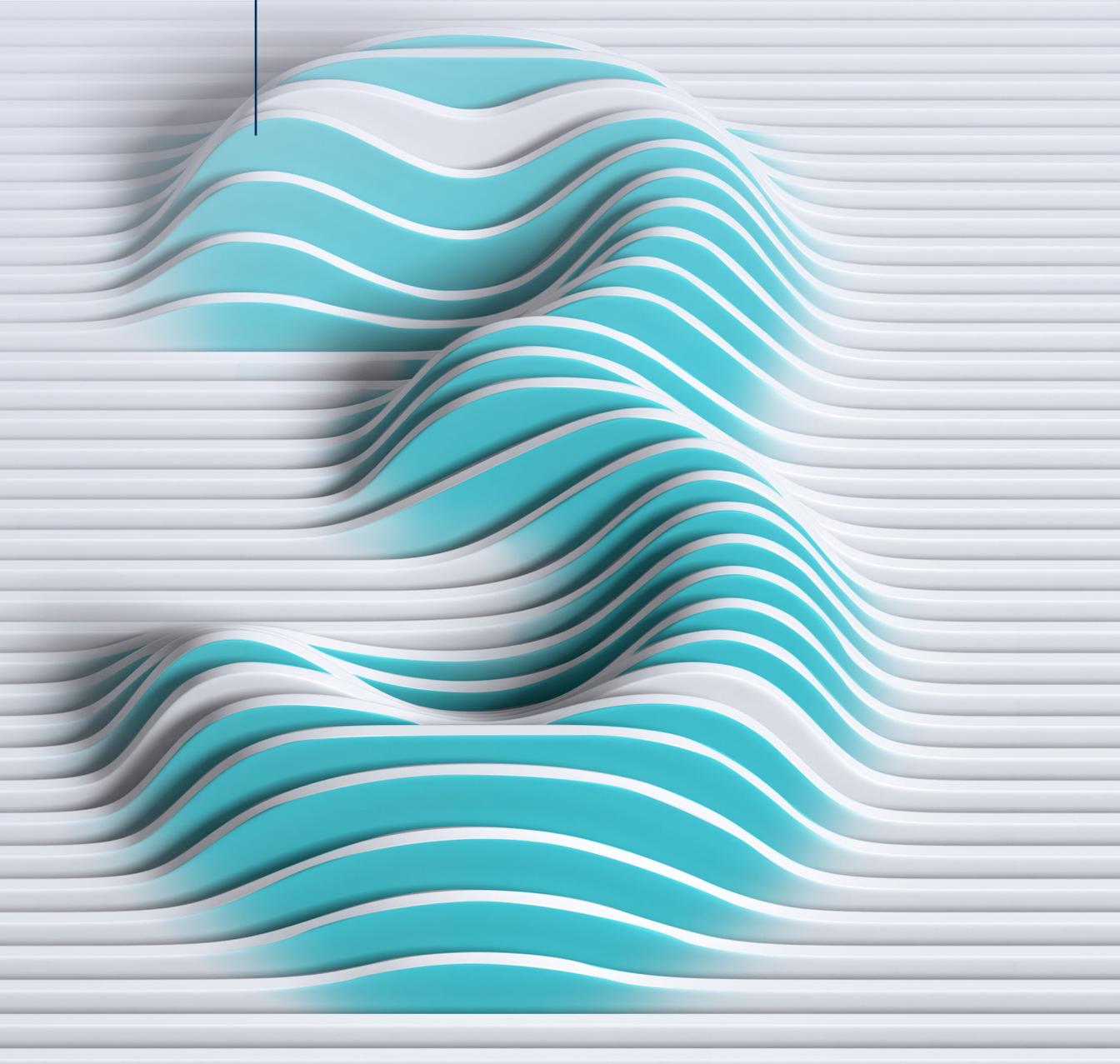
In order to create an independent body that could monitor compliance with the regulations governing the activities of BME and its group companies, the Executive Committee approved the formation of a group-wide **Regulatory Compliance Department**, which reports to the Audit Committee. The Regulatory Compliance Department's primary duties include supervising compliance with prevailing regulations, codes of conduct and commercial agreements; verifying the suitability of procedures and compliance therewith; supporting the Audit Committee in supervising regulatory compliance risk; and helping employees to monitor regulatory changes that could affect the activities carried out by the group.



Internal Audit staff.

USERS

- 3.1. USER PROFILE.
- 3.2. COMMUNICATION CHANNELS WITH USERS.
- 3.3. USER PROTECTION.
- 3.4. USER EDUCATION.





3.1 User Profile

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

BME's users or clients are therefore, in general, 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.

The following tables summarise the types of users that access the main products and services provided by BME. The following table also contains the types of users that have benefited from the educational activities provided by BME Group companies.

Collaboration with National Archeological Museum.

Digitalization of Greek vessels.
Taking photographs of the vessels.

Access to products and services provided by BME

Users	Products y services	Through BME group companies	BME business units
<ul style="list-style-type: none"> Companies, issuers. Market members (investment services companies and credit institutions) and, through them, companies and private and institutional investors. 	<ul style="list-style-type: none"> Trading in shares of Spanish, European and Latin American companies, shares and units of SICAVs, venture capital firms, hedge funds, REITs, ETFs, warrants, certificates and other products. Calculation of indices (IBEX, stock markets). 	<ul style="list-style-type: none"> Madrid, Barcelona, Bilbao and Valencia stock exchanges, Sociedad de Bolsas, MAB, LATIBEX. 	Equities
<ul style="list-style-type: none"> Issuers of Fixed Income securities. Market members (investment services companies and credit institutions) and, through them, companies and private and institutional investors. 	<ul style="list-style-type: none"> Public debt (treasury bills, government bonds and debentures). Private fixed-income (commercial paper, bonds, debentures, covered and regional bonds, MBS & ABS). Regional government debt. 	<ul style="list-style-type: none"> AIAF, SENAF, SEND, MARF Barcelona, Bilbao and Valencia stock exchanges 	Fixed-Income
<ul style="list-style-type: none"> Members of MEFF and, through the market members, private and institutional investors. 	<ul style="list-style-type: none"> Options and futures on stocks and indices, 10-year bonds; dividends; sector futures. Registration of electricity market derivatives. 	<ul style="list-style-type: none"> MEFF 	Derivatives
<ul style="list-style-type: none"> Members of BME Clearing. 	<ul style="list-style-type: none"> Clearing, central counterparty activities for equities, derivatives, public debt repos, equities, interest rate derivatives and electricity derivatives. 	<ul style="list-style-type: none"> BME Clearing 	Clearing
<ul style="list-style-type: none"> Iberclear members. RENADE participants. Companies emitting CO₂. REGIS-TR clients. 	<ul style="list-style-type: none"> Accounting and settlement of all securities admitted for trading on Spanish stock exchanges, SENAF, AIAF, MARF, MAB, MAB and LATIBEX. Registration of CO₂ emission allowances. Register for OTC derivative trades and Remit RRM. 	<ul style="list-style-type: none"> IBERCLEAR RENADE REGIS-TR 	Registration and Settlement
<ul style="list-style-type: none"> Large data vendors. Online brokers. Specialised Internet portals (ESIs and credit entities). 	<ul style="list-style-type: none"> Primary sources of information. Primary data flow services. Dissemination of material information. 	<ul style="list-style-type: none"> BME Market Data 	Information
<ul style="list-style-type: none"> Professional and private segment. Data vendors. Financial Intermediaries. 	<ul style="list-style-type: none"> Collection and processing of primary sources of information. Index user licence. Transaction Cost Analysis. 	<ul style="list-style-type: none"> Infobolsa Sociedad de Bolsas Visual Trader Systems 	
<ul style="list-style-type: none"> Private and institutional investors. Order gatherers. 	<ul style="list-style-type: none"> Development and operation of financial market access systems. 	<ul style="list-style-type: none"> Visual Trader Systems 	
<ul style="list-style-type: none"> Financial markets. Regulated government agencies and financial institutions. Large companies, financial entities, SMEs, and users of financial entities. 	<ul style="list-style-type: none"> Strategic advisory services for financial markets. Technological advisory services. Business continuity. Financial communication. Management software for financial institutions. Supplier of trust services 	<ul style="list-style-type: none"> MEFF Tecnología y Servicios BME Innova 	IT & consulting
<ul style="list-style-type: none"> Financial entities. 	<ul style="list-style-type: none"> Technological solutions for financial advisory and portfolio management. 	<ul style="list-style-type: none"> Openfinance 	
<ul style="list-style-type: none"> Financial sector professionals and from regulatory bodies, private investors, students, etc. The media. Police. Judges and Magistrates. 	<ul style="list-style-type: none"> Training programmes. Tailored programmes. FIA accreditation. Cooperation with other institutions. Training for BME shareholders. 	<ul style="list-style-type: none"> Instituto BME Madrid, Barcelona, Bilbao and Valencia stock exchanges BME Innova 	Training

Quality certificates for the services provided

In 2016, the Group companies BME Innova and Instituto BME maintained the international UNE-EN ISO 9001:2008 quality stamp from AENOR, certifying the quality of the technology and educational services provided by these companies, respectively.

New BME projects in 2016

In 2016, BME continued to develop products and services that meet the demands of market clients and users and the new requirements of companies and financial market participants.

New services

Since 29 March 2016, REGIS-TR, the European derivatives register of which BME (through Iberclear) holds 50% with Clearstream, has been developing new services aimed at facilitating compliance with reporting obligations for trades, positions and valuations, which the Swiss Financial Market Supervisory Authority requires of all entities that trade in derivatives.

On 13 April 2016, BME reached an agreement, through Visual Trader, with BSO Network Solutions to improve latency and facilitate trading in markets managed by BME for institutions already connected to BSO,

reducing execution times through the multi-member DMA platform.

On 27 April 2016, the first phase of the reform of the securities clearing, settlement and registration system was launched. This completed a process that directly involved the equities, clearing and registration and settlement business units, and, indirectly, affected practically all of the departments of the Company and all actors in the market. The first phase concluded on 10 October 2016, cutting the settlement cycle for equities from three days after the trade date to two days.

Finally on 6 October 2016, through its subsidiary BME Innova, BME launched *BME ConfidenceNet*. This online service allows companies to send customers certified notifications, sign contracts and accept changes to terms and conditions, securely. They can also sign suitability tests once various proofs of identity have been collected and digitally stamped, including voice biometrics. This has been registered with the Ministry of Industry, Energy and Tourism as a supplier of Reliable Services.

On 23 November 2016, BME and the National Association of Business Angels, Big Ban Angels, agreed the creation of the first pre-market environment for startups. This will provide the support startups need to access the private investment offered by the markets

managed by BME, and provide them with training in capital markets. At the same time, it will also provide a shop window for the developments of these startups for professionals, companies, investors and business angels, pursuant to regulatory requirements for access to this pre-market environment and permanence in the markets.

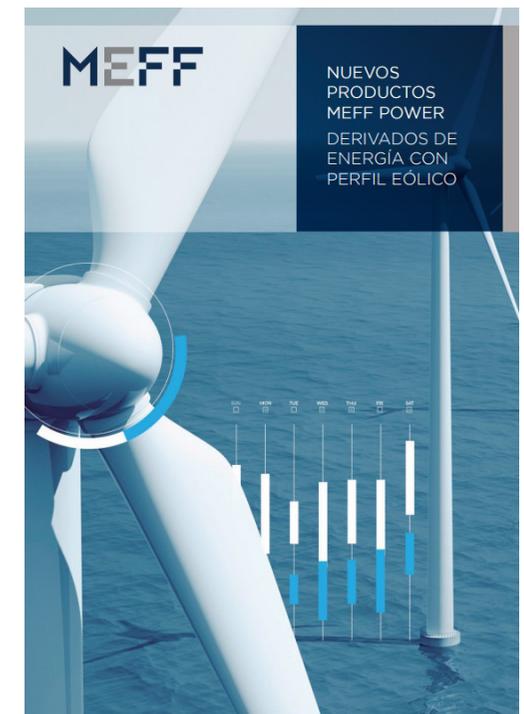
On the international front, on 5 September 2016 BME implemented a new IT system in the Bolivian stock exchange. The new IT system, called SMART BBV, was designed and developed by BME and supports several markets operated by the Group, including equities and fixed income

New products

Since 12 April 2016, BME has been calculating sixteen new share indexes for leveraged and reverse strategies that serve as underlyings for financial products, such as warrants, certificates and ETFs. On 13 July, the Company admitted the first listed products linked to daily movements in these sixteen indexes.

On 26 May and 29 June 2016, MEFF extended the list of underlyings for futures contracts on share dividends, and admitted options with weekly maturities to trading. On 12 September 2016 it made the possibility of trading new futures contracts on the IBEX 35 Banks and IBEX 35 Energy indexes available to its members.

Finally, on 13 December 2016, MEFF launched derivative products related to wind power, facilitating risk coverage for producers of renewable energy and the "Mini-Power" contract, covering smaller derivatives than those already being traded, so as to allow access for more agents.



Brochure on MEFF new wind derivatives.

3.2 Communication Channels with Users

In addition to its traditional communication channels, BME has an active social media presence (*Twitter* (@GrupoBME), *Youtube*, *Flickr*, *Slideshare* and *LinkedIn*), where it publishes its results and the activities of its group companies, as well as bringing BME closer to its investors, potential customers and the media. This presence also provides a direct channel for the concerns, needs and opinions of its direct and indirect users.

Instituto BME, meanwhile, provides training for the youngest users on Facebook, and had 729 followers and at a more international level, 673 followers on LinkedIn.

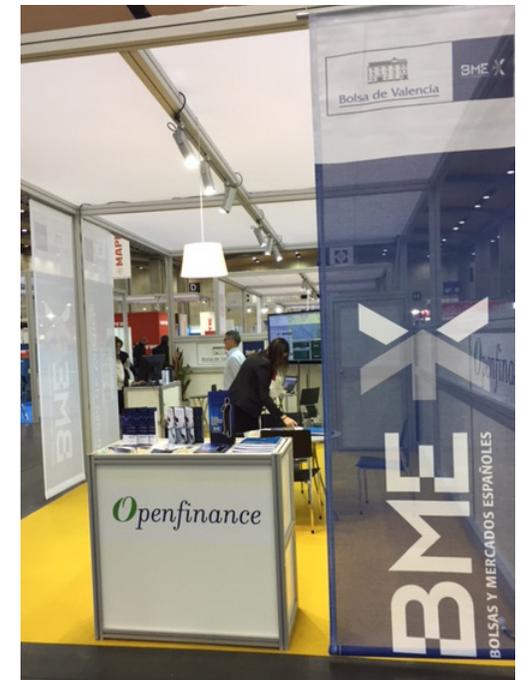
Hand-in-hand with these virtual channels, BME places great importance on direct, personal and smooth relationships between its employees and direct and indirect users.

BME is also in contact with participants in the markets and financial systems through, among other channels, the following technical committees, which provide a forum for the exchange of opinions, suggestions and requirements regarding the operation, development and activity of the markets and systems managed by BME: The Iberclear Technical Advisory Committee,

the sub-group responsible for design of the central counterparty entity for the reform of the securities registry, clearing and settlement system (which will operate until completion of the reform) and the MEFF Supervision and Monitoring Committee.

BME raises awareness of its activity through active participation in, and promotion and organisation of, forums, workshops, trade fairs and other relevant activities regarding the securities market. In 2016, these included:

- Participation through Openfinance in the "Fintech Observatory" on the current challenges facing banking in digital economies;
- organisation of the Mercado Financiapyme conferences;
- BME's participation through BME Clearing in the 41st edition of the FIA (*International Futures Industry*) Conference in Boca Raton, Florida;
- co-organisation, together with Société Générale, of the fourth IBEX Trading Day;
- participation in the sixth annual *Spain Investors Day*;
- participation in the 9th *Forinvest*, through the Valencia Stock Exchange;
- co-organisation, together with two other entities, of the fifth "*Spanish Small & Mid Caps Conference*" in New York;
- organisation of the 12th *MedCap Forum*;
- organisation of the European Midcap Event with *Beka Finance*, and *GVC Gaesco Valores* in Paris;
- organisation of the 18th *Latibex Forum*; and
- Participation in SIBOS: the financial sector's leading fair, which was held in Geneva, Switzerland.



BME was present at the 9th ed. of Forinvest in Valencia.

Visit to the
Company's facilities

Collaboration with trade
associations

Investor Ombudsman

Press release e-mail
alert services

Social Networks


Communications channels Users

E-mail

Webcast of General
Shareholders'
Meeting

Telephone hotline

Technical committee
and commissions

Press releases and
documents of interest

Training days
and forums

Articles and
other publications

Websites

BME also attended various events related to securities markets, including organising numerous informative events on the first and second phases of the reform of clearing and settlement in Spain and presenting the report *“Europe’s untapped capital market. Rethinking financial integration after the crisis”* coordinated by the *Centre for European Policy Studies (CEPS)* and *European Capital Markets Institute (ECMI)* as part of the *“Capital Markets Union”* initiative launched by the European Commission in 2015; the meeting of the Economics and Statistics Committee of the Federation of European Securities Exchanges (FESE) at the Istanbul stock exchange, to analyse the major challenges facing European stock markets with the entry into force of MIFID II and the implications for the information to be disclosed to the markets; the *“Qué piensan los responsables de Relaciones con Inversores del Ibx 35 de la Comunicación Digital (What do the heads of Investor Relations in the Ibx 35 think of Digital Communication?)”* study, which involved 31 heads of Investor Relations from the 35 companies in the Ibx 35, and was presented at the Palacio de la Bolsa; and the event organised by the *Asociación de Empresas de Asesoramiento Financiero (ASEAFI - Association of Financial Advice Companies)* at the Palacio de la Bolsa for its members, in which Openfinance took part.



XVIII Foro Latibex Opening Ceremony.



BME stand on SIBOS 2016.

3.3 User Protection

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

In BME's dealings with retail investors, worth noting are the services provided by the Investor Ombudsmen, set up and maintained by the stock exchange governing companies of Madrid, Barcelona and Valencia to aid and protect investors. The Investor Ombudsman handles queries and complaints, attempts to prevent complaints and claims from being filed regarding transactions carried out on the stock exchange, and endeavours to provide conditions to clarify facts and concerns posed by investors and intermediaries between parties in conflict. 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.

3.4 User Education

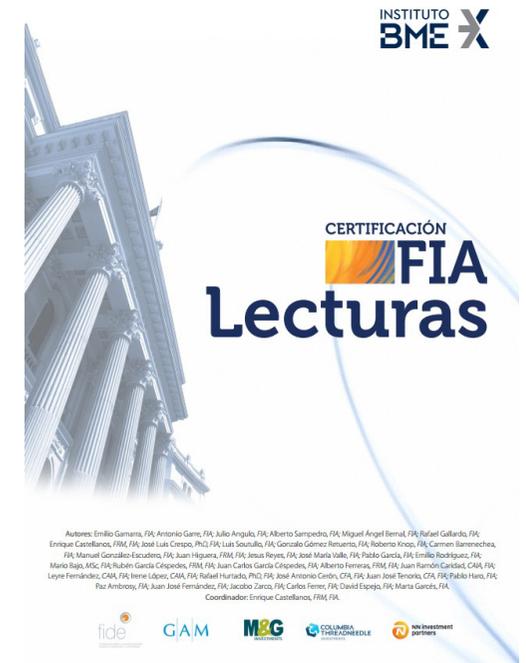
As the manager of Spain's financial markets and systems, BME endeavours to actively participate in fostering the culture of finance in Spain. In this regard, it subscribes to the Organisation for Economic Co-operation and Development's Recommendation on Principles and Good Practices for Financial Education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

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 to be just another function of its business activity, as well as an important channel for end customers and brokers in the markets to express their concerns, interests, demands and worries.

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. This educational

activity is complemented by additional initiatives by other group companies. Through its educational programmes, Instituto BME also provides guidance and training in environmental, social and corporate governance issues for its students.

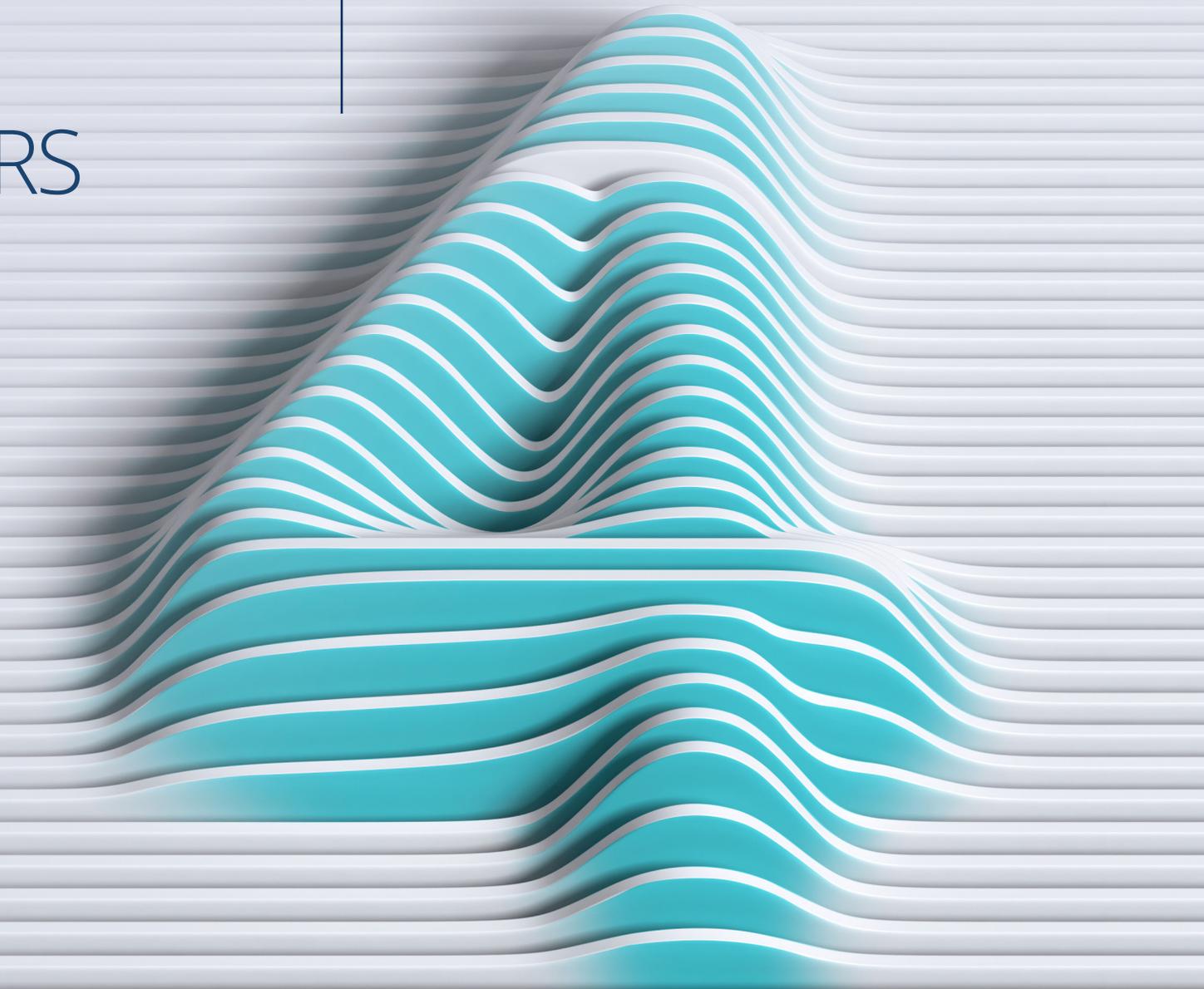
In 2016, Instituto BME prepared its FIA Lectures, as preparation for the FIA certification examination, the benchmark accreditation for technical excellence in knowledge of the financial markets and products issued by this BME group company, which it has been running since 2015. In 2016, Instituto BME also launched the activities of the FIA Community, which at year-end 2016 has 196 members, all of whom are taking the company's masters' degree in financial markets and alternative investments. It has also launched an app, enabling members to interact with each other, access free courses and job offers, and download the FIA Lectures.



MFA Certification Syllabus.
BME fosters financial education.

BME SHAREHOLDERS

- 4.1. SHAREHOLDER PROFILE.
- 4.2. COMMUNICATION CHANNELS WITH SHAREHOLDERS.
- 4.3. VALUE CREATION.
- 4.4. SHAREHOLDER REMUNERATION AND OTHER BENEFITS.





4. BME Shareholders

In accordance with BME's corporate governance policy, which has been approved by its Board of Directors and applies best corporate governance practices, the Company makes on-going efforts to foster responsible, diligent and transparent management of compliance with the rights and, in the same terms, duties of shareholders.

In this regard, and so that its shareholders -which it considers one of its main stakeholders- are constantly, rather than sporadically, engaged in the life of the company, BME fosters active shareholder involvement, making available all of the resources needed for them to fully exercise their voting and dividend rights.

Collaboration with National Archeological Museum.

Digitalization of Greek vessels.
Taking photographs of the vessels.

4.1 Shareholder Profile

The information in the table refers to 31 December of each year.

General information.

	2014	2015	2016
Total number of shares	83,615,558	83,615,558	83,615,558
Avg. number of shares held per shareholder	1,668	1,546	1,447

The Company's estimated free float in 2015 and 2016 stood at 86.55% and 84.26%, respectively.

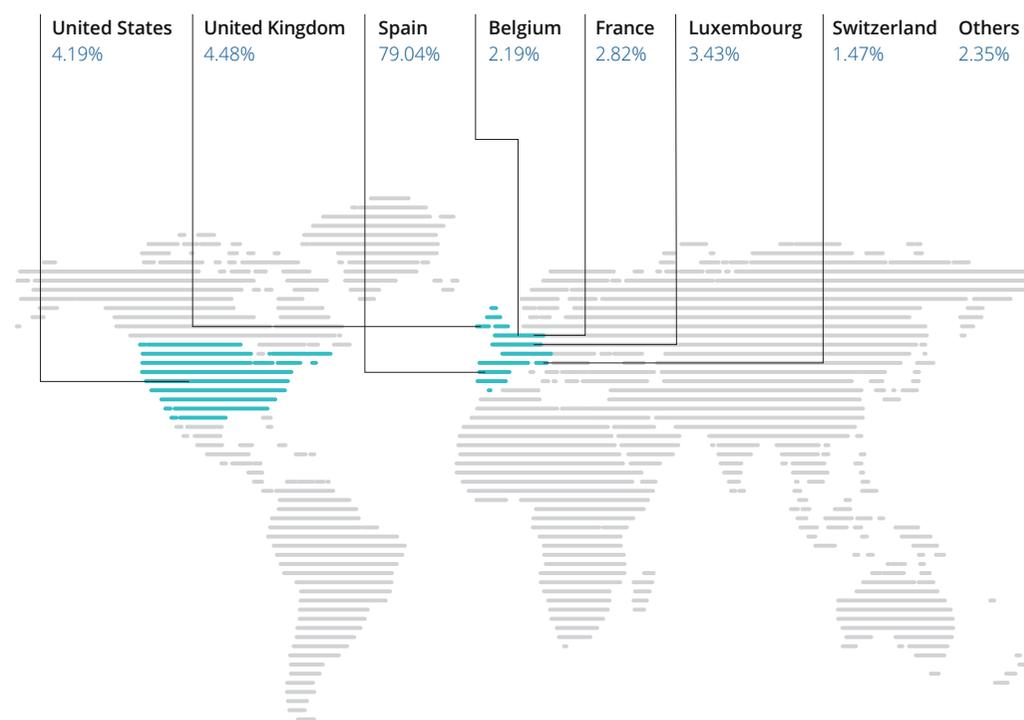
Breakdown by type

	Institutional shareholders			Non-Controlling shareholders		
	2014	2015	2016	2014	2015	2016
Number of shareholders	2,775	3,214	3,218	47,360	50,886	54,537
% of total shareholders	5.54%	5.49%	5.57%	94.46%	94.06%	94.93%
Number of shares	54,698,948	53,681,221	49,964,449	28,916,610	29,934,337	33,656,493
% of share capital	65.42%	64.20%	59.75%	34.58%	35.80%	40.25%

Breakdown by nationality

	Spanish shareholders			Foreign shareholders		
	2014	2015	2016	2014	2015	2016
Number of shareholders	49,621	53,565	57,210	514	535	545
% of total shareholders	98.97%	99.01%	99.06%	1.03%	0.99%	0.94%
Number of shares	53,923,665	59,851,613	65,761,630	29,691,893	27,763,945	17,859,312
% of share capital	64.49%	71.58%	78.65%	35.51%	28.42%	21.36%

BME shares - Distribution by country (%)



4.2 Communication Channels with Shareholders

One of the fundamental principles guiding the corporate governance of BME is to maintain a transparent, honest, two-way relationship with shareholders, fostering their informed engagement in the life of the Company. To this end, the Company provides shareholders and other stakeholders with a range of free communication channels with equal access to cover their information needs.

BME has put in place a *policy on communication and contact with shareholders, analysts and institutional investors and proxy advisors*. The general principles of this are information transparency and equal access, accuracy, immediacy, equality of treatment and symmetrical distribution of information.

In order to foster and facilitate dialogue and a relationship of trust with the company's shareholders and other stakeholder groups, this Policy includes the various two-way communication channels set up by BME to provide an effective response to their expectations and needs, and, where it is considered beneficial, to respond to and fulfil the ideas and suggestions received through these channels.

Through these communication channels, shareholders can access information on the Company, understand its current situation, request information and submit suggestions and concerns, which are then handled by the Shareholders' Office and Investor Relations.

A) The General Shareholders' Meeting

As provided for under Spanish law, the primary vehicle for shareholders to participate in the life of the company is the General Shareholders' Meeting. BME regards this participation as a basic pillar for understanding its shareholders' expectations, concerns and proposals. The basic rules of the organisation and operation of the General Shareholders' Meeting are set out in the Regulations of the General Shareholders' Meeting, which establish the principles for it to fulfil its functions as the Company's supreme governing body, and guarantee the rights of BME shareholders and assist them in the exercise of these.

To ensure the effective exercise of shareholders' rights to participation, before the General Shareholders' Meeting is held BME posts all documentation relating to the Meeting on its website, in both Spanish and English, from the date that the call notice is reported to the CNMV. In addition to the documentation required under prevailing legislation, this documentation also includes the reports approved by the Audit Committee on the independence of the auditor and related-party transactions, the report on the Activity of the Board of Directors, which includes reports on the activities of its delegated committees, and this Corporate Social Responsibility report.

Communication channels Shareholders

General Shareholders' Meeting

Permanent information service for market players and regulators

Visits to company installations

Dedicated section on the corporate website

Webcast of General Shareholders' Meeting

Publications

Electronic Shareholder Forum

Social Networks



Investors Relations and the Shareholders' Office
accionista@grupobme.es
investorRelations@grupobme.es

Press room at
www.bolsasymercados.es

The Company has adopted the measures it deems necessary to ensure that its shareholders can participate actively in its General Meetings and exercise their rights. These include:

- **No limits on shareholder participation**, which means any shareholder may attend the Meetings, speak and exercise their right to vote, regardless of the number of shares held. BME adheres to the "one share, one vote" principle, a concept it regards as a basic element for equality in its relationships with all of its shareholders.
- **Shareholders are provided with an attendance card**, referenced to the shareholder register, so that they can participate, as most suitable for them, in the General Shareholders' Meeting.

- **An Electronic Shareholders' Forum** is made available on the BME website, from the date of publication of the call notice in the Official Journal of the Mercantile Registry (BORME) until the General Meeting is held. The sole purpose of this is to foster communication among shareholders.

On the occasion of the General Shareholders' Meeting held on 28 April 2016, three (3) shareholders registered in the e-Forum although no proposals were submitted (seven (7) and four (4) shareholders registered prior to the 30 April 2015 and 30 April 2014 meetings, respectively, also without any proposals being put forward).

- **Shareholders unable to attend meetings in person are offered the possibility of taking part and exercising their right to vote**, be represented and receive information via remote means of communication (electronic means or regular post).

- Additionally, the General Shareholders' Meeting is **broadcast live, in Spanish and English, by a webcast** available in the "Information for Shareholders and Investors">>Corporate Governance>>General Meeting" section of the corporate website.

For the General Shareholders' Meeting held on 28 April 2016, 416 shareholders tuned in via the webcast, 311 in Spanish and 105 in English (394 in total, 299 in Spanish and 95 in English in 2014). In 2015, 565 shareholders tuned in (354 in Spanish and 211 in English).

Also, both the 2015 and the 2016 webcasts were available in sign language and on BME's various social media sites.

- **Attendees are able to take part in the General Meeting in person**, as the Company is keen to receive observations and opinions during the Meeting. Any shareholder who so desires can request information and make any points they deem relevant to the items on the agenda, and request clarifications of information disclosed to the public through the CNMV since the previous General Meeting and with regard to the auditor's report.

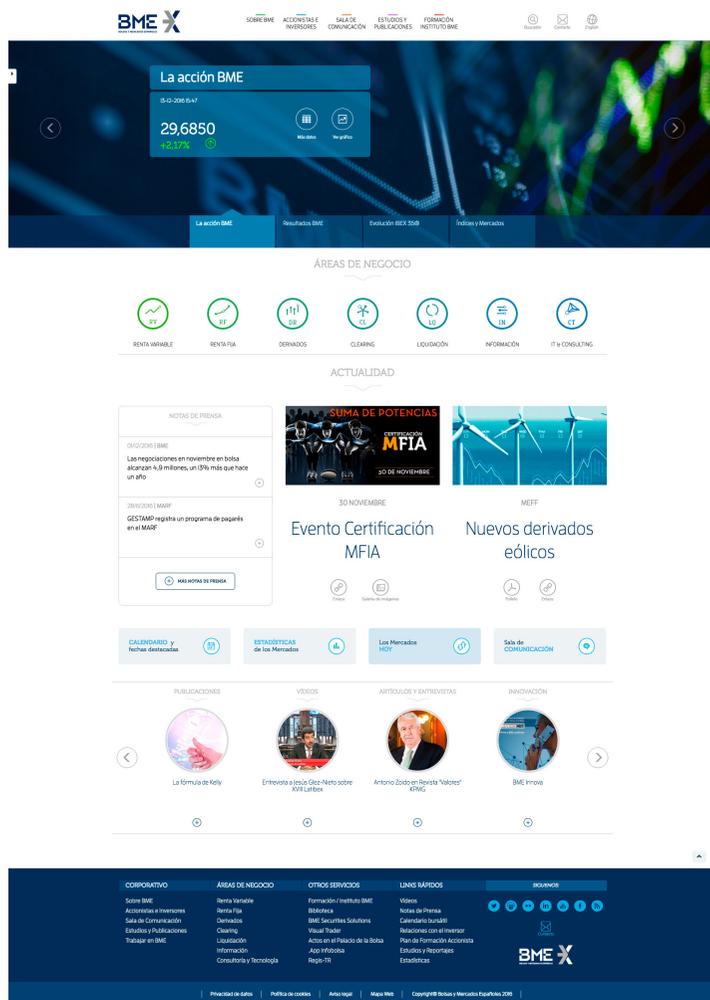
	Quorum or Total participants		
Year	2014	2015	2016
Number of shareholders	4,839	4,866	5,914

	Participants via remote communication (total)			Participants via remote communication (%)		
Year	2014	2015	2016	2014	2015	2016
Number of shareholders	4,205	4,223	5,173	86.90%	86.79%	87.47%

	Remote voting (Total)						Proxies (Total)					
	By post			Electronic vote			By post			Electronic means		
Year	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Number of shareholders	981	1,069	1,232	29	41	71	3,178	3,079	3,831	17	34	39



2016 General Shareholders Meeting.



BME has changed the image of its corporate website.

B) Corporate website

BME unveiled a new version of its corporate website (www.bolsasymercados.es) in 2016, keeping up with the latest developments in internet browsing and seeking to strengthen its interactive links and improve communication with its stakeholders. This new version improves the perception of the company's image, offering upgraded functionality and dynamism, and optimised access to all information on BME and its Group companies from any mobile device.

In 2016, 57,363 users consulted the Spanish version of the "Information for Shareholders and Investors" section while 26,940 users consulted the English version (compared to 47,913 visits to the Spanish version and 7,685 visits to the English version in 2015, and 38,123 visits to the Spanish version and 7,237 visits to the English version in 2014).

The structure of the new website enables users to intuitively access information on the main aspects of BME, such as the Company's financial and corporate governance information, through its microsites.

The new website's home page includes various audio-visual resources (videos, images and podcasts) with information on BME's seven business areas. Like the other companies in the BME Group, BME's innovation subsidiary, BME Innova, launched a new version of its website in 2016. This makes it easier to find information and browse from any device, and offers access to the Company's new trust service, "BME ConfidenceNet", which guarantees clients and suppliers trust and security in transactions executed electronically.

In addition, prior to General Shareholders' Meetings the company posts all information and documentation about the meetings in the "Information for Shareholders and Investors" section of the website and on the home page for quick access. Links are also made readily available to the Shareholder e-Forum, voting mechanisms and e-proxy voting, electronic information requests and links to the webcast that go live when the company broadcasts its General Shareholders' Meetings. The way in which BME distributes information through its corporate website resulted in the Company being awarded first place in the 15th Business Transparency Awards: this is described in section 2.1.

C) BME on social media

BME places great importance on new communication channels with its users, as discussed in section 3.2.

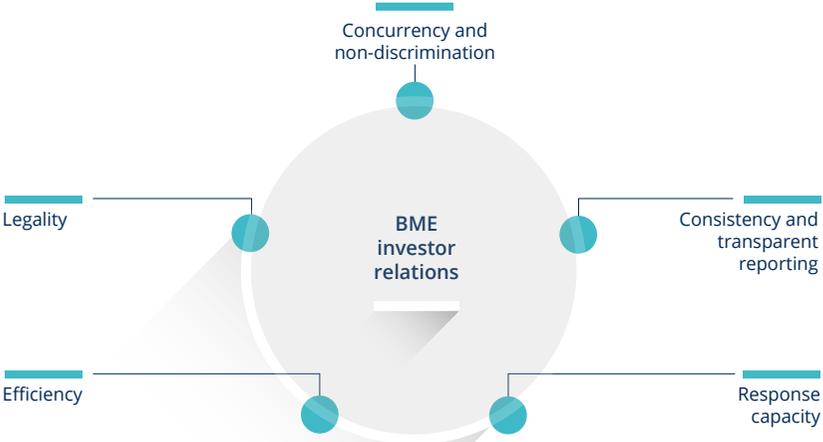
BME uses social media to provide shareholders with detailed information on its activity and business area.

D) Investors Relations and the Shareholders' Office

The Shareholders' Office is run by the General Secretary and Secretary to the Board of Directors, in coordination with the Financial Department. The office is an efficient, permanent and two-way communication service that allows shareholders and all other interested parties to submit any sort of query, concern or suggestion about the company in a transparent and effective manner. Requests can be by email (accionista@grupobme.es).

BME also has an Investor Relations Department as part of the Financial Department. This department's main objective is to provide a conduit for communicating with sector professionals and market agents. Its objectives are to offer and ensure transparency and to improve the perception and understanding of the Company in the financial markets, increasing coverage of the share among analysts and investors, and contributing to the efficient formation of its share price and creating value for shareholders.

The Investor Relations Department is therefore tasked with providing information for institutional investors and stock market analysts through quarterly and annual reports, results presentations, group and one-on-one meetings and conference calls. This department responds to enquiries submitted by investors on its email (InvestorRelations@grupobme.es).



Functions of the Investor Relations Department

Control and collation functions (input)

Monitor company and sector news
Business units follow-up
Interaction with financial, legal, communications and research departments, corporate governance
Drawing up activity and financial metrics for the company and sector
Monitoring shareholder and share price trends
Control standard corporate data (Web, publications)
Research reports and liaison with analysts covering the company
Analyst consensus estimate
Receive direction from shareholders and investors
Results presentation

Dissemination functions (output)

Represent company at events
Control filter for research reports
Target shareholders and investors
Disseminate company's equity story
Transmit to management concerns, doubts and suggestions from shareholders and investors

In 2016, the Investor Relations Department was involved in 6 group meetings, 319 one-to-one meetings, 11 forums and seminars and 19 road shows, in 14 cities (New York, Boston, Toronto, Montreal, London, Paris, Madrid, Barcelona, Bilbao, Dublin, Zurich, Locarno, Andorra and Milan). The department contacted investors who collectively manage € 2.82 billion of equity.

Investors and analysts contacted

By means of contact

	2014	2015	2016
Conference calls	21	40	30
Events	138	116	131
Road shows	125	143	136
Visits	14	26	22
Total	298	325	319

By country of origin

	2014	2015	2016
Spain	33	60	80
France	30	28	22
United Kingdom	78	73	76
United States	66	71	54
Other	91	93	87
Total	298	325	319

4.3 Value Creation

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

Share price performance

In 2016 BME oriented the Group's resources to the optimisation of their use and to increasing the Company's value.

The BME share finished 2016 trading at 28 euros, in line with the trend followed by the market and the benchmark IBEX 35.

In this scenario, BME remains committed to its objective of maximising the company's value in order to increase shareholder value.

BME Share price performance against the IBEX 35®

(from 01/01/2016 to 31/12/2016)



Main share price indicators

	2014	2015	2016
Total number of shares	83,615,558	83,615,558	83,615,558
Nominal value of the share (euros)	3.00 €	3.00 €	3.00 €
At the start of the year	27.80 €	32.29 €	€
High	36.19 €	43.50 €	€
Low	27.25 €	30.10 €	€
At the close of the year	32.14 €	31.06 €	€
Stock market gain at the close of the year (%)	16.20%	-3.36%	%
Pay-out	96 %	93%	%

Economic value generated and distributed

In 2016, BME maintained its its traditional solvency levels, without having recourse to outside funding, through the beefing up of its market infrastructure, the launch of new products, promoting its business areas and diversifying its activities.

The total capitalisation (broken down by debt) and equity for 2014, 2015 and 2016 amounted to €418,931 thousand, €433,082 thousand, and €423,792 thousand, respectively.

Economic value generated, distributed and retained (thousand euros)⁽¹⁾

	2014	2015	2016
Economic value generated	344,929	348,178	326,585
Revenues	332,901	333,987	317,289
Other net gains (losses) ⁽²⁾	12,028	14,191	9,296
Economic value distributed	311,092	325,936	319,350
Operating expenses	38,012	36,062	36,477
Personnel expenses	63,668	63,898	69,498
Dividends	137,483	157,603	160,676
Income tax and other taxes ⁽³⁾	70,824	67,222	51,511
Payments to capital suppliers (financial cost)	0	0	0
Payments to public bodies, donations and other investments in the community	1,105	1,151	1,188
Economic value retained (profit not distributed)	33,837	22,242	7,235
Reserves	27,441	15,860	416
Amortisation and depreciation	6,396	6,382	7,651

- (1) Due to the entry into force of CNMV Circular 5/2016 of 27 July, on accounting standards, reserved and public information and annual accounts, a new heading is included in the consolidated income statement called "Direct variable costs of operations" following the income headings and reducing them, in such a way that a "Net Income" is obtained as a subtotal. In this respect, the balance of the net turnover for the 2016 and 2015 financial years includes the net amount of the turnover after deducting the direct variable costs of the operations. Since the entry into force of the aforementioned Circular has occurred in 2016, the information for the year 2015 has been adjusted for comparative purposes, reducing the net amount of turnover by the direct variable costs of operations for the year 2015, which amounted to 1,371 thousand euros, and that in the information presented in the year 2015 were listed as "Operating costs". The financial information for the 2014 fiscal year does not appear to be adjusted to the aforementioned Circular since this reclassification does not imply significant changes in the data presented.
- (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.

4.4 Shareholder Remuneration and Other Benefits

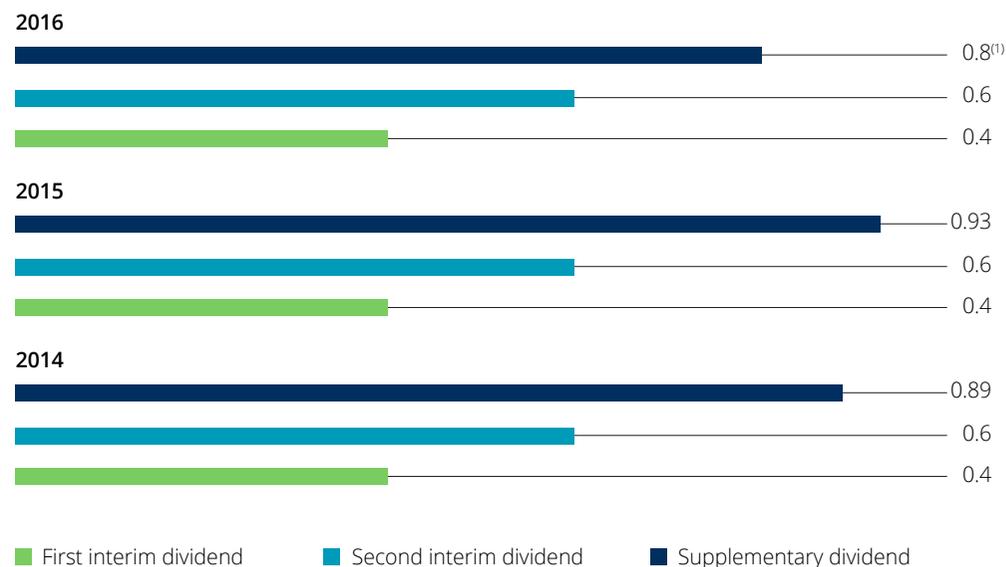
A) Shareholder remuneration through dividends

In its ten years as a listed company to 2016, BME's shareholders have received €1.5 billion in dividends. This equates to a total shareholder return over this period of 115%.

Under the company's dividend policy, which it has maintained since 2009, shareholders receive three ordinary dividends (one final dividend and two interim dividends charged against profit for the year), in May, September and December.

In this way, BME continues implementing a policy of maximum shareholder remuneration, with a 93% ordinary Pay-Out.

Ordinary dividends by pay-out accounting period



(1) Pending approval by General Shareholders Meeting, which will probably take place on 27 April 2017 on second call

B) Training for shareholders

Shareholder training is another of the cornerstones of BME's corporate governance policy. As an added-value initiative for its shareholders, the Shareholder Education Programme –which is carried out by Instituto BME, the BME training centre- continued raising financial awareness in 2016, through training courses run by highly-qualified personnel in each subject. These courses are specifically designed for shareholders with limited knowledge of financial markets.

The Shareholder Education Programme involves on-site courses at BME's premises in the Madrid, Barcelona, Valencia and Bilbao stock exchanges.

BME Shareholder education programme

	2014	2015	2016
Total number of participating shareholders	346	570	423
Total number of learning hours	45	50	50

Number of participating shareholders, by geographical region

	2014	2015	2016
Madrid	201	305	176
Barcelona	79	162	93
Bilbao	40	58	69
Valencia	26	45	85

Shareholder education, by subject (2016)

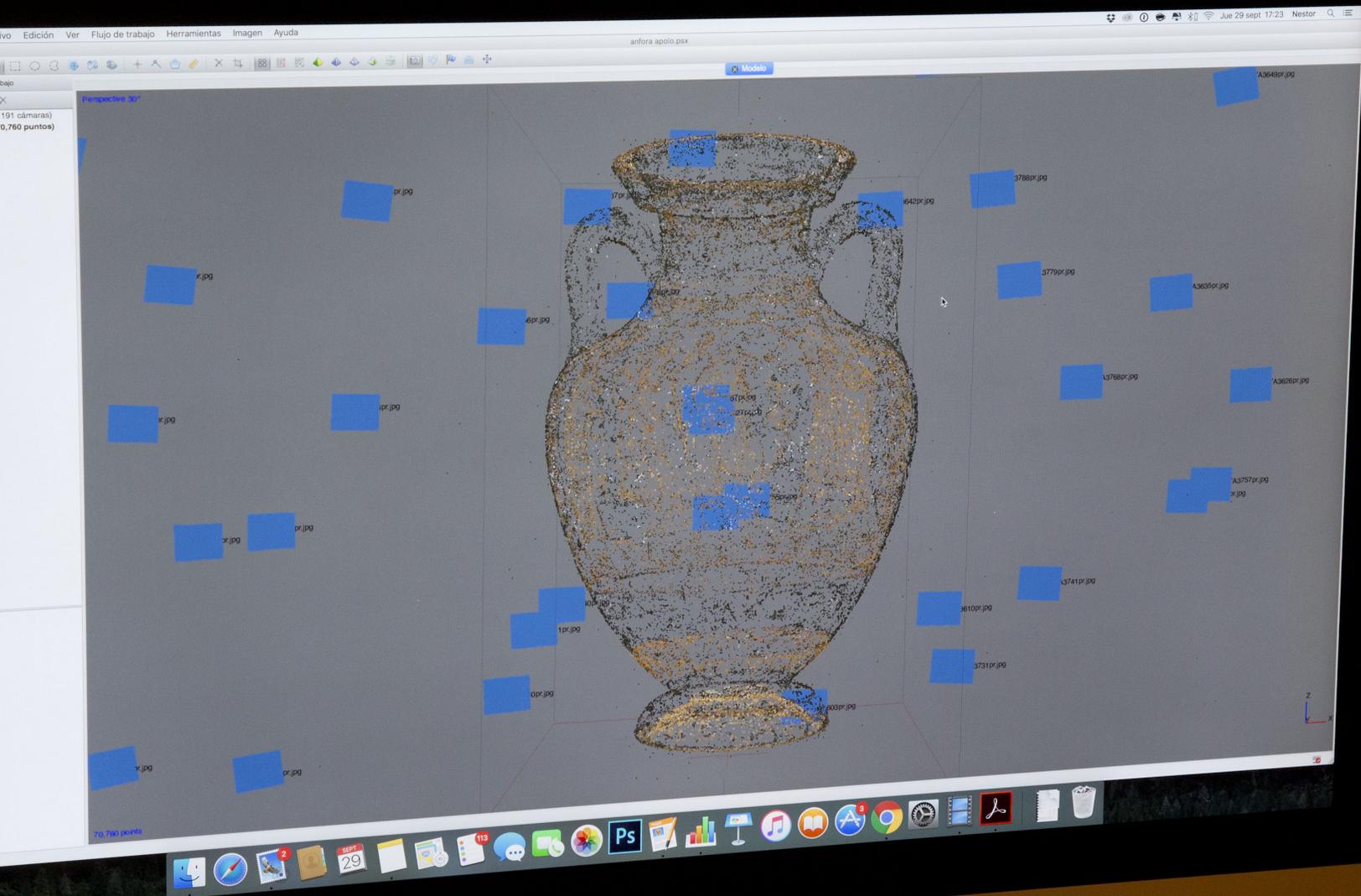
Course	Number of participating shareholders	Number of courses taught	Total training hours
Economic outlook and the macroeconomy.	34	2	5
Macro indicators and their impact on financial assets.	98	4	10
Market tools on the BME website.	53	2	5
Company valuations and fundamental analysis.	63	2	5
Introduction to international markets.	42	2	5
Rating agencies: what is a rating and what is it used for?	42	2	5
Introduction to foreign currencies.	26	2	5
Post-trading reform in Spain.	41	2	5
The ethics of finance and financial markets.	24	2	5

BME shareholders who attended training courses during 2016 were once again able to share their feedback and to submit any ideas and concerns at the end of each session. The surveys given to course participants at the end of each session revealed a high degree of satisfaction, with a rating of 4.08 out of 5 improving from a year earlier.

EMPLOYEES

The background of the slide features a series of horizontal, wavy lines in shades of teal and white, creating a sense of movement and depth. The lines are layered, with some appearing to rise and fall, giving the impression of a 3D effect. The overall aesthetic is clean and modern.

- 5.1. EMPLOYEE PROFILE.
- 5.2. COMMUNICATION CHANNELS WITH EMPLOYEES.
- 5.3. EMPLOYMENT PRACTICES.
- 5.4. ETHICS AND TRANSPARENCY.



5. Employees

BME's employees are the company's number-one asset. The Human Resources Area works to ensure the professional and personal development of company employees by constantly improving the services and activities offered to them, their training and professional development programmes, and the technical tools available to facilitate any concerns, consultations or requests they may have.

The Director of Human Resources oversees all employee matters and coordinates and supervises, among other aspects, occupational health and safety in BME, as well as the company-wide training plans prepared by the Training Manager.

Collaboration with National Archeological Museum.
Digitalization of Greek vessels.
Start of the digitalization process.

5.1 Employee Profile

All Group employees are covered by the statutory, national collective agreement for Companies Sharing Organisational and Productive Factors, 2015-2017, except for employees of the Barcelona and Bilbao

stock exchanges, who are subject to their respective collective agreements, the clauses of which are compatible with the content of the aforementioned statutory collective agreement.

These agreements classify employees into professional groups A, B, C, D and E, which relate to senior management, middle management, specialised

technicians, administrative staff and auxiliary/support staff, respectively. This group classification is used with data at year-end 2016, in this chapter.

Employees

	2014	2015	2016
Employees			
Women	277	282	293
Men	467	469	480
Total	744	751	773
Average age of employees			
Women	44.93	44.53	44.41
Men	46.41	46.85	46.56
Employees by professional category			
Senior management	9	9	7
Middle management	64	63	60
Specialist technicians	457	458	476
Administrative / Auxiliary / Support Staff	214	221	230
Employees by professional category and gender			
Senior management - Women	0	0	0
Senior management - Men	9	9	7
Middle management - Women	19	19	19
Middle management - Men	45	44	41
Specialised technicians - Women	166	164	177
Specialised technicians - Men	291	294	299
Administrative / Auxiliary/ Support Staff - Women	92	99	97
Administrative / Auxiliary / Support Staff - Men	122	122	133
Employees by age			
Under 30	50	49	72
From 30 to 39	154	138	128
From 40 to 49	242	264	267
Over 50	298	300	306

Employees by age and gender

	2014	2015	2016
Women under 30	20	21	32
Men under 30	30	28	40
Women between 30 and 39	62	54	47
Men between 30 and 39	92	84	81
Women between 40 and 49	103	117	117
Men between 40 and 49	139	147	150
Women over 50	92	90	97
Men over 50	206	210	209

Employees by geographical area

	2014	2015	2016
Madrid	590	600	625
Barcelona	97	95	95
Bilbao	33	33	32
Valencia	24	23	21

Employees by work centre

	2014	2015	2016
Head office (Plaza Lealtad 1, Madrid)	67	60	59
Operational site (Tramontana, 2 Bis, Las Rozas, Madrid)	502	518	546
Operational site (Alfonso XI, 6, Madrid)	21	22	20
Barcelona Stock Exchange (Paseo de Gracia, 19, Barcelona)	97	95	95
Bilbao Stock Exchange (José M ^a Olabarri 1, Bilbao)	33	33	32
Valencia Stock Exchange (Libreros, 2 - 4, Valencia)	24	23	21

Employee hires and departures ⁽¹⁾

Staff hires and departures	2014	2015	2016
Total hires	50	40	56
Total departures	39	33	34

	New hires			Employee departures		
	2014	2015	2016	2014	2015	2016
Hires and departures by gender						
Women	19	22	21	16	19	9
Men	31	18	35	23	14	25
Hires and departures by age						
Under 30	26	17	38	10	5	9
From 30 to 39	11	16	14	7	7	6
From 40 to 49	13	5	3	8	3	2
Over 50	0	2	1	14	18	17
Hires and departures by professional category						
Senior management	0	0	0	0	0	2
Middle management	0	0	0	2	1	3
Specialist technicians	9	2	3	17	21	14
Administrative / Auxiliary / Support Staff	41	38	53	20	11	15
Hires and departures by geographical area						
Madrid	49	39	55	29	29	30
Barcelona	1	1	1	7	3	1
Bilbao	0	0	0	2	0	1
Valencia	0	0	0	1	1	2

	Women			Men		
	2014	2015	2016	2014	2015	2016
Employee departures by type						
Voluntary leave	3	10	5	11	16	16
Dismissal	5	1	2	3	1	1
Leave of absence	6	2	2	1	0	1
Disability	0	0	0	2	0	0
Retirement	0	0	0	3	0	3
Death ⁽²⁾	0	1	0	0	2	1
Contract expired	2	0	0	3	0	3

(1) The figures in the above table take into consideration the effective hire and departure dates.

(2) There were no work-related fatalities in 2014, 2015 and 2016.

Annual employee turnover index

	2014	2015	2016
Annual employee turnover index			
TOTAL	1.48%	0.93%	2.85%
By geographical area			
Madrid	4.24%	1.67%	4.00%
Barcelona	-12.37%	-2.11%	0.00%
Bilbao	-6.06%	0.00%	-3.13%
Valencia	0.00%	-4.35%	-9.52%
By gender			
Women	1.44%	1.42%	3.75%
Men	1.50%	0.64%	2.29%
By age			
Under 30	14.00%	24.49%	31.94%
From 30 to 39	-10.39%	6.52%	-7.81%
From 40 to 49	2.48%	0.76%	1.12%
Over 50	4.70%	-5.33%	1.96%
By professional category			
Senior management	0.00%	0.00%	-28.57%
Middle management	-3.13%	-1.59%	-5.00%
Specialist technicians	6.35%	-4.15%	3.78%
Administrative / Auxiliary / Support Staff	-7.48%	12.22%	3.91%

Employee hires

	2014	2015	2016
Employees by type of contract			
Permanent contract	710	723	725
Temporary contract	34	28	48
Employees and management hired locally	100%	100%	100%
Average seniority (years)	18.45	18.36	18.95
Full-time contract	744	751	773
Part-time contract	0	0	0

Employees with disabilities

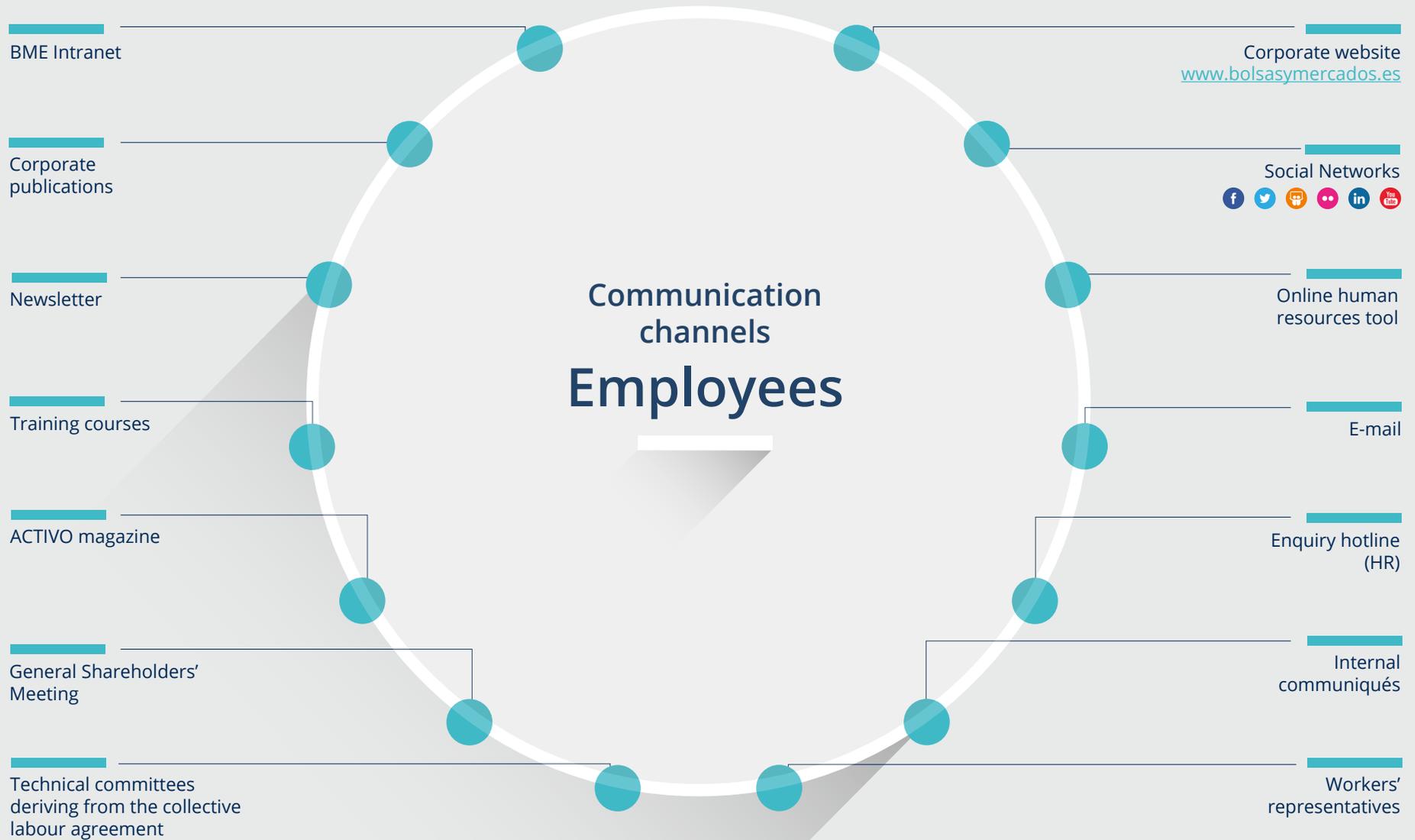
	2014	2015	2016
Average number of employees with a disability of 33% or more			
Senior management	0	0	0
Middle management	1	1	1
Specialist technicians	3	3	4
Auxiliary / Support Staff	3	3	3
Total	7	7	8
Employees with disabilities under permanent contracts	100%	100%	100%

BME complies in general with the provisions of Royal Legislative Decree 1/2013 of 29 November, approving the restated text of the general disability law and social inclusion, notwithstanding that in 2016 the Company is making the necessary adjustments to comply with the

law due to the increase in the number of employees. In this connection, the governing company of the Madrid Stock exchange has a garden maintenance agreement with Jaresdem, S.L., a company registered in the Special Employment Centre register.

5.2 Communication Channels with Employees

The main channel for communication between the Company and its employees is the “*On-Line Human Resources*” tool. New functionality was added to this tool for employees in 2016, which now includes a telephone service for questions, internal communications, the corporate website (www.bolsasymercados.es), the internal magazine ACTIVO and other corporate publications, such as the magazine Bolsa, a video channel, the presentations centre as a knowledge-management tool and the intranet, which was also updated in 2016.



Collective agreement and employee representation

The statutory collective agreement for Companies Sharing Organisational and Productive Factors regulates labour relations among BME group companies (except for the Barcelona and Bilbao stock exchanges) and their employees: this is a nationwide agreement among a group of companies.

The 2015-2017 statutory collective agreement applies to 89% of BME Group employees. The remaining 11% are covered by the collective agreements of the stock exchange governing companies of Barcelona and Bilbao, the clauses of which are compatible with those of the statutory collective agreement.

In this regard, all references in this report to social benefits and the rights and obligations of employees and others shall be as set down in the statutory 2015-2017 Collective Agreement.

Trade union workers' representation bodies provide a constant channel of dialogue between the company and its employees, not only for collective bargaining but also to resolve any disputes that might arise. In addition, employees participate in the technical committees mandated by the collective labour agreement.

Employees covered by collective agreements

	2014	2015	2016
Percentage of employees covered by collective agreements	100%	100%	100%
BME group statutory collective agreement	656	664	688
Stock exchange governing company of Barcelona collective agreement	55	54	53
Stock exchange governing company of Bilbao collective agreement	33	33	32

BME guarantees all of its employees the right to form trade unions for the defence and promotion of their economic and social interests.

As stipulated in labour 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 work or work contracts. No labour disputes occurred in 2016.

Finally, an Interpretations and Monitoring Committee was established 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 application of the Agreement, and supervise the possible process of extending the Agreement to those group companies not currently party thereto. In 2016, it met on 5 occasions.

5.3 Employment Practices

A) Social benefits

A.1) Work/life balance policy and benefits

BME promotes flexibility and work/life balance for its permanent and temporary workers through a number of policies: unpaid and paid leave and working day reductions for legal guardianship and nursing.

Other work/life balance measures benefiting all temporary and permanent employees include flexible starting and finishing times, a 5.5 hour working day on Fridays and the eves of holidays, and the possibility of requesting holidays at any time and split over different periods.

Social benefits

	2014	2015	2016
Unpaid leave	18	21	20
Paid leave (*)	714	725	758
Working day reduction for legal guardianship duties	48	55	41
Working day reduction for nursing	11	13	7

(*) This paid leave includes: bank holidays as per the collective agreement; leave for marriage, birth or adoption of a child, serious illness or death, moving house, official examinations, medical appointments, and mandatory personal or public duty.



BME offers a wide variety of activities for employees' children.

Also, employees may request to work from home should this be justified. An internal committee was set up in 2015 to assess the viability of working from home.

BME employees also have access to other **social benefits** that encourage a healthy work/ life balance. These are mainly in the form of financial support.

Other social benefits

	2014	2015	2016
Aid for the physically and mentally disabled and attention to diversity	23	22	24
Grants for employees' children	38	28	33
Nursery vouchers	39	30	30
Educational assistance for employees' children	396	386	392
Educational assistance for employees	22	29	22
Baby bonus	20	20	19
Wedding bonus	7	4	18
Interest-free salary advances ⁽¹⁾	79	77	80
Personal loans ⁽²⁾	39	35	40

(1) At 31 December 2014, 2015 and 2016, 262, 216 and 243 interest-free salary advances had been processed, benefitting 79, 77 and 67 employees, respectively.

(2) Figures for personal loans refer to the number of employees requesting these loans during the year. The number of employees benefitting from personal loans awarded by the company at 31 December 2014, 2015 and 2016 was 154, 144 and 133, respectively.

BME has provided all employees with a life insurance policy covering death by any cause, accidental death or death in a traffic accident or permanent and full disability. The company also provides a health insurance policy, which is complementary to public social security health care, as referred to in this chapter.

Employees who are temporarily disabled are entitled to receive 100% of their full salary, except for travel and subsistence allowances.

A.2) Other services and activities

i) Services for employees

BME provides its employees with various services to facilitate travelling to work and allow them to perform their work more easily.

BME offers a coach service for employees at its headquarters in Las Rozas (Madrid), its largest office. The coaches travel between company facilities and the nearest public transport links, helping employees to get to and from their places of work. There is also a car park for employees who come to work using their own vehicles.

There is a canteen service and rest areas for BME's employees in Las Rozas, and rest areas at the Plaza de la Lealtad site.

BME has set up a travel agency at its headquarters in Las Rozas, to centralise the business trips made by group employees. This service can also organise private trips and vacations for employees.

BME, through FAUNIA, THE GREEN MONKEY and ENGLISH FOR FUN, offered the employees' children the chance to attend urban holiday camps, workshops and other activities during the Easter, summer and Christmas school holidays. These featured educational activities, shows, workshops and games to bring children closer to nature.

In 2016, employees were offered special conditions for registration at the *Endaze British International School and purchasing Nissan cars*.

ii) Sport and leisure activities

In 2016, BME organised the 12th 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 sponsored the track and field club and the cycling club.

In addition, 60 BME employees took part in the 18th Companies Race, which took place on 18 December 2016.

BME is continuing to organise its traditional encounter with the Three Wise Men for the children of employees, and in 2016 also organised a drawing competition for kids to mark the 10th anniversary of its stock market listing.

B) Training and fostering professional talent

B.1) Training

The Human Resources Area promotes training and refresher courses for its employees through “On-Line Human Resources”, and other on-site and on-line courses, to contribute to their professional development and adapt this to any requirements detected during their assessments.

In order to verify the quality of the training courses, whether they meet the employee's needs and to ascertain the degree of satisfaction of the participants, all courses are officially assessed each year by the Training Department, the course providers and by the Fundación Tripartita para la Formación en el Empleo, through official questionnaires. As in previous years, participants rated the courses and trainers highly, as well as whether their objectives were met.

The In-house Training Programme was developed following analysis of the training needs identified in the annual performance assessments, taking into account requests from managers of Business Units and Corporate Areas, and initiatives by the Training department. A Training Plan Monitoring Committee has been set up to improve the quality of the Training Plan and identify training needs. This Committee includes workers' union representatives.

The 2016 In-house Training Programme also complies with the requirements set down in Royal Decree-Law 4/2015, of 22 March, for the urgent reform of the Professional Training System for Employment. Its objective is to foster the training and development of employees, and benefits from subsidies from the Fundación Tripartita para la Formación en el Empleo (Tripartite Foundation for On-the-Job Training).

Number of courses carried out under BME's In-house Training Programme (*)

	2014	2015	2016
BME's In-house Training Programme is divided into the following areas:	91	73	81
User applications area.	11	7	8
Skills development area.	15	14	21
IT area.	27	16	9
Financial markets and financial assets area.	38	36	43

(*) These figures do not include language training or training through Master's programmes.

In addition to this training under the In-house Training Programme, other courses are organised as necessary to meet ad hoc and specific business needs. Other training in 2016 included “Business ethics and conflicts of interest”, to comply with principle four of

the International Organization of Securities Commissions (IOSCO)'s “Final Report on the Principles for Financial Benchmarks” of July 2013, which refers to the training and skills of employees involved in managing IBEX indices.

As in 2015, in 2016 the number of people who have received training increased with respect to 2015, when it was lower due to the large number of projects underway in the Group and fewer hours of e-learning in office applications.

Training hours ⁽¹⁾

	2014	2015	2016
Total training hours			
Total training hours	3,069.5	1,825	1,868.5
Number of employees receiving some type of training	466	354	355
Total number of training hours received	13,912.5	7,397	8,894
On-site training: total training hours received	8,540.5	5,557	6,375
On-line training: total training hours received	5,372	1,840	2,519
Training hours received per employee	18.72	9.92	11.52
In-house Training Programme			
Total training hours	1,940.5	1,300	1,270.5
Number of beneficiaries	413	295	301
Number of training hours received	12,026.5	6,229	7,452.5
Other courses ⁽²⁾			
Total training hours	1,129	525	598
Number of beneficiaries	53	59	54
Number of training hours received	1,886	1,168	1,441.5

(1) These figures do not include language training.

(2) These figures do not include training through Master's programmes.

Ratio of training hours received per employee ^(*)

	2014	2015	2016
Total training hours	18.72	9.92	11.52
In-house Training Programme	16.19	8.35	9.65
Other courses	2.54	1.57	0.93
Average training hours, by professional category			
Senior management	0.00	0.88	1.71
Middle management	6.58	9.27	4.05
Specialist technicians	15.80	9.03	8.63
Administrative / Auxiliary / Support Staff	29.22	12.20	19.80
Number of courses attended by employees, by professional category and gender ^(*)			
Senior management - Men	0	1	1
Senior management - Women	0	0	0
Middle management - Men	22	15	13
Middle management - Women	13	10	16
Specialised technicians - Men	309	193	167
Specialised technicians - Women	155	125	127
Administrative / Auxiliary / Support Staff - Men	195	110	164
Administrative / Auxiliary / Support Staff - Women	115	100	158
Total	809	554	646

(*) These figures do not include language training or training through Master's programmes.

Grants for Master programmes and specialist courses

	2014	2015	2016
Executive Master in Financial Risk Management			
Number of employees	1	0	3
Total training hours received	268	0	268
Master in Financial Markets and Alternative Investments			
Number of employees	1	0	0
Total training hours received	450	0	0
Other specialist courses			
Number of employees	1	0	1
Total training hours received	160	0	600

BME also has a library service allowing 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 centre catalogue through the company Intranet. As such, employees can occasionally or regularly consult information on projects and actions in different group companies and departments, as well as on events carried out by the company.

Language training

	2014	2015	2016
English language training ⁽¹⁾			
Number of beneficiaries	237	227	145
Total training hours	4,744	3,646	3,298
Number of language training hours received ⁽²⁾			
Total training hours received	7,856	6,818	4,421

(1) Provided through group classes, one-to-one classes, telephone classes and specialist seminars held in English.

(2) not including figures for the geographical area of Bilbao.

C) Equal opportunities. Career advancement and salary policy

B.2) Fostering professional talent

The Ideas Bank is a tool that ensures the ideas submitted by employees, either directly or through BME Idea, are followed up.

The Ideas Bank offers all company employees the chance to submit proposals and foster creativity and innovation in services, processes and business areas. It involves five phases, during which proposals are assessed according to their value and feasibility: the ideas factory, during which the owner of the idea can try to improve it, creating an "improvement group" for this purpose; the ideas laboratory, to allow the Head of the Corporate Area or Business Unit to which the idea has been assigned to request an interdisciplinary Innovation Panel be set up in which other units involved and the owner of the idea participate, to assess the potential of the idea and submit a report; the innovation project, where the head of the corporate area or business unit in question draws up a viability plan based on the reports submitted by the innovation panels; the project is then developed and the results analysed.

No ideas from the Bank resulted in the launch of a new project or service in 2016.

C.1) Diversity and equal opportunities

BME 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.

The concept of gender equality permeates all of BME's human resources management policies, such as hiring, recruiting, training, performance evaluation, promotion, compensation, working conditions, work/life balance issues and communications.

Also, the Joint Equality Commission which was set up to study and, as the case may be, implement measures to foster equality within the companies subject to this agreement.

BME's recruitment and hiring policies 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 first through internal processes that ensure confidentiality, independence and equal opportunities, and subsequently through external channels.

To date, no incident linked to discrimination has occurred at BME.

Neither BME's business activity nor its geographical location in Spain entail risks of involuntary or forced labour or child labour, or of a breach of human rights.

In 2016, employees working for BME had to travel and spend days outside Spain for company projects. In doing so, their job conditions were not modified.

BME upholds human rights in the performance of company activities and requires that suppliers rendering security services at BME offices provide training for their staff in this field.

Given the lack of risk in this area, BME has made no significant investment in which the clauses relating to human rights were analysed.

C.2) Career advancement and salary policy

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.

- *Annual performance assessment.* Performance assessments have been carried out since 2007. They encourage a stronger relationship between the evaluator and the employee, and facilitate a more in-depth knowledge of working teams.
- *Training.* Training courses attended both as part of and outside the In-House Training Programme are also taken into account in the professional advancement of employees.
- *Length of service at current level.* Each year of service dating from an employee's last salary rise is counted toward job promotion.

Performance assessment

	2014	2015 ⁽²⁾	2016 ⁽³⁾
Employees ⁽¹⁾	87.37%	89.81%	88.75%
Number of assessable employees by professional category			
Senior management	1	1	0
Middle management	46	48	48
Specialist technicians	432	440	467
Administrative / Auxiliary / Support Staff	171	180	170

(1) Figures for performance assessment in this table were calculated for the whole workforce at 31 December each year. The calculation of the total number of employees eligible for assessment does not include employees who have been with the Company for less than one year, of which there were 45, 40 and 51 at 31 December 2014, 2015 and 2016, respectively.

(2) Data for 2015 have been updated with respect to those in the 2015 CSR Report

(3) Figures not definitive at the date of publication of this report.

ii) Salary policy

Salaries of BME employees are established using the salary table provided in the statutory collective labour agreement, which applies to 89% of personnel. For the remaining group employees, the harmonised salary tables set out in the respective collective agreements are used.

At BME there are no differences in salary between male and female employees. Any differences that do occur are the result of the variation in professional categories, based on different levels of responsibility.

Both the collective employment agreement and its salary table preclude any gender, race or other bias in determining salaries.

Job category ⁽¹⁾	Annual Base Salary 2014 ⁽²⁾	Annual Base Salary 2015 ⁽²⁾	Annual Base Salary 2016 ⁽³⁾
A	33,830.22	33,830.22	33,830.22
B1	32,984.46	32,984.46	32,984.46
B2	32,138.71	32,138.71	32,138.71
B3	31,292.95	31,292.95	31,292.95
B4	30,447.19	30,447.19	30,447.19
C1	29,601.43	29,601.43	29,601.43
C2	28,755.69	28,755.69	28,755.69
C3	27,909.93	27,909.93	27,909.93
C4	27,064.17	27,064.17	27,064.17
D1	26,218.42	26,218.42	26,218.42
D2	24,526.90	24,526.90	24,526.90
D3	18,606.62	18,606.62	18,606.62
D4	16,915.11	16,915.11	16,915.11
E1	15,223.59	15,223.59	15,223.59
E2	13,532.08	13,532.08	13,532.08
E3	11,840.58	11,840.58	11,840.58
E4	10,149.07	10,149.07	10,149.07

(1) Job categories:

Group A: Senior management.

Group B: Employees who coordinate, supervise and evaluate a team's programmed activities, with responsibility for the group's performance in the area of their remit.

Group C: Employees whose positions require the execution of complex and varied tasks with defined overall goals and a high degree of self-starting, initiative and responsibility within their organisational department.

Group D: Employees whose jobs demand effective execution of procedures and who must follow detailed and constant working instructions for the purpose of providing support to the company's business areas and units.

Group E: Employees who provide operational support and auxiliary services to other positions and who must be capable of carrying out specific activities in terms of purpose and content.

(2) The 2014 and 2015 Annual Base Salary amounts have been adjusted to include the wage increase laid down in the statutory collective labour agreement, which is 0% in both cases.

(3) The 2016 Annual Base Salary will be updated based on the procedure laid down in the statutory collective labour agreement, in which the CPI is one factor in a formula in which the main variable is the year-on-year change in the company's Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA).

Furthermore, the basic salaries mentioned above are enhanced with a series of remuneration items, all of which are regulated by the statutory collective agreement.

Meanwhile, each employee's compensation is increased in accordance with the level of responsibility of the position, job performance and whether the employee meets targets.

A committee was set up in 2015 to evaluate the pension plan for all employees of the companies covered by the aforementioned labour agreement.

	2014	2015	2016
Spanish minimum wage	9,034.20 €	9,080.40 €	9,172.80 €
BME monthly base salary for new employees	10,149.07 €	10,149.07 €	10,149.07 € ^(*)
Difference between the Spanish minimum wage and BME's monthly base salary	1,114.87 €	1,068.67 €	976.27 €

(*) BME's monthly base salary will be reviewed as per the procedure set forth in the statutory collective labour agreement described in the table above.

D) Occupational health and safety in BME. Information Security

BME guarantees the health, safety and risk prevention measures established in occupational health and safety law at all of its work centres and analyses, each year, any risks at its installations and its employees' workplaces. With the collaboration of its employees, through their legal representatives, and of internal bodies specifically entrusted with this issue, BME draws up a programme to address the risks detected and proposes and implements the corresponding preventive measures, such as training, information, personal protection equipment and routine checks.

BME has established the following health and safety committees, which monitor and advise on occupational health and safety issues. These committees represent all staff and are made up of both management staff and employees. *Health and Safety Committee, Evacuation Team, Emergencies Team and First Aid Team.*

D.1) Workplace safety

BME draws up its workplace safety policy on a yearly basis, carrying out a series of 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 Manual prepared by the workplace risk prevention company FREMAP, which owns the health and safety statutory audit certificate APRL 2014/0038.

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

D.2) Employee health

BME provides its employees with a healthy working environment. To this end, BME has a Health Monitoring Programme whereby, among other services, it instructs employees in how to act in the event of accidents or serious health problems occurring at work. In addition, primary medical care stations have been set up at work centres, complete with automated external defibrillators for immediate response to cardiac arrest. In 2016, although no serious incidents of this nature occurred, two urgency interventions took place, during which it became necessary to call 112.

In addition, BME provides workers with annual physical check-ups, and has contracted health insurance for all employees and their family. 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 flu vaccination campaigns, which benefitted 120 employees in 2016.

In 2016, air quality checks were carried out in all BME group's buildings.

	2014	2015	2016
Absenteeism and accident rates			
Accident index	1.61%	0.67%	0.52%
Number of days lost due to occupational accidents	12	5	4
Number of days lost due to common ailments	546 ^(*)	662 ^(*)	601 ^(*)
Leave of absence			
Trade union	0	0	0
Voluntary leave	1	0	3
Special leave	0	0	0
Maternity leave	9	10	6
Paternity leave	9	11	14

^(*) Sick leave figures for 2014, 2015 and 2016 include the 243, 272 and 270 employees not attending work due to sickness but who did not present a medical certificate. This type of leave has a maximum duration of 3 days.

D.3) Health and safety training

The company ensures that its workforce receives the appropriate training in health and safety matters. All new employees take an online training course on workplace risk prevention measures and rules.

The Medical Service, in collaboration with the Human Resources and Corporate Communications departments, reports on blood-donation campaigns. In 2016, it published issues 16 and 17 of its Health Newsletter, focusing on transplant and donation processes, and a study of the causes and preventative measures for headaches, one of the most common afflictions of the nervous system, respectively.

The employees of the security companies subcontracted by BME to manage the security of its buildings (Hisconsa, S.A., Protectum Seguridad S.A. and Alta Seguridad, S.A.) comply with all requirements under prevailing legislation governing the provision of security services and the protection of property, people and auxiliary services. These have received: ISO 14001:2004 certification, for their environmental management system; OHSAS 18001:2007 certification, for their occupational health and safety management system; and ISO9001:2008 certification for their quality management system, all issued by LSQA, S.A.; ISO 9001:2008 and ISO 14001:2004 certificates, relative to surveillance and protection of property, facilities, shows, competitions and conventions; issued by SGCS ICS Iberica S.A., and SP-2012/0006 certificate issued by AENOR, for their professional and ethical Management System for private security services.

Also in 2016, the security companies subcontracted by BME continued running refresher and recycling courses for their employees, with a total of 1,380 hours of training.

D.4) Information Security

BME updated its Information Security Policy on 2 June 2016. This Policy aims to prevent abusive use of IT tools, through the identification of prohibited conduct, the consequences that can derive from such abusive use, and the control procedures the Company's management could put in place. The Policy is available to employees on the BME Intranet. As a complement to this Policy, BME has also provided all staff with its 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 the BME group's sensitive information.

Continuing the information security actions carried out by the Company in 2014 and 2015, an awareness-raising programme for this issue was run in 2016. In July 2016, all employees successfully completed the 3-hour training course on "Raising Awareness of Information Security". In October 2016, BME launched a one-year campaign that will present and describe issues related to information security each month. The three issues addressed in October, November and December 2016 were the personal data protection act, the use of passwords and the use of same email.

5.4 Ethics and Transparency

A) Principles for operating in the securities market.

The Board of Directors keeps the Internal Code of Conduct constantly up-to-date. This applies to all members of the Board of Directors and senior managers and employees of BME and its Group companies. It is available to employees on the Human Resources intranet.

The Internal Code of Conduct sets out the basic principles to guide all employees. In performing their duties, all individuals must always act in accordance with the principles of impartiality and good faith.

The Code of Conduct Committee, reporting to the Markets and Systems Operating Procedures Committee, is in charge of applying, interpreting and monitoring the Code and ensuring they are adhered to. It is assisted in this task by the Secretary General and the Secretary of the Board of Directors and the Code of Conduct Unit. The Board of Directors oversees the activities of the Markets and Systems Operating Procedures Committee on a monthly basis, with an annual assessment of its performance, through the Committee's report on its activities.

As per the Internal Code of Conduct, and in line with guidelines for disclosing insider information to third parties, BME's "Policy for the treatment and transfer 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 regulations, BME has established a procedure for reporting weaknesses in internal control and risk management systems, publicly specifying the channels BME employees 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 2016.

These regulations and the implementation of the procedure for reporting weaknesses in internal control and risk management systems are an effective mechanism for detecting and handling potential cases of corruption and fraud.

B) General principles governing the actions of BME employees.

With regard to the prevention of criminal risks, on 16 December 2010 BME approved its Principles for the prevention of criminal risks in Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., and its Group companies. These are available on the corporate website and form the basis of the Criminal Risk Prevention System approved by the Board of Directors on 29 November 2012. The Criminal Risk Prevention System was updated in 2015 and 2016 to reflect modifications to the Criminal Code.

As well as the Criminal Risk Prevention Manual, the company has a Code of Conduct which is available to employees at the Human Resources intranet setting out the ethical principles and rules of conduct to which all BME group directors, legal representatives, managers and employees must adhere. It has also established an internal whistle-blowing channel for reporting anything that could imply a breach of group policies, procedures or the Code of Conduct, and any other acts that could constitute a possible crime. No issues were reported through the whistle-blowing channel in 2016.

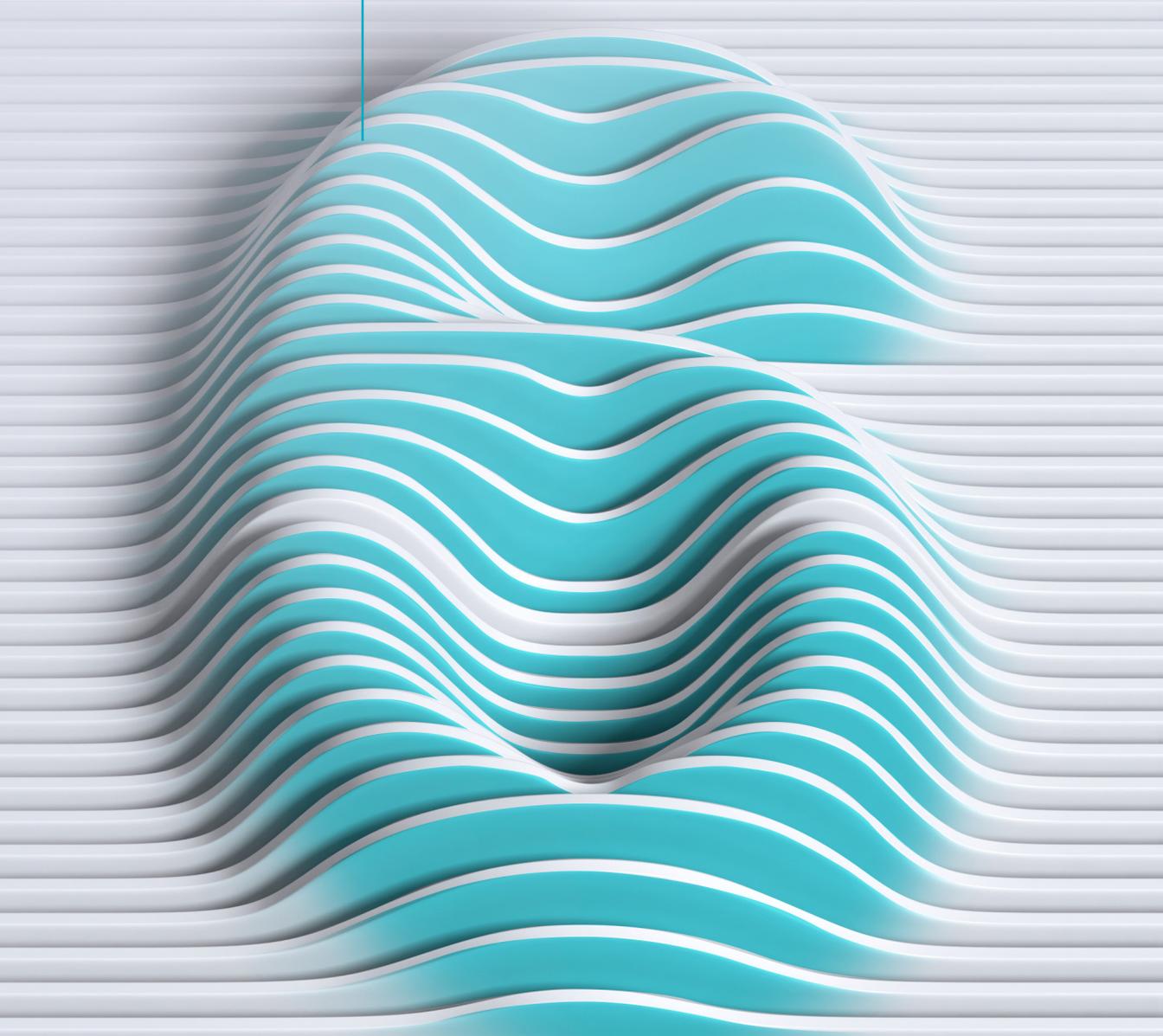
In addition, BME has distributed to all its employees the Policy on the Treatment of Sensitive Information, which establishes the criteria for classification and treatment of documents according to their degree of confidentiality in order to reduce the risk of unauthorized access to sensitive information of the BME Group.

A specific training course on measures to prevent criminal risk has been available to employees on the intranet since May 2014, to raise awareness the importance of this issue. Having taken the course, in 2015 all employees were assessed on the prevention of criminal risk.

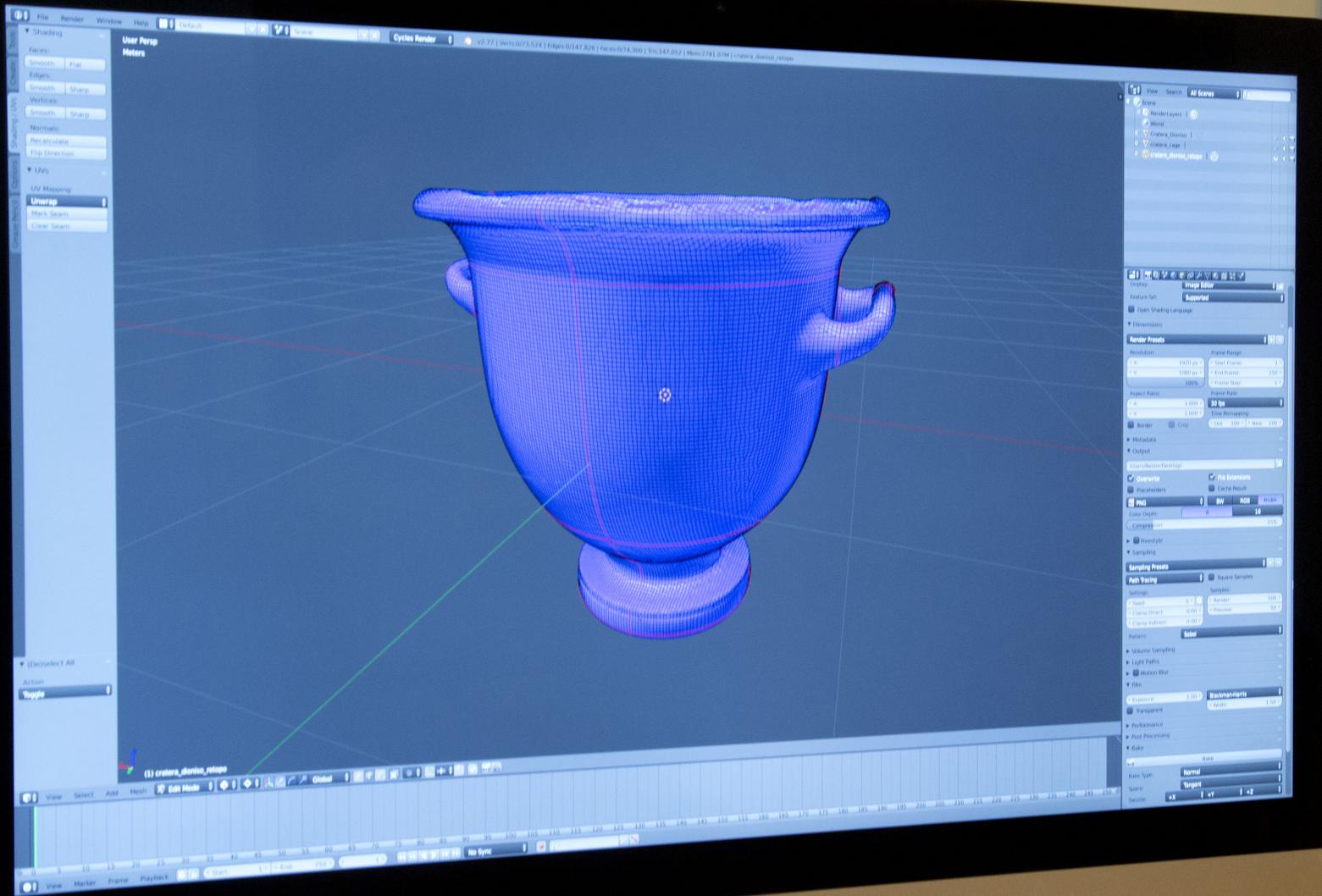
In addition to the aforementioned mechanisms, the company's Internal Audit Department is responsible for performing regular audits on procedures that could be affected by potential instances of corruption and fraud.

These rules, bodies and procedures enable BME to effectively fight corruption and fraud and allow it to comply strictly with applicable legislation on this matter. No cases of corruption or fraud were reported or identified in 2016.

SUPPLIERS



- 6.1. SUPPLIER PROFILE.
- 6.2. COMMUNICATION CHANNELS WITH SUPPLIERS.
- 6.3. THE SUPPLY CHAIN.
- 6.4. QUALITY STANDARDS FOR GOODS AND SERVICES.



6.1 Supplier Profile

Suppliers are of key importance to BME, as they help it carry out its activities by providing the necessary equipment, technical assistance and supplies.

Collaboration with National Archeological Museum.
Digitalization of Greek vessels.
Second phase of the digitalization process.

In 2016, the Company managed 1,450 suppliers, of which 88.76% were local, i.e. companies operating in the geographic location where the supplies and services are purchased and invoiced, accounting for 88.87% of purchases of goods and services.

6.4% of suppliers are new suppliers from different business sectors.

	2014	2015	2016
Local suppliers	1,255	1,182	1,287
Non-local suppliers	136	114	163
Total	1,391	1,296	1,450

A) Types of suppliers

The three main categories of suppliers in BME are:

- **Technological services:** supplying the IT equipment and solutions needed for BME's activities. The Company needs to use the most advanced technology assets, to which end it regularly renews its office equipment.
- **Support:** providing services associated with the Company's management activities, such as consultants, audit firms and travel agencies.
- **Maintenance:** providing maintenance, improvement and management services for the Group's buildings and facilities.

B) Volume of procurements

The total volume of goods and services managed in 2016 through the Group's supplier contracting system (SI3) amounted to €45,603 million, 8.91% more than in the previous year.

Purchases from local suppliers accounted for 88.87% of total purchases of goods and services by the Company in the year, €45,603 million.

Invoicing for services supplied by external suppliers

	2014	2015	2016
Supplier invoicing (€ thousand)	38,936	41,872	45,603
Local suppliers (%)	90.66%	91.03%	88.87%
Non-local suppliers (%)	9.34%	8.97%	12.17%

C) Average supplier payment period

As in the previous year, all our suppliers were paid within the legally-established deadline in 2016. BME's average payment period in 2016 was 31 days. This information is reported on the corporate website

(www.bolsasymercados.es) - and is fully compliant with prevailing legislation to combat late payment in commercial transactions and corporate governance regulations.

Average payment period to suppliers, days

	2014	2015	2016
BME	31	31	30
Other group companies	28	35	35

6.2 Communication Channels with Suppliers



6.3 The Supply Chain

BME's activity is governed by a raft of corporate values and ethical and socially responsible commitments, which BME seeks to encourage all of the suppliers in its supply chain to adopt. Over recent years, the Company has implemented mechanisms in its procurement process for goods and services that help to continue promoting sustainable management throughout its supply chain.

BME's supply chain – the activities through which the company procures goods and services – is orchestrated through an organised and centralised system for contracting and managing the services of external suppliers: the Order Approval System (SI3). This system underpins all the phases of the procurements process for products and services from external suppliers: requests, approval, budget control and payment management. There were no major changes to the company's supply chain in 2016.

The Order Approval System (SI3) is built on a technological platform for the registration and assessment of suppliers that:

- Makes the procurements process more efficient and automated;
- Enhances the Company's cost control, by providing department heads and managers of corporate areas with an effective mechanism for controlling spending on external services;
- Enables the source and geographic location of procurement to be determined. CO₂ emissions can be kept down through local procurement (which accounts for practically all purchases), as this is sourced from nearby.
- Identifies and minimises potential supply chain risks, ensuring suppliers are compliant with social, environmental and economic regulations;
- Enables information to be continuously and directly shared and exchanged by officers in different companies requiring the same good or service. This is a useful tool for the group as information is standardised and recorded.

The corporate commitment to responsible procurement management extends to the Company's entire supply chain. 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. As a result, all new suppliers are therefore required in the initial stages of contracting to sign a statement declaring that, as well as fulfilling the financial and technical requirements, they comply with occupational health and safety, social and environmental criteria. BME continued setting out the new criteria in its model declaration in 2016, thus incorporating regulatory compliance with human rights into the declaration that all Group suppliers must submit.

During 2016, 85 new suppliers eligible for consideration - all the new suppliers registered - signed the statement of compliance.

As in the previous year, in 2016 the Company has not rejected any supplier or cancelled any contract due to breach of any of the technical, professional or financial criteria set down in the declaration.

Supplier accreditation, assessment and monitoring process

The Company uses its SI3 system to carry out an initial assessment of the level of compliance of new suppliers with whom BME has placed an initial order in excess of €10,000 or where the goods or services are deemed critical, i.e. they represent a high risk given the size of the purchase and/or their direct impact on BME's activities or services to its clients.

This accreditation process considers criteria that ensure that suppliers can comply with the commitments they make to BME, including their: economic and financial solvency; technical and human infrastructure; supply capacity; quality and after-sales service and warranties.

This initial process is followed by on-going monitoring of suppliers once they are registered, 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.

This second process entails the following actions:

1. Completion of a supplier-assessment questionnaire for each product or service delivered.
2. Detection, recording and follow-up of any incidents, delays or claims occurring.

In 2016, 2,003 orders were placed with 322 suppliers eligible for assessment. None of these 1,725 orders received a negative assessment, assessments carried out by the said 322 suppliers eligible for assessment.

BME is enhancing the sustainability of its supply chain through these processes, fostering a more respectful attitude to the environment.

6.4 Quality Standards for Goods and Services

Suppliers must meet certain quality standards, depending on the products and services they supply. In 2016, BME continued to apply the same standards as in previous years.

For technological assets, the Company works with qualified suppliers that guarantee that their office products and equipment have received energy-efficiency certification, as set out in section 8.2.

In terms of *office materials*, paper is one of the most important supplies: the Company only contracts suppliers that incorporate environmental protection and management measures into their production processes. All BME suppliers of paper have UNE-EN ISO 14001:2004 (now called UNE-EN ISO 14001:2015) certification for their environmental management systems and OHSAS 18001:1999 certification for their occupational health and safety management systems.

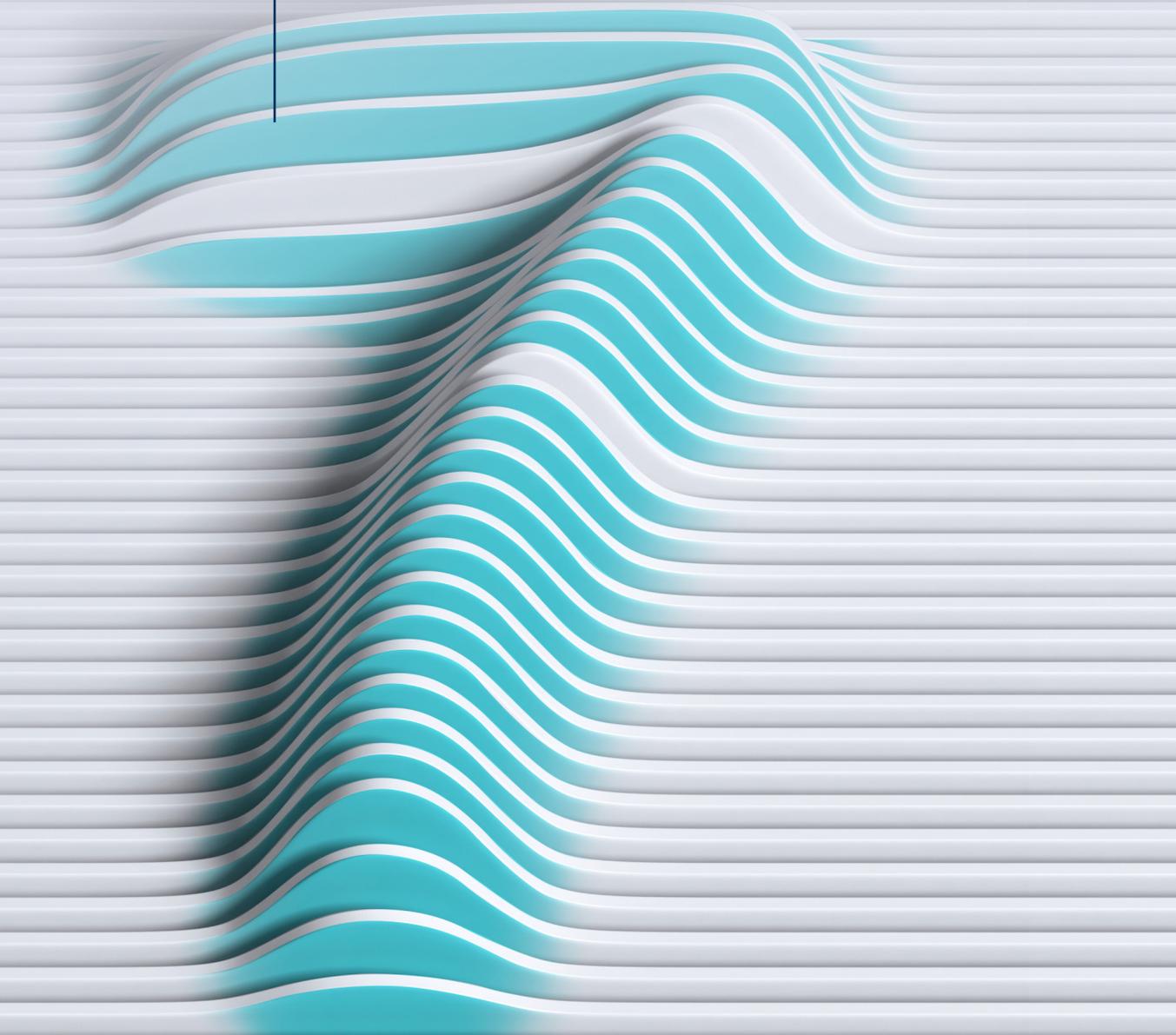
BME is also committed to fostering sustainable mobility. To this end, it offers a shuttle service provided by a company certified by Madrid's Chamber of Commerce and Industry under the UNE-EN ISO 14001:2004 and UNE-EN ISO 9001:2008 standards for quality management systems, incorporating the directives set down in the best environmental practices manual and the accompanying waste management instruction, respectively. This supplier is also certified for bus and coach safety (CSEAA-INSIA), which guarantees the safety of the company's transport services for people, and under the UNE-EN 13816:2003 and OHSAS 18001:2007 standards, for passenger transport, and the UNE-EN ISO 50001:2011 and UNE-EN ISO 14064:2012 standards, for energy management systems and greenhouse gasses, respectively.



Certification of air quality at Palacio de la Bolsa, Madrid.

SOCIETY

- 7.1. COMMUNICATION CHANNELS WITH SOCIETY.
- 7.2. FINANCIAL CULTURE AND OTHER CULTURAL ACTIVITIES.



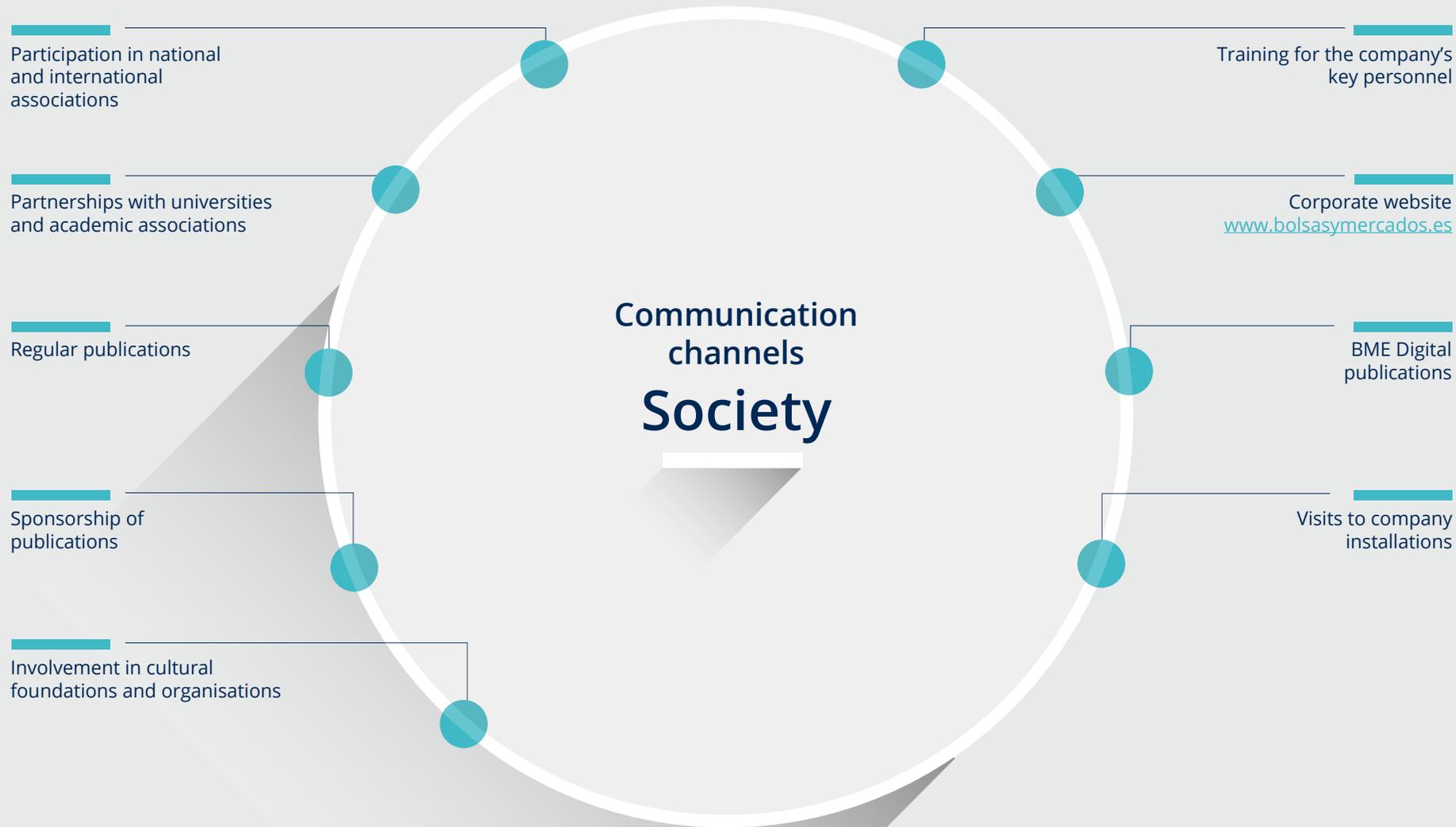


7.1 Communication Channels with Society

In order to underline its commitment to the society in which it operates and improve its social and institutional relations, BME complements in main activity with various actions and initiatives designed to foster a financial culture and corporate social responsibility. To this end, BME draws on the vital support of the companies admitted for trading on the markets and systems it manages.

Collaboration with National Archeological Museum.

Digitalization of Greek vessels.
Digitalization is completed.



7.2 Financial Culture and other Cultural Activities

7.2.1. Financial culture.

BME is committed to the distribution of information and increasing access to a financial culture for all economic agents, whatever their condition, improving the rights of investors.

Through its activities BME contributes and promotes financial training for the general public. BME therefore invests in providing financial education services, increasing the financial training that it distributes for free, with no restrictions on access.

A) Financial Education Day

The Company, through Instituto BME, was involved in planning and organising the second “*Financial Education Day*”, an initiative featuring in the Financial Education Plan promoted by the Bank of Spain, the CNMV and the General Directorate for Insurance. BME has launched the “*Face-to-face financial education*” initiative, with the Madrid, Barcelona, Valencia and Bilbao stock exchanges, installing *stands* where representatives of Instituto BME and the stock exchanges answer questions from the public about investing in the stock markets.



Financial Education Day. Activities in all our premises.

B) BME's involvement with Spanish and international associations and institutions

	BME GROUP ⁽¹⁾	BME GROUP ⁽¹⁾	BME GROUP ⁽¹⁾	BME GROUP ⁽¹⁾
Spanish and international associations				
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 and international associations				
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 Organization of Securities Commissions (OICV-IOSCO)	-	Yes	Yes	Yes
Centre for European Policy Studies (CEPS)	-	Yes	Yes	Yes
Futures Industry Association (FIA)	-	Yes	Yes	Yes
Spanish SWIFT Users Group (SWIFT GNUSE)	-	Yes	Yes	Yes
International Securities Services Association (ISSA)	-	-	Yes	-
European Central Securities Depositories Association (ECSDA)	Yes	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	-
European Covered Bonds Council (ECBC)	-	-	Yes	-
International Swaps and Derivatives Association (ISDA)	-	-	Yes	-
Financial Information Services Association of SIIA (FISD)	-	-	Yes	-

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.

C) Collaboration in financial education with universities, educational centres and other relevant parts of society

BME's deep commitment to general culture and, specifically, the culture of finance and its dissemination is also evidenced in the company's collaboration with a variety of organisations, universities and academic associations, and the participation of its professionals in training programmes related to the stock market.

Since June 2008, BME has been a patron of the Fundación de Estudios Financieros (Foundation for Financial Studies), which dedicates its resources and efforts to independent research, education and opinion. The Foundation is committed to working to promote fair adherence to economic freedom based on efficiency, transparency and ethical practices.

As part of the efforts to promote the culture of finance, Instituto BME, the company's training centre, has entered into numerous collaboration agreements with universities, study centres and other institutions, and helps organise courses directed at professionals working in finance. It also offers scholarships and training grants to open up access to the highest quality post-graduate study programmes.

Instituto BME also collaborates on numerous training projects, offering specialised courses at private and public universities, such as those of Alcalá de Henares, Castilla-La Mancha, Carlos III, Complutense, Internacional de Andalucía (UNIA), Malaga, Universidad Nacional de Educación a Distancia (UNED),

Miguel Hernández, the Basque Country, Pontificia de Comillas (ICADE), San Pablo CEU, Santiago de Compostela, Valencia, Vigo, Zaragoza, and Colegio Universitario de Estudios Financieros (CUNEF) in Madrid, etc., as well as international universities such as the Panamerican University (Mexico) and Sergio Arboleda and Rosario (Colombia), and training institutions such as the Colegio de Economistas de Aragón, Asociación Universidad de Empresa (AUNE), Institut d'Estudis Financiers, Instituto de Estudios Bursátiles (IEB), ESESA business school in Malaga, the Centro Internacional de Formación Financiera (CIFF) and the Academia Europea de Dirección y Economía de la Empresa (AEDEM).

The four stock exchanges also have their own collaboration agreements with educational bodies to foster the financial and stock-market culture.

- The Madrid Stock Exchange participates in a stock-exchange and financial-markets course with the Asociación Universidad Empresa (AUNE - University-Business Association) and an online securities and derivatives course through the company Software Financiero Bolsa (SFB).
- The Barcelona Stock Exchange offers a Master's degree in Financial Instruments Mathematics, in conjunction with the Autonomous University of Barcelona.

- In collaboration with Valencia University, the Valencia Stock Exchange also sponsors and takes part in a postgraduate specialisation diploma in Spanish financial markets and stock markets (DEPU) together with Fundación Universidad Empresa (AEDIT - the University-Business Foundation) and Instituto BME.

The Valencia stock exchange also collaborates with Valencia University and the Valencia Institute of Economists, through sponsorship of the Economic Olympics.



Bolsa de Valencia sponsors the Course: University Expert on Spanish Stock Markets.

To this end, BME has contributed by sponsoring (with other major entities) the 14th Harvard-Complutense Seminar, “*International Arbitration and Banking Corporate Governance: a transatlantic perspective*” at the Real Colegio Complutense. This Seminar was organised by the Harvard and Madrid’s Complutense University, to analyse and discuss some of the key issues in today’s regulatory framework, such as: arbitrage, banking and corporate governance, comparison of the European framework, particularly that in Spain, to that of the USA; and new trends in insolvency and regulation.

The following training events were held by BME in 2016 working with other institutions:

- “*Investing in a world with 0% interest rates. The investment clock*” held at the Valencia stock exchange, This year, as part of the agreement between BME and Ibercaja to work together to provide training and disseminate information on finance. This partnership aims to carry out joint activities to share information on the financial sector with Ibercaja customers and employees and society in general;

- “*Business finance in Spain: strategies for the future*”, organised with the IEAF, the Spanish Institute of Financial Analysts; and
- “The stock market: A market with many options for small investors”, organised by BME and the business newspaper El Nuevo Lunes;

BME continued the tradition of organising free training seminars on the workings of financial markets and the products traded on them, targeting groups outside the sector who would be able to better perform their jobs with this knowledge. In 2016, this campaign saw BME working with members of the General Council of the Judiciary (CGPJ), the National Police, the Civil Guard, the Centre for Legal Studies of the Justice Body (CEJ) and the Tax Agency.



Presentation of book “Portfolio Management. Theory & Practice” by D. Villalba.

D) Financial awards promoted by BME

In 2016, BME continued to sponsor, jointly sponsor and promote awards to foster and encourage stock market investment.

Award	Description	Action by BME
Base Ibex 35 and Latibex Top	Recognition of the mutual funds obtaining the highest accumulated returns in the past year with portfolios reflecting the Spanish and Latin American indices, respectively;	Promotion
Foro Finanzas	Awarded to the best works submitted at the Spanish Finance Association's 24th Foro de Finanzas (AEFIN Finance Forum) on equity, fixed-income and derivative products;	Promotion
Financial excellence	11th year, awarded by the Spanish Association of Financial Managers on the Madrid Stock Exchange.	Sponsorship
Expansión	Twenty-seventh Expansión Awards, in which the Allfunds Bank and the financial journal Expansión recognise the best fund managers, funds and pension plans;	Sponsorship
Fund investment (El Economista)	Recognition of the best securities, companies and products related to the investment world, divided into fourteen categories.	Co-sponsorship
8th Economic Olympics, Madrid	Awarded to the 12 best students at public universities, in collaboration with secondary-education centres.	Co-sponsorship
Robotrader 2016	Sixth Robotrader Awards for algorithmic trading-system projects for financial markets;	Co-sponsorship
CFA Spain	10th awards presented by CFA Society Spain to winners of the CFA Research Challenge.	Collaboration
Morningstar funds	Awarded to the managers, funds and pension plans that have achieved the highest value for their members.	Collaboration



BME collaborates with Morningstar funds awards.

E) Sponsorship of financial publications

In order to foster the study and knowledge of the Spanish economy, finance and stock markets, BME encourages the dissemination of, and research on, these topics through the direct publication of books and magazines and through sponsorship of various publications.

As part of its work to foster financial culture, in 2016 BME was involved in publishing a number of books in its "Studies & Research" series: "A Practical Guide to Technical Analysis" and "The theory and practice of portfolio management", which were presented at the Barcelona and Madrid stock exchanges, respectively.

BME also has a Research Department with staff in all four of its stock exchanges. This Department

prepares, filters, selects and distributes educational documents of various types to foster information and knowledge of the activity and characteristics of the elements and protagonists involved in the day-to-day operation of the economy and the markets.

It distributes this wide range of documents through BME Ediciones Digitales. These publications can be accessed at no charge, and read and downloaded from the Company's website.

BME also has libraries and documentation centres at its Madrid and Barcelona premises, containing more than 30,000 titles relating to the economy and finance. Users outside BME can access this through the online catalogue, borrowing the documents in the library.



BME sponsors Expansion awards to the best investment funds.

BME investment in social initiatives (thousands of euros)

	2014	2015	2016
Financial culture and training	950	950	975
Socio-economic development (awards)	40	40	30

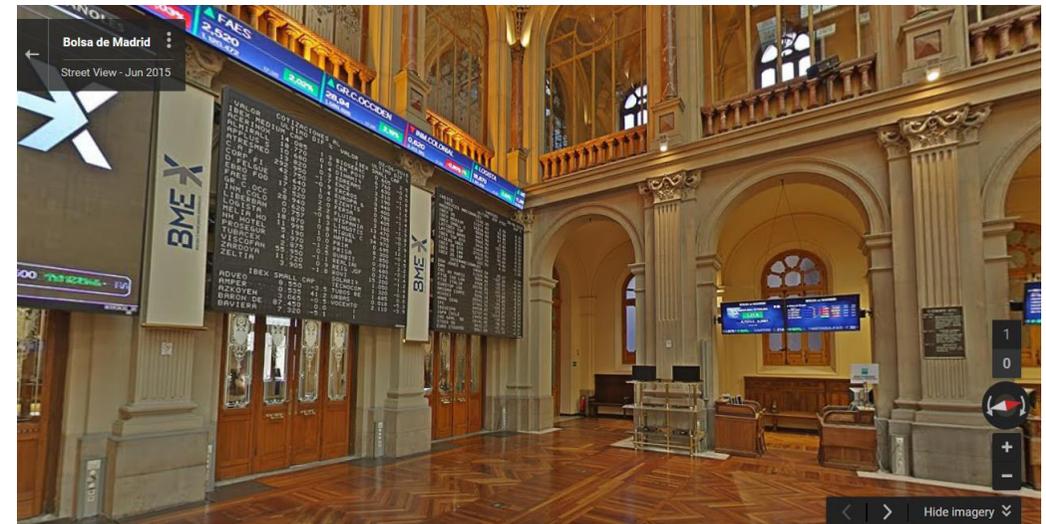
7.2.2. Other cultural and social activities

A) Cultural activities

The Madrid stock exchange is one of the oldest financial institutions in Spain. Its home in the Palacio de la Bolsa is a building of great cultural value, which was inaugurated in the late 19th century. This building is one of the emblematic locations that can be toured virtually using Google Maps View, from the Madrid stock exchange's website, www.bolsamadrid.es.

The Palacio de la Bolsa showcases Spain's historical and artistic heritage and stirs enormous interest among the general public. To satisfy this interest, free guided tours are held throughout the year, in Spanish and English. These visits also serve to highlight the importance of the work carried out by BME as the

building is the company's headquarters. The other stock exchange buildings in Barcelona, Bilbao and Valencia also offer guided tours, promoting education and information about stock markets. Visitors include university groups, secondary-school students, training centres, associations, cultural centres, companies and individuals, both Spanish and foreign.



Virtual visit to Palacio de la Bolsa de Madrid available at Google Maps View.

2016

	Visits	Visitors
Madrid Stock Exchange	280	9,372
Barcelona Stock Exchange	404	12,157
Bilbao Stock Exchange	13	288
Valencia Stock Exchange	28	702
Total	725	22,519

The importance BME gives to cultural activities is clearly reflected in the company's active participation in cultural organisations, even where its activities are not directly related to these disciplines.

BME is a member of the Friends of the Prado Foundation, a sponsoring partner of the Reina Sofia art gallery in Madrid, and a partner of Madrid's Teatro Real. Through the Bilbao stock exchange, the company is a strategic patron of the Guggenheim museum in Bilbao. In 2016, BME launched a collaboration with the

National Archaeological Museum, sponsoring educational material for visits and workshops for families, and 3D copies of the Greek collections.

BME and the Royal Academy of Jurisprudence and Legislation also have a cooperation agreement, through which BME contributes to efforts to promote the culture of finance that this Royal Academy fosters as part of its work to promote financial-sector and securities-market law.

BME investment in social initiatives (thousands of euros)

	2014	2015	2016
Financial sponsorship and development of cultural activities	200	210	250

B) Social action

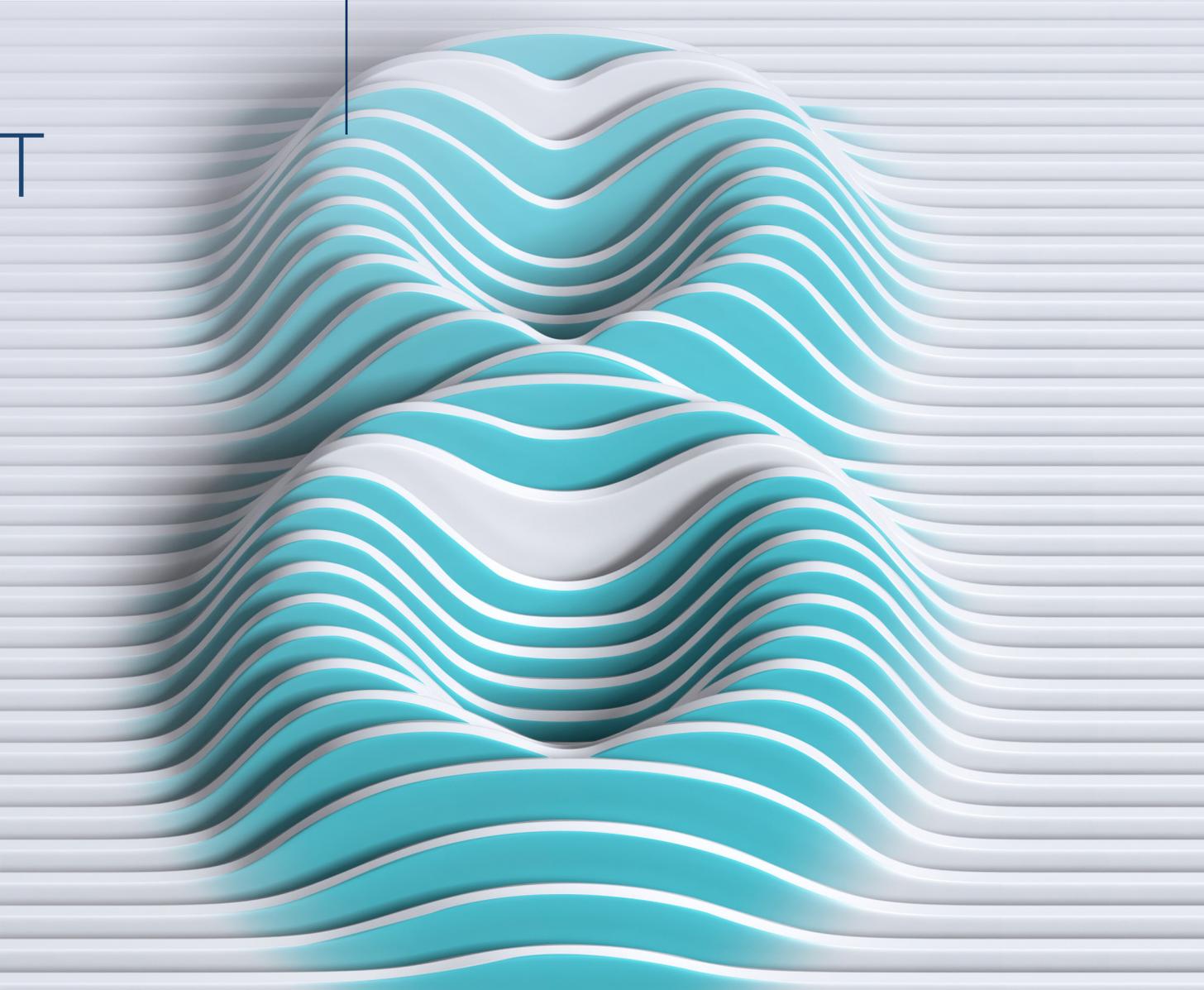
As part of its corporate social responsibility policy and commitment to social action, BME has renewed its commitment to the Madrid Food Bank for another year, financing equipment to improve food storage and transport, and fostering volunteering among its employees as part of the "Food Donation Campaign" organised by this charity every year.

For the fifth consecutive year, BME has organised a charity market for the NGO "El Baobab solidario", which helps children in Madagascar.



BME collaborates with Food Bank.

THE ENVIRONMENT



- 8.1. BME'S ENVIRONMENTAL POLICY.
- 8.2. USE OF RESOURCES.
- 8.3. GREENHOUSE GAS EMISSIONS.
- 8.4. WASTE MANAGEMENT.



Vasos de la Atenas Clásica (siglos V-IV a.C.)

CRATERA CON DIONISO Y SU CORTEJO

Pintor de Christie
Técnica de figuras rojas
Ática (Grecia)
440-430 a.C.

KRATER WITH DIONYSUS AND HIS ENTOURAGE

Christie painter
Red-figure technique
Attica (Greece)
440-430 BC

8.1 BME's Environmental Policy

BME's own business activities do not have any direct impact on the environment. However, the Company is well aware that all activities can pose a threat and cause global environmental damage. BME therefore contributes to protecting the environment through its commitment to sustainable management of its assets and minimising any environmental impacts that might arise from its operating processes and facilities, and the services it contracts.

Collaboration with National Archeological Museum.

Digitalization of Greek vessels.
Final result at the Museum.

8.2. Use of Resources

BME adopts a range of measures to meet its environmental commitments:

- Compliance with prevailing national, regional and local legislation, as well as with BME's own commitments to minimise the environmental impact of its activities.
- Fostering measures to reduce the use of the resources consumed directly and indirectly by BME.
- Encouraging 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, recycle.
- Advancement of environmentally-responsible behaviour by BME employees through the implementation of best environmental practices.
- Contributing to the advancement of environmentally-responsible behaviour by BME employees through the implementation of best environmental practices.

BME's products and services are unlikely to have a significant environmental impact. Nonetheless, as part of the company's drive to protect the environment and sustainability, it implements internal measures to reduce energy consumption in its buildings and manage waste effectively, and is involved in external actions through environmental projects.

The Company's energy consumption is classified as either: internal, i.e. electricity and gas contracted by BME for its own activities; or external, i.e. consumption in activities that take place outside the Company's venues, such as travel to the workplace, travel on business and the generation of waste.

By consuming energy, BME generates greenhouse gas emissions directly (consumption of natural gas, the company shuttle service, emissions from IT equipment, etc.) and indirectly (from the generation of the it electricity uses and activities outside the Company, such as business trips and employee commutes to the workplace).

As in previous years, in 2016 BME did not receive any significant fines or sanctions relating to the environment.

A) Electricity and gas

A.1) Internal energy consumption

BME's activities generate substantial electricity usage at its venues, as BME's main energy source, mainly due to lighting, climate control and IT equipment.

Consumption of natural gas is only consumed in the employee canteen in the Las Rozas premises in Madrid, where services are outsourced.

BME has fostered a number of measures over recent years to reduce its electricity consumption:

i) Lighting

BME's Las Rozas building has a programmed system of night lighting. The system automatically switches off most lights at the end of the working day, only leaving on those lights that are absolutely necessary. Communal areas are also fitted with a smart motion detector lighting system, ensuring electricity is not wasted through constant use.

Low consumption LED bulbs and fluorescent tubes are used throughout the group's buildings and help cut average power usage by up to 70%, reducing carbon emissions. The new internal lighting system implemented at the Bilbao stock exchange in 2015 resulted in a saving in energy consumption in 2016.

The initiatives carried out in 2016 to improve energy consumption and efficiency include:

- The changeover from traditional lighting to LED lighting begun in 2015 in the Madrid stock exchange, the Las Rozas facility in Madrid and the Barcelona stock exchange continued in 2016. This changeover has also been rolled out to the Data Processing Centre (DPC-Lealtad).
- Over the last two years, the Valencia stock exchange has been replacing parts of its lighting system with more energy-efficient alternatives.

ii) HVAC

The operating times and temperatures inside BME's buildings have been adjusted, cutting down electricity usage and CO₂ emissions.

A number of measures were also implemented in 2016 to improve air quality in BME's facilities and buildings, such as replacing HVAC equipment at the Madrid stock exchange with equipment with IEQ (*Indoor Environmental Quality*) certification, and improvements to the HVAC systems at the Barcelona and Bilbao stock exchanges to optimise air quality and energy consumption.

iii) IT assets

BME regularly maintains its IT equipment and replaces it with more energy-efficient kit to reduce the impact of its activities on the environment.

In 2016, the Company installed 167 new computers in its Madrid offices, 9 in Barcelona, 8 in Bilbao and 6 in Valencia.

The new equipment installed in Madrid carries *Epeat Energy Star* 6.0 certification for its excellent energy efficiency.

Specific tools have been put in place to stop equipment being left running when there is no activity to process, further cutting energy usage. A further 10% reduction in energy consumption has been achieved by installing *Verdien Surveyor* software and using flat-screen monitors.

As part of its commitment to the environment, the Company promotes environmental and sustainability criteria throughout its supply chain. It requires suppliers of services with particular environmental impact -such as companies providing maintenance services and suppliers of IT equipment- to have environmental and energy-efficiency certification.

Investment to reduce electricity consumption (euros)

	2014	2015	2016
HVAC and insulating systems	108,124.08	36,525	206,234
Insulation	-	-	-
Electricity and lighting materials and equipment	11,228.33	10,000	300,000

Internal energy consumption indicators ⁽¹⁾

Electricity consumption indicators by geographical areas

Madrid	2014	2015	2016
Consumption (Gj)	25,445.25	26,023.94	28,554.66
Number of employees	590	600	625
Consumption per employee (Gj/employee)	43.13	43.37	45.69

Barcelona	2014	2015	2016 ⁽²⁾
Consumption (Gj)	5,230.32	5,007.54	4,807.76
Number of employees	97	95	95
Consumption per employee (Gj/employee)	53.92	52.71	50.61

Bilbao	2014	2015	2016
Consumption (Gj)	2,685.48	2,730.86	2,378.12
Number of employees	33	33	32
Consumption per employee (Gj/employee)	81.37	82.75	74.32

Valencia	2014	2015 ⁽²⁾	2016
Consumption (Gj)	1,108.72	1,127.3	1,087.28
Number of employees	24	23	21
Consumption per employee (Gj/employee)	46.19	49.03	51.78

(1) Electricity consumption figures in gigajoules (Gj), as per GRI G4 criteria. 1 kWh = 0.0036 Gj.

(2) The electricity consumption data for Valencia in the year 2015 and the corresponding employee consumption figure have been modified after including the data for the full year which, by mistake, were not included in the corporate social responsibility report for the year 2015.

Gas consumption indicators ^{(*)(1)}

Madrid	2014	2015	2016
Total consumption (Las Rozas) (Gj)	118.18	73.47	98.48
Number of employees	502	518	546
Consumption per employee (Gj/employee)	0.23	0.14	0.18

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

(1) Gas consumption figures in gigajoules (Gj), as per GRI G4 criteria. 1 kWh = 0.0036 Gj.

General energy indicators for BME

	2014	2015 ⁽¹⁾	2016
Total internal energy consumption (Gj) ⁽²⁾	34,587.95	34,963.54	36,926.3
Total number of employees	744	751	773
Total internal energy intensity (Gj/employee) ⁽³⁾	46.48	46.56	47.77

(1) The internal energy consumption data for 2015 and the corresponding figure for internal energy intensity have been modified as a result of the change in electricity consumption in Valencia in the year 2015 indicated above.

(2) Total electricity and gas consumption figures in gigajoules (Gj) as per GRI G4 criteria. 1 kWh=0.0036 Gj.

(3) 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.

A.2) External energy consumption

With regard to external energy consumption –energy consumption outside BME not bought directly by the Company– primarily derives from employees' commutes to and from work, business trips (air and train), and waste generation, etc.

The Company has implemented a range of measures over recent years to help reduce emissions of greenhouse gases from its activities, including:

i) *Fostering sustainable travel using cleaner public transport rather than more polluting private vehicles.* As part of this drive to increase efficiency in staff transport, BME runs a shuttle service between its Las Rozas (Madrid) facility and the nearest train station, and between the company's two main offices in Madrid.

ii) Favouring rail over air for short business trips, as rail travel emits less CO₂.

iii) *Promoting the use of communication tools (video-calls and videoconferencing) for meetings,* cutting down employee journeys between different regions, and reducing fuel usage and emissions. BME has installed special suites for this at all its work centres.

There were 1,169 videoconferences at the Madrid and Barcelona facilities in 2016, 22.43% and 10.35% down on 2014 and 2015, when there were 1,507 and 1,304, respectively.

iv) *Teleworking:* As part of BME's employee benefits and work/life balance policy, staff are entitled to work from home if they so request it and when it is justified, thus cutting down the number of journeys to and from work and minimising indirect emissions of CO₂.

B) Water

The Company remains committed to reducing its water consumption.

The company has adopted various measures in recent years to foster best practices to reduce water consumption and raise employee awareness of responsible water use in their daily activities. The measures adopted include:

- Enhanced plumbing maintenance to detect leaks and avoid water wastage;
- Drip water systems in landscaped areas wherever possible;

- Fitting water saving devices on taps and sanitary units; and
- Publication on the corporate intranet of articles and best practice recommendations on using natural resources.

During 2016, BME registered no incidents linked to its water collection systems, which connect to the municipal water supply network.

Water consumption by geographical area

Madrid	2014	2015	2016
Consumption (m ³)	7,208.74	8,230.95	6,192
Number of employees	590	600	625
Consumption per employee (m ³ /employee)	12.21	13.71	9.91
Barcelona	2014	2015	2016
Consumption (m ³)	3,675.50	4,389.34	4,730.16
Number of employees	97	95	95
Consumption per employee (m ³ /employee)	37.89	46.20	49.79
Bilbao	2014	2015	2016
Consumption (m ³)	680.75	729.46	759.46
Number of employees	33	33	32
Consumption per employee (m ³ /employee)	20.62	22.10	23.73
Valencia	2014	2015	2016
Consumption (m ³)	1,642.93	1,079	778
Number of employees	24	23	21
Consumption per employee (m ³ /employee)	68.45	46.91	37.05

C) Paper

The Company's gradual application of environmental criteria to its resource procurement also extends to paper, all of which is certified to be sourced from managed forestry, in accordance with international sustainability standards (Certificates: FSC (unbleached production); PEFC; ISO 14001; ISO 9001; ISO 9706), and carries the European *Ecolabel*.

BME's commitment to the environment also entails working to meet its goal of gradually reducing paper consumption. To achieve this, it has rolled out a number of practices at its work centres:

- i) *Reusable envelopes*. Consumption of single-use envelopes has been slashed since reusable envelopes were introduced for employees using the internal mail service.
- ii) *Centralised printing*. Shared printers are installed in the group's buildings, whereby there is only one printer per work area. All are pre-configured for double-sided printing.
- iii) *Encouraging the use of new technologies (internet, intranet, pen drives)*, replacing hard copies with digital formats.

iv) *Use of email and other data transmission tools* rather than printed copies in the company's internal and external communications, raising awareness among email recipients about the responsible use of paper by adding the following automatic message "Before you print, think about the ENVIRONMENT".

v) *Introducing a comprehensive document management platform*, allowing all documents received to be scanned, classified and sent on to their recipients by email, reducing paper usage. This system was set up in 2008 and has reduced paper consumption by 10%.

Paper consumption by geographical areas ⁽¹⁾ (Tonnes)

	2014	2015	2016
Madrid ⁽²⁾	15.2	22	31.2
Barcelona	3.34	4.27	2.49
Bilbao	2.42	1.2	1.2
Valencia	1.25	0.72	0.69
Total	22.21	28.19	35.58

(1) Paper consumption figures in tonnes, as per GRI G4 criteria.

(2) Only letter paper and A3 and A4 paper.

8.3 Greenhouse Gas Emissions

A) Greenhouse gas emission indicators

Greenhouse gas emissions. Tonnes of CO₂ equivalent ⁽¹⁾

	2014	2015	2016
Total emissions of CO₂	3,497.26	4,863.68	4,027.99
Total direct emissions	16.85	14.15	15.46
Fuel consumption (natural gas)	6.59	4.1	5.45
Fuel consumption (natural gas) ⁽²⁾	10.26	10.05	10.01
Total indirect emissions	3,480.41	4,849.53	4,012.53
Electricity consumption	2,556.51	3,859.73	3,150.82 ⁽³⁾
Business trips (by air)	356.80	439.54	317.1
Business trips (by train) ⁽⁵⁾	29.47	27.36	27.19
Staff commutes to and from work (own vehicle) ⁽⁶⁾	537.63	522.9	517.3
Total number of employees	744	751	773
Total CO₂ emissions per employee ⁽⁷⁾	4.70	6.48	5.21

(1) The following methodology was used to calculate the company's greenhouse gas emissions :

- Electricity consumption: this figure for emissions in 2014 was calculated using the methodology provided by the Spanish electricity system operator, Red Eléctrica Española, and the Institute for Energy Diversification and Saving (IDAE). Likewise, for the years 2015 and 2016, the methodology has been used through which the energy watchdog, the National Market and Competition Commission, estimates the information regarding the origin of electricity and its CO₂ impact from all the trading companies that participate in the System of Guarantees of Origin.
- Fuel consumption (natural gas): This figure was calculated using the methodology contained in Appendix 1 of the Greenhouse Gas Inventories Report and Appendix 1 of the Spanish Renewable Energies Plan 2011-2020.
- Business trips (by air): the methodology provided by BME's supplier was used to calculate this figure. <http://www.nef.org.uk/greencompany/co2calculator.htm> for 2016 and 2015 and <http://www.carbon-calculator.org.uk/> for 2014.

- Staff transport (corporate shuttle bus): the methodology provided by the National GHG Emissions Inventory (Inventario Nacional de Emisiones GEI) was used to calculate this figure.
- Staff commutes to and from work (own vehicle): the methodology provided by the Institute for Energy Diversification and Saving, per kilometre travelled, was used to calculate this figure.

The conversion factor or unit used to calculate greenhouse gas emissions for air and rail transport for 2014 were 0.31 and 0.08, respectively, 0.26 and 0.07 for 2015 and 0.27 and 0.08 for the year 2016, respectively.

Figures for greenhouse-gas emissions for 2014, 2015 and 2016 are given in tonnes of CO₂ pursuant to GRI G4 criteria. 1 Kg CO₂ equivalent = 0.001 tonnes CO₂ equivalent.

- In accordance with the methodology described in footnote 1 above, this includes direct CO₂ emissions from the company's shuttle bus service. Trips made by employees using the company's shuttle service have been calculated based on the distance between the offices in Las Rozas and Plaza de la Lealtad in Madrid (20 Km) and the distance between the office in Las Rozas and the train station in Majadahonda (2 Km), considering the following technical parameters: Coach/minibus: one vehicle and two return trips a day in the first case, and 21 return trips a day in the second case, an emission factor of 0.287 Kg CO₂ / Kg, and 218, 219 and 218 working days in 2014, 2015 and 2016, respectively.
- Figures for CO₂ emissions from electricity usage in 2016 have been calculated for 2015 following re-estimate of values using the gross production mix for electricity generation in 2015 (3.98 Kg CO₂ per kWh). As a result of this recalculation, these amounts do not correspond to those contained in the Corporate Social Responsibility Report for the 2015 financial year.
- CO₂ emissions of electricity have been calculated for 2016 by applying the estimated gross electricity production mix for 2016 (3.08 kg CO₂ per kWh).
- 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).
- 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. Trips made by employees using their own vehicles have been calculated on the basis of the number of parking places at the Las Rozas office (Madrid) and the following technical parameters: Petrol car, 1.4-2.0 litre and an emission factor of 6.16 Kg CO₂ /Kg: 87,278, 84,887 and 83,989 vehicles in 2014, 2015 and 2016, respectively, accessing the Las Rozas (Madrid) work centre, and a 40 Km round trip for each employee (the distance between the Las Rozas building and the centre of Madrid) as well as 218, 219 and 218 working days in 2014, 2015 and 2016, respectively.
- Annual CO₂ emissions per employee were calculated by dividing total CO₂ emissions by the total number of employees in the Group each year.

Greenhouse gas emissions by Scope ^(*) (Tonnes of CO₂)

		2014	2015	2016
Scope 1	Fuel consumption (natural gas)	6.59	4.1	5.45
	Staff transport (corporate shuttle bus)	10.26	10.05	10.01
Scope 2	Electricity consumption	2,556.51	2,928.73	3,150.82
Scope 3	Staff commutes to and from work (own vehicle)	537.63	522.9	517.37
	Business trips (by air and train)	386.27	466.9	344.34

(*) Describes the combination of atmospheric greenhouse gas (GHG) emissions by the company by Scope, allowing the organisation's environmental performance to be determined.

The GHG emissions figures are shown in tonnes of CO₂ equivalent, as per GRI 4 criteria.

Scope 1: Fuel consumption (natural gas) and employee transport (corporate shuttle service). Direct greenhouse gas emissions resulting from internal fuel consumption from sources controlled by the company, such as natural gas and the company shuttle bus for transporting employees.

Scope 2: Electricity consumption. Indirect greenhouse gas emissions caused by the purchased electricity consumed internally by the company.

Scope 3: Staff commutes to and from work (own vehicle) and business trips (by air and train). Indirect greenhouse gas emissions that occur outside the reporting boundary caused by the consumption of energy that is not purchased by the Company and which comes primarily from commutes to and from work (own vehicles), business trips by train and air, and waste generation.

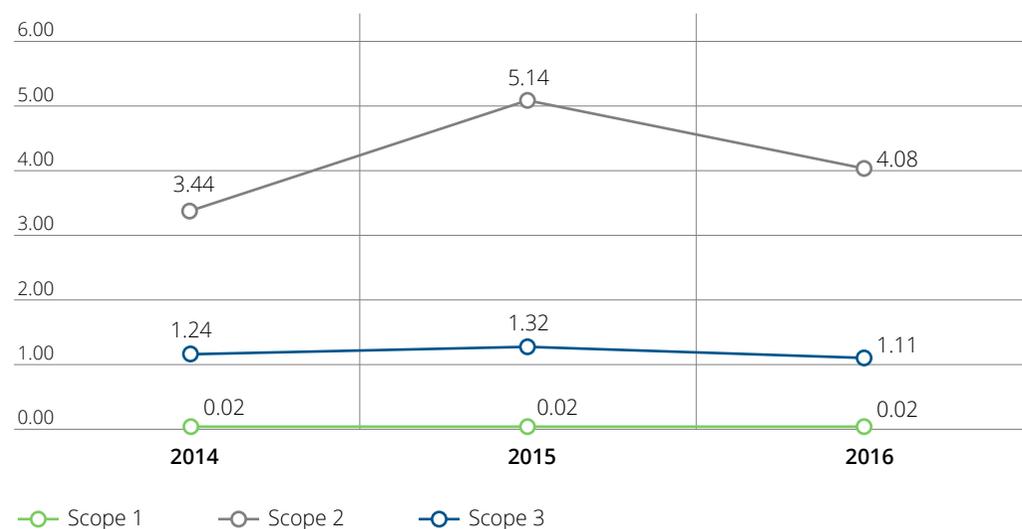
Emissions from the generation of waste are not included in Scope 3 as they are unavailable.

Direct Scope 1 and indirect Scope 2 and 3 emissions of CO₂ by geographical area

		2014	2015	2016
Madrid head office ⁽¹⁾ Plaza Lealtad 1; Tramontana, 2 Bis -Las Rozas- y Alfonso XI	Fuel consumption (natural gas)	6.59	4.1	5.45
	Staff transport (corporate shuttle bus)	10.26	10.05	10.01
	Electricity consumption	1,887.19	2,877.09	2,433.01
	Staff commutes to and from work (own vehicle)	537.63	522.9	517.37
	Business trips (by air and train)	306.32	373.02	278.41
Barcelona Stock Exchange ⁽²⁾ Paseo de Gracia 19, Barcelona	Electricity consumption	387.92	553.59	411.33
	Business trips (by air and train)	50.36	59.06	42.32
Bilbao Stock Exchange ⁽²⁾ José M ^a Olabarri 1, Bilbao	Electricity consumption	199.17	301.91	203.46
	Business trips (by air and train)	17.13	20.52	14.25
Valencia Stock Exchange ⁽²⁾ Libreros 2-4, Valencia	Electricity consumption	82.23	127.13	93.02
	Business trips (by air and train)	12.46	14.3	9.35

(1) Annual CO₂ emissions for Madrid include emissions from fuel consumption (natural gas) and transport of employees (corporate shuttle service) (Scope 1); electricity consumption (Scope 2); and employee commutes to work (own vehicle) and business trips (by air and train) (Scope 3). The annual total for business trips (by air and train) for the Madrid HQ are calculated pro rata, using the total consumption for this item divided between the Group's four locations, in proportion to the number of employees in each of these.

(2) Total CO₂ emissions for the Barcelona, Bilbao and Valencia sites include emissions from electricity consumption (Scope 2) and business trips (by air and train). The annual total for business trips (by air and train) for the Barcelona, Bilbao and Valencia sites are calculated pro rata, using the total consumption for this item divided between the Group's four locations, in proportion to the number of employees in each of these.

Intensity of greenhouse gas emissions (*)(Tonnes of CO₂ /employee)

(*) GHG emissions figures are shown in tonnes of CO₂ equivalent, as per GRI 4 criteria.

- **Scope 1:** Annual intensity figures are calculated by dividing total CO₂ emissions from natural gas consumption and staff transport (company shuttle bus) by the total number of employees in the group.
- **Scope 2:** Annual intensity figures are calculated by dividing total CO₂ emissions from electricity consumption by the total number of employees in the group.
- **Scope 3:** Annual intensity figures are calculated by dividing total CO₂ emissions from staff commutes to and from work (own vehicle) and business trips (by air and train) by the total number of employees in the group.

Annual figures are also presented for the intensity of the company's greenhouse gas emissions for each scope. These figures are calculated by dividing total CO₂ emissions by the total number of employees in the group. The intensity of greenhouse gas emissions can be used to determine the organisation's environmental efficiency and performance.

B) National Registry of Greenhouse Gas Emission Right

Since 2005, BME, through Iberclear, has been collaborating in the fight against climate change by means of the National Registry for Emission Rights for Greenhouse Gases (RENADE): an instrument for ensuring that information on the ownership and control of greenhouse gas emission rights is publicly available and always up to date.

After winning a tender to continue performing its functions providing support to the European Union Registry in relation to the European Union trading scheme of greenhouse gas emission allowances and the Kyoto Protocol for the period 2014-2017, Iberclear is continuing to support the Spanish National Administrator; it meets all of the requirements asked of it by the European Commission and the United Nations through the Spanish Office of Climate Change (OECC).

RENADE provides industrial facilities with the technical and human resources necessary to comply with the annual obligation of providing allowances to the government equal to CO₂ emissions during the prior year. RENADE also collaborates closely with regional governments, as verifiers of these annual CO₂ emissions, and provides them with personalised attention through the Iberclear Service Desk.

8.4 Waste Management

As part of its commitment to the environment and sustainability, BME consumes resources responsibly and manages all of the waste generated by its activities appropriately.

The Company prioritises the reduction, reuse and recycling of the waste it generates, protecting the environment and ensuring responsible waste management.

The waste generated at the Group' sites includes: waste from its activities, particularly paper and toner; waste from managing IT and support equipment; lighting at the end of its useful life; HVAC systems; and waste from maintenance and cleaning.

i) *LIT equipment.* The Company's IT equipment has an average lifespan of between four and seven years: this is achieved by fostering responsible use of IT equipment by employees and by carrying out preventive maintenance.

As in previous years, the Company fosters reuse and donation of equipment that is out of date and inefficient in everyday use. In 2016, it gave 86 computers to employees and donated 8 computers to the Asociación de Amigos de Archilla of the Brihuega Town Hall (Guadalajara), 18 computers for the "La Espia" School of Azuqueca de Henares (Castilla la Mancha) and 10 computers for Colegio I.E.S. Las Rozas 1 (Madrid).

IT equipment and peripherals that are no longer of use and that represent hazardous waste are either collected by their original suppliers, at no cost to the Company, or taken away by authorised companies that have been contracted to remove such waste to recycling plants. The external company providing this service in 2016 was certified as compliant with all applicable regulations in relation to the disposal of electrical and electronic equipment.

In 2016, 123 devices were recycled in Madrid and 12 in Barcelona.

ii) *Water.* Water usage in BME is limited to sanitation and watering of some green spaces. The waste water generated by the Group is discharged into municipal drainage systems, and there are no specific recycling or reuse measures in place.

iii) *Paper.* Paper is one of the main sources of non-hazardous waste produced. As such, agreements have been signed with local councils to install officially approved containers for paper and cardboard, for collection, treatment and recycling. In 2016, the Barcelona and Valencia stock exchanges signed agreements with authorised waste-management companies for the collection, removal and, as necessary, destruction of paper, with subsequent certification. The company contracted by the Barcelona stock exchange in 2016 had ISO14001, ISO 9001 and UNE-EN 15713 certification, for its management system for the destruction of confidential information.

iv) *Office material.* Office materials used by the company include printer toner and cartridges. Once used, all office material is recycled through suppliers that collect and deposit it at waste collection points for proper management.

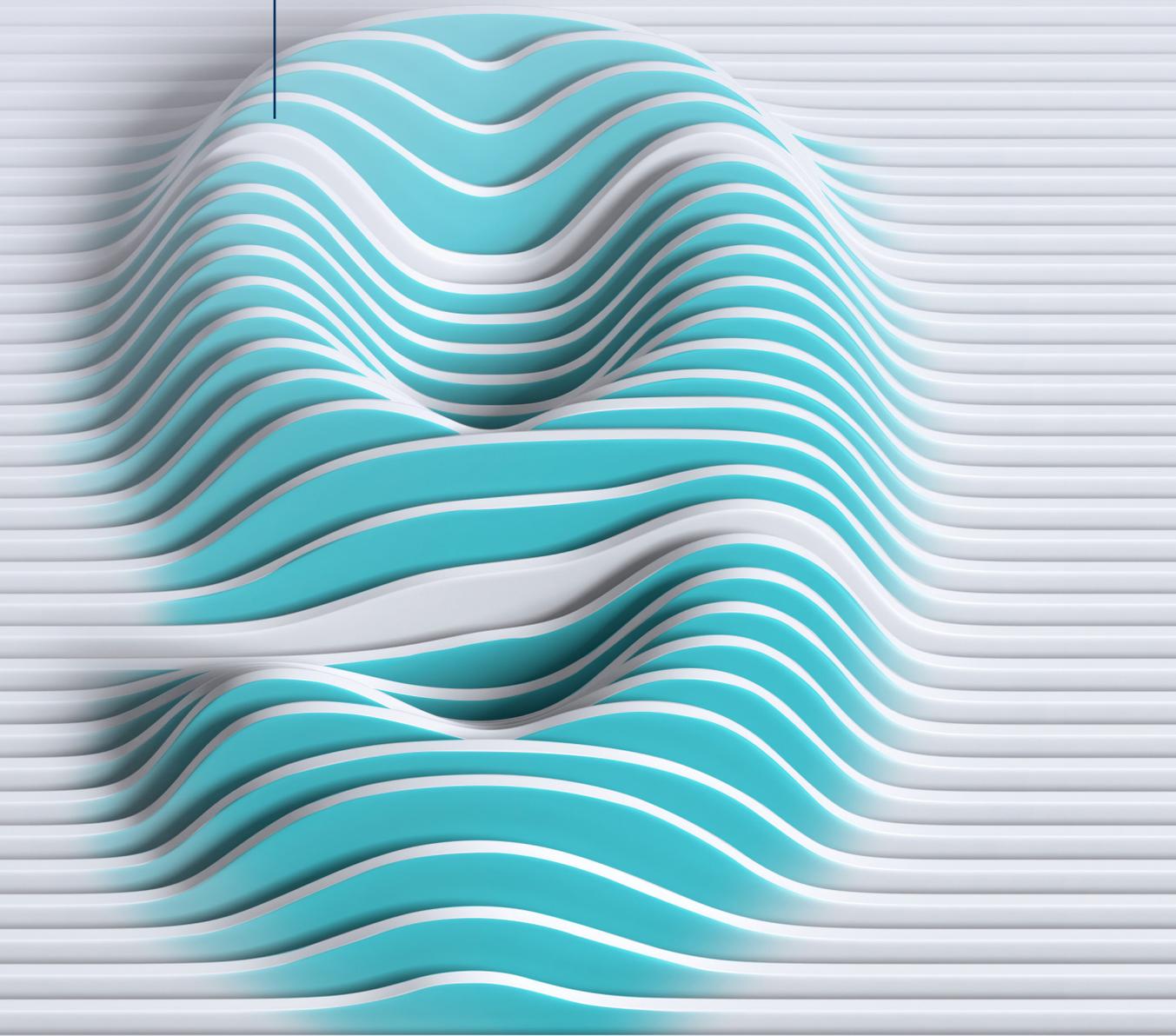
v) *Other waste.* In 2016, as in previous years, the company offered recycling stations throughout its business areas, encouraging employees to recycle. Each day, the company's cleaning crews remove the material collected in the recycling stations and deposit it in larger containers, which are in turn emptied by municipal authorities.

Special measures have been implemented to ensure that waste generated in the staff canteen in Las Rozas is correctly managed. These include:

- Grease separator tanks, so that any waste considered especially hazardous, such as used oil, is removed by an external company for processing. In 2016, this company had ISO 14001 and ISO 9001 certification, guaranteeing that this waste is managed in accordance with prevailing regulations. The organisation also has an annual maintenance programme in place to ensure these grease traps are in proper working order.
- The installation of a waste water purification and filtering system to process water after it is used in the company canteen. The system allows waste water to be purified before it is flushed into the municipal water system, to which all BME's systems are connected.

Lastly, the scant sanitary waste generated by the Medical Services unit is removed by duly-authorised companies. Medicines are also disposed of at "SIGRE" recycling points in pharmacies, as appropriate.

INDEX OF
GRI
CONTENTS



MAN

MUSEO
ARQUEOLÓGICO
NACIONAL



9. Index of GRI Contents

A list of the standard disclosures of the Guidelines for preparing GRI 4 reports covered in this report and their location therein is provided below.

Collaboration with National Archeological Museum.

Digitalization of Greek vessels.
Final result at the Museum.

STRATEGY AND ANALYSIS

	CSR headings/ Other reports	Page
G4-1. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Letter from the Chairman	3-4
	2.3	29
G4-2. Description of key impacts, risks and opportunities.	3.1	34
	Annual financial statements	
	Annual Corporate Governance Report	

ORGANIZATIONAL PROFILE

	CSR headings/ Other reports	Page
G4-3. Name of the organization.	Introduction	5
G4-4. Primary brands, products, and services.	1	9-13
	3.1	32-34
G4-5. Location of organization's headquarters.	1	7
G4-6. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	1	7
	1	7
G4-7. Nature of ownership and legal form.	4.1	41
	Annual Corporate Governance Report	
G4-8. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	1	7-13
	3.1	32-34
	1	7-13
G4-9. Report the scale of the organization, including: total number of employees; total number of operations; net sales or net revenues; total capitalization broken down in terms of debt and equity (for private sector organizations); and quantity of products or services provided.	4.3	50
	5.1	55
	3.1	33-34
	Annual financial statements	
G4-10. <ul style="list-style-type: none"> a. Total number of employees by employment contract and gender. b. Total number of permanent employees by employment type and gender. c. Total workforce by employees and supervised workers and by gender. d. Total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers. 	5.1	55-57

ORGANIZATIONAL PROFILE

	CSR headings/ Other reports	Page
G4-11. Percentage of employees covered by collective bargaining agreements.	5.2	60
G4-12. Description of the organization's supply chain.	6.3	78-79
	1	8-13
G4-13. Significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.	4.1	41
	6.3	78-79
	Letter from the Chairman	3-4
	2.1	15-20
G4-15. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	7.2.1 / 7.2.2	84-89/90-91
	8.1	93-94
	Annual Corporate Governance Report	
G4-16. List memberships of associations and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Holds a position on the governance body; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; and • Views membership as strategic. 	7.2.1	85

IDENTIFIED ASPECTS AND BOUNDARIES

	CSR headings/ Other reports	Page
G4-17. <ul style="list-style-type: none"> a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. 	1	8-13
	4.3	50
G4-22. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	5.3	68
	8.2/8.3	96/100-103
G4-23. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Introduction	5
	Index of GRI contents	107-116

STAKEHOLDER ENGAGEMENT

	CSR headings/ Other reports	Page
G4-24. Provide a list of stakeholder groups engaged by the organization.	2.1/2.2	15-16/21-22

REPORT PROFILE

	CSR headings/ Other reports	Page
G4-28. Reporting period (such as fiscal or calendar year) for information provided.	Introduction	5
G4-29. Date of most recent previous report (if any).	Introduction	5
G4-30. Reporting cycle (such as annual, biennial).	Introduction	5
G4-31. Provide the contact point for questions regarding the report or its contents.	Addresses and contacts.	117-119
G4-32. <ul style="list-style-type: none"> a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured. 	This report includes the standard disclosures of the Guidelines for preparing GRI 4 reports, a list of such content and its location in the report.	
G4-33. <ul style="list-style-type: none"> a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report. 	The Company has not requested external verification of its Corporate Social Responsibility Report	

GOVERNANCE

	CSR headings/ Other reports	Page
G4-34. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	2.3 Annual Corporate Governance Report	22-30
G4-35. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	2.3 Annual Corporate Governance Report	27-30
G4-36. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	2.3 Annual Corporate Governance Report	27-30
G4-38. Report the composition of the highest governance body and its committees.	2.3 Annual Corporate Governance Report	22-26
G4-39. Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	2.3 Annual Corporate Governance Report	22-27
G4-40. Describa los procesos de nombramiento y selección del órgano superior de gobierno y sus comités, así como los criterios en los que se basa el nombramiento y la selección de los miembros del primero.	Annual Corporate Governance Report	
G4-41. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	Annual Corporate Governance Report	

GOVERNANCE

	CSR headings/ Other reports	Page
G4-42. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Annual Corporate Governance Report Report on the Activities of the Board of Directors	
G4-44. a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Annual Corporate Governance Report Report on the Activities of the Board of Directors Report on the Activities of the Appointments and remuneration Committee	
G4-45. a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	2.3	29
G4-46. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	2.3	29
G4-47. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Annual Corporate Governance Report Report on the Activities of the Board of Directors	
G4-48. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	The Board of Directors approves the annual Corporate Social Responsibility report.	
G4-49. Report the process for communicating critical concerns to the highest governance body.	Annual Corporate Governance Report	
G4-51. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	Annual Director Remuneration Report Directors' remuneration policy	
G4-52. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Annual Director Remuneration Report Directors' remuneration policy	
G4-53. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Annual Director Remuneration Report	

ETHICS AND INTEGRITY

	CSR headings/ Other reports	Page
G4-56. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	2.1 5.4	15-16 73
G4-57. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	3.2/4.2/5.2/6.2/7.1 5.4	35-37/42-48/58-60/77/82-83 73
G4-58. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	5.4	73

SPECIFIC STANDARD DISCLOSURES

	CSR headings/ Other reports	Page
ECONOMIC DIMENSION		
G4-EC1 Direct economic value generated and distributed.	4.3 Annual financial statements	50
G4-EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	8.3.B) Annual financial statements	103
G4-EC4 Financial assistance received from government.	2.2 5.3.B)	22 64
G4-EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	5.3.C)	70
G4-EC6 Proportion of senior management hired from the local community at significant locations of operation.	5.1	57
G4-EC7 Development and impact of infrastructure investments and services supported.	7.2.1.E) / 7.2.2	89/91
G4-EC9 Proportion of spending on local suppliers at significant locations of operation	6	76

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ENVIRONMENTAL DIMENSION		
G4-EN1 Materials used by weight or volume.	8.2	99
G4-EN3 Energy consumption within the organization.	8.2	94-96
G4-EN4 Energy consumption outside of the organization.	8.2	97
G4-EN5 Energy intensity (per employee).	8.2	96
G4-EN6 Reduction of energy consumption.	8.2	94-96
G4-EN7 Reductions in energy requirements of products and services.	6.4	80
G4-EN8 Total water withdrawal by source.	8.2	98
G4-EN9 Water sources significantly affected by withdrawal of water.	8.2	98

G4-EN10 Percentage and total volume of water recycled and reused.

Given the nature of its activity, the Group draws its water from the municipal system, meaning it does not consume recycled water, or recycle water itself, except for the management of waste from the canteen service mentioned in section 8.4

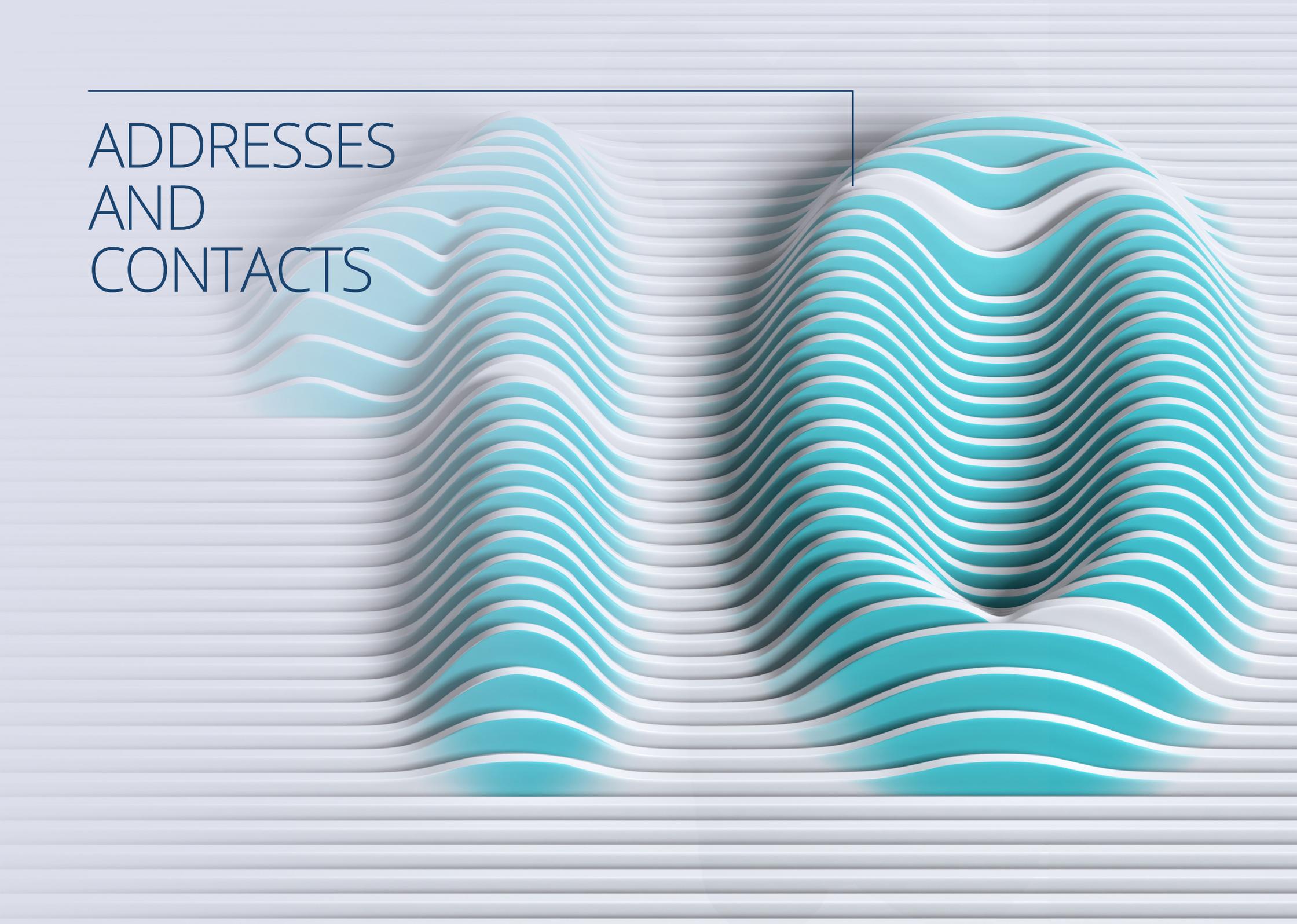
	CSR headings/ Other reports	Page
DIMENSIÓN AMBIENTAL		
G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		
G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	All of the Group's locations are in urban areas, and therefore do not impact on protected natural spaces or areas with high biodiversity value.	
G4-EN13 Habitats protected or restored.		
G4-EN14 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		
G4-EN15 Direct greenhouse gas emissions (Scope 1).	8.3	100-103
G4-EN16 Energy indirect greenhouse gas emissions (Scope 2).	8.3	100-103
G4-EN17 Other indirect greenhouse gas emissions (Scope 3).	8.3	100-103
G4-EN18 Greenhouse gas emissions intensity.	8.3	103
G4-EN19 Reduction of greenhouse gas emissions.	8.3	100-103
G4-EN20 Emissions of ozone-depleting substances.	The Group's activities do not generate significant emissions of greenhouse gasses.	
G4-EN21 NOx, SOx, and other significant air emissions.		
G4-EN22 Total water discharge by quality and destination.	8.4	104-105
G4-EN24 Total number and volume of significant spills.	There are no risks of significant spills in the Group's activities.	
G4-EN25 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of Annexes I, II, III, and VIII of the Basel II Convention, and percentage of transported waste shipped internationally.	No such actions are carried out, as a result of the Group's activities.	
G4-EN26 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	All of the Group's locations are in urban areas, and therefore do not impact the biodiversity value of water bodies and related habitats.	
G4-EN27 Extent of impact mitigation of environmental impacts of products and services.	The Group's products and services do not generate significant environmental impacts.	
G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by category.	The Group is not involved in manufacturing products.	
G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	8	94
G4-EN30 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	The Group's activities do not generate any significant environmental impacts from transport.	
	8.3 (In relation to workforce transport).	100-103
G4-EN31 Total environmental protection expenditures and investments by type.	8.1	95
G4-EN32 Percentage of new suppliers that were screened using environmental criteria.	6.3	78-79
G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	There were no environmental grievances.	

	CSR headings/ Other reports	Page	
SOCIAL DIMENSION			
LABOUR PRACTICES AND DECENT WORK			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	5.1	56-57
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	5.3.A)	61-62
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	5.2	60
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	5.3.D)	70
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	5.1 5.3.D)	56 71
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	BME's workers do not have a high incidence or high risk of diseases related to their occupation.	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	5.3.A)/5.3.D)	62/70-72
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	5.3.B)	65
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	5.3.B)	64-66
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	5.3.C)	68
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	2.3 5.1	25 55-57
Annual Corporate Governance Report.			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	5.3.C)	67-70
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	6.3	78-79
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	There were no grievances relating to labour practices.	
HUMAN RIGHTS			
G4-HR1	G4-HR1 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	5.3.C) 6	69 76-78
G4-HR2	G4-HR2 Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	BME respects the Universal Declaration of Human Rights in all of its employment practices. As it faces no risks in this area, BME does not train its employees in human-rights policies and procedures.	
G4-HR3	G4-HR3 Total number of incidents of discrimination and corrective actions taken.	5.3.C)	67

		CSR headings/ Other reports	Page
SOCIAL DIMENSION			
HUMAN RIGHTS			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	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.	
		5.2	60
		6	75-80
		5.3.C)	67
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	There are no risks of child labour at any of the Group's locations or suppliers.	
		5.3.C)	67
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	There are no risks of forced labour at any of the Group's locations or suppliers.	
		5.3.D)	72
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	All BME employees work in Spain.	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	6.3	78-79
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	There were no grievances relating to human rights.	
COMPANY			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	All of BME's workplaces are in Spain.	
G4-SO2	Operations with significant actual or potential negative impacts on local communities.		
		1	29
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	5.4	73
G4-SO4	Communication and training on anti-corruption policies and procedures.	5.4	73
G4-SO5	Confirmed incidents of corruption and actions taken.	5.4	73
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	2.2	21-22
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	There were no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Annual financial statements.	
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	There were no grievances relating to social impact.	

		CSR headings/ Other reports	Page
SOCIAL DIMENSION			
PRODUCT RESPONSIBILITY			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	The Group's products and services do not affect the health and safety of its clients.	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements.	The Group's products and services are not subject to labelling.	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		
G4-PR5	Results of surveys measuring customer satisfaction.	Letter from the Chairman /7.2	3-4/84
		4.4	52
		5.3.B)	64
G4-PR6	Sale of banned or disputed products.	The Group's products and services are not prohibited and no litigation is underway.	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	There were no complaints regarding breaches of customer privacy and losses of customer data.	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Annual financial statements.	

ADDRESSES AND CONTACTS

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