

8. ENVIRONMENTAL PERFORMANCE



BME encourages sustainable business practices among new companies

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8.1. BME's environmental policy.

[G4-I4, G4-EC2, G4-EN29]

The Company informs on its commitment to the environment by following the precautionary approach defined in the GRI guidelines and Principle 15 of the Rio Declaration on the Environment and the United Nations Development Programme in 1992, indicating how it carries out its activities as well as the intention to mitigate any possible environmental impacts deriving from said activities through an environmental policy.

BME is fully aware that all activities can pose a threat and cause global environmental damage, even though its activity, due to its nature, does not generate a significant direct impact on the environment. Therefore, BME contributes to protecting the environment through the sustainable management of its activities with the goal of minimising any environmental impacts that might arise from its operating processes and facilities, and the services it contracts.

In order to fulfil its commitment to the environment 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 of 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.
- Encouragement of an 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.

As in previous years, in 2017 BME did not receive any significant fines or sanctions relating to the environment.

The Group's activities do not generate any significant environmental impacts from transport. In this regard, the environmental impacts deriving from transport are solely due to the transport of employees during corporate trips and travelling to their place of work.

8.2. Energy consumption.

[G4-DMA: Energy and emissions]

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

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 travelling to the workplace, business travel and the generation of waste.

By consuming energy, BME generates greenhouse gas emissions directly (consumption of natural gas and the corporate shuttle service) and indirectly (consumption of electricity, business trips by air and train and employees commuting to the workplace using their own vehicle).

A) Internal energy consumption.

[G4-EN3, G4-EN5, G4-EN6, G4-EN7]

BME's activities generate substantial electricity usage at its venues, mainly due to lighting, climate control and IT equipment. The main sources of energy from its supplier being hydroelectric, nuclear, thermal, wind and solar. Natural gas is only consumed in the employee canteen in the Las Rozas premises in Madrid, where the services are outsourced.

In recent years, BME has employed several measures with the aim of reducing its electricity consumption, mainly due to lighting, climate control and IT equipment:

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 different offices acquire an insignificant amount of gasoil for the electricity generation equipment which supplies electricity in the event of a cut in the supply from the general grid.

ii) HVAC.

A number of measures were also implemented in 2017 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. Electricity consumption is monitored with the aim of obtaining a reduction in CO₂ emissions.

Internal energy consumption

35,127.89 Gj

(-5.4% vs 2016)

**iii) IT assets.**

The IT equipment used in BME's activities are likely to generate a higher environmental impact, therefore BME regularly maintains its IT equipment and replaces it with more energy-efficient equipment with Epeat Energy Start 6.0 certification accrediting higher energy efficiency.

Specific tools have been put in place to stop equipment from 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.

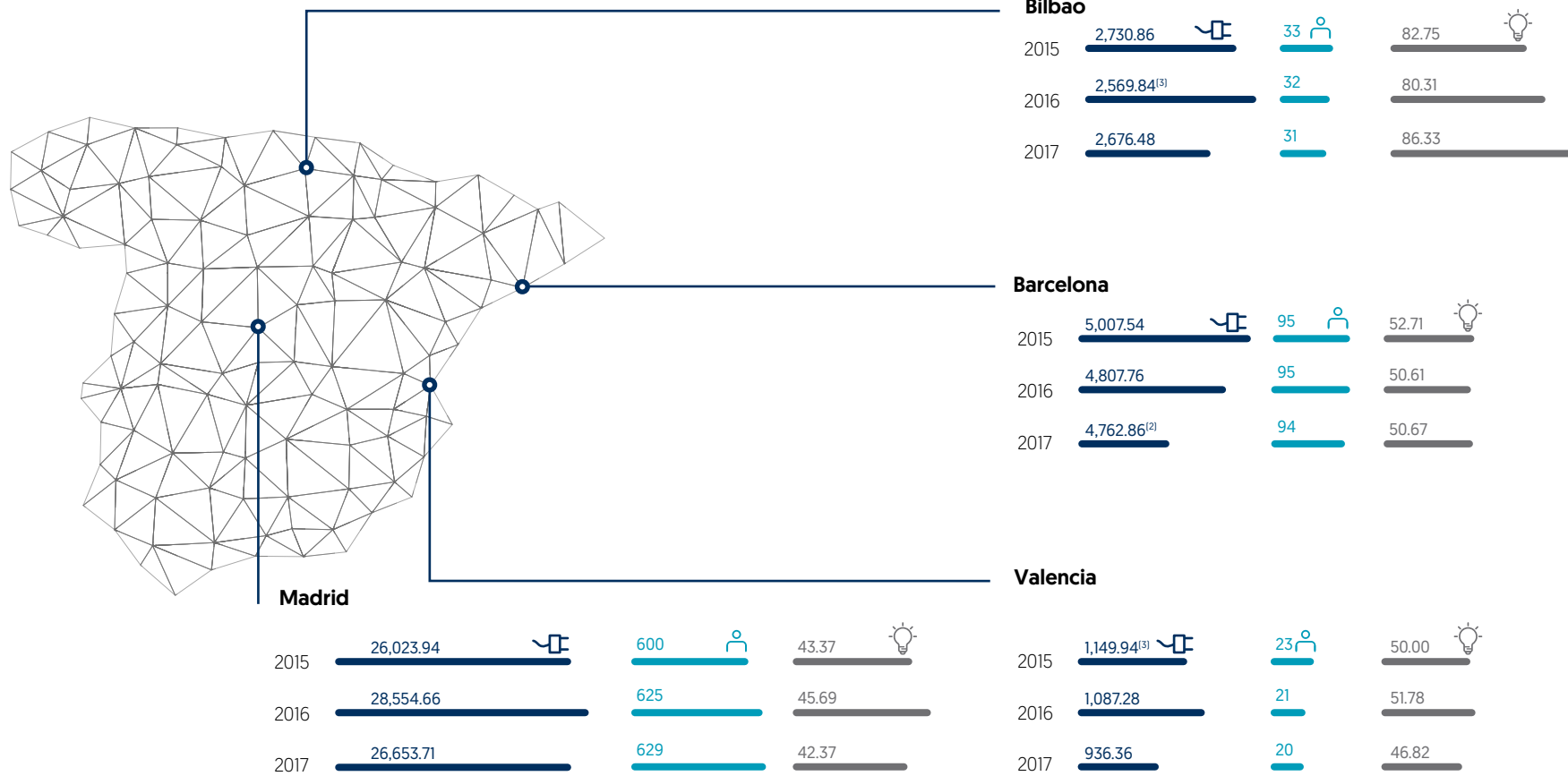
INVESTMENTS IN ENVIRONMENTAL PROTECTION



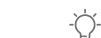
	2015	2016	2017
Environmental protection costs	0 €	2,250 €	36,737 €
Waste, Emissions and restoration treatment costs as well as prevention and environment management	0 €	2,250 €	36,737 €
Environmental investments	46,525 €	568,245 € ⁽¹⁾	488,345 €
Investment in equipment, maintenance, materials and services necessary for their functioning. Related personnel costs.	46,525 €	568,245 €	488,345 €

(1) Includes the data on environmental investments for 2016, corresponding to the Barcelona office, which was not included in the corporate social responsibility report for 2016.

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

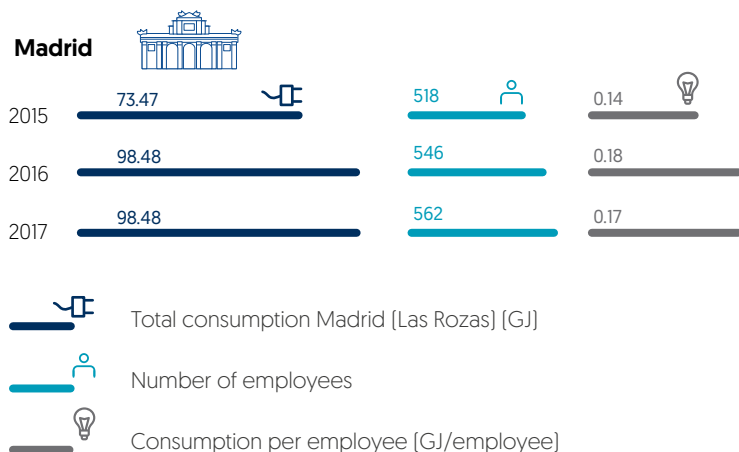
ELECTRICITY CONSUMPTION INDICATORS BY GEOGRAPHIC AREA ⁽¹⁾ (G4-EN3, G4-EN5)



 Consumption [GJ]
 Number of employees
 Consumption per employee [GJ/employee]

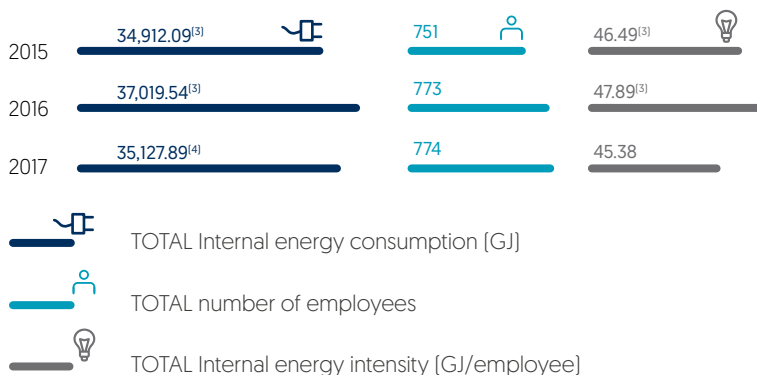
(1) Electricity consumption figures in gigajoules [GJ], as per GRI G4 criteria. 1 kWh = 0.0036 GJ.
 (2) Includes electricity consumption figures for the first six months of 2017 for the Barcelona Stock Exchange operating headquarters and an estimate of the electricity consumption data for the second half of fiscal year 2017.
 (3) The energy consumption for the Bilbao and Valencia offices for 2015 and 2016 respectively, have been modified as they were incorrectly stated in the Corporate Social Responsibility Report for 2016

GAS CONSUMPTION INDICATORS ^{(1) (2)} (G4-EN3, G4-EN5)



(1) In Madrid, only the Las Rozas building uses this type of energy.
 (2) Gas consumption figures in gigajoules (GJ), as per GRI G4 criteria. 1 kWh = 0.0036 GJ.

GENERAL ENERGY INDICATORS FOR BME ⁽¹⁾⁽²⁾ (G4-EN3, G4-EN5)



(1) Total electricity and gas consumption figures in gigajoules (GJ) as per GRI G4 criteria. 1 kWh = 0.0036 GJ.
 (2) The company's total internal energy intensity per annum is calculated by dividing total internal energy consumption (electricity and gas) by the number of employees in the Group.
 (3) The energy consumption and energy intensity for the Bilbao and Valencia offices for 2016 and 2015 respectively, have been modified as they were incorrectly stated in the Corporate Social Responsibility Report for 2016.
 (4) Includes total electricity consumption figures for the Madrid, Bilbao and Valencia offices. Only the data for the first half of 2017 is included for the Barcelona office.

B) External energy consumption.

(G4-EN4)

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 rail), 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, thus reducing fuel usage and emissions. BME has installed special suites for this at all its work centres.
- iv) **Teleworking:** As part of BME's employee benefits and work/life balance policy, staff may request to work from home provided it is justified, thus cutting down the number of journeys to and from work and minimising indirect emissions of CO₂.

As at the date of preparation of this report, the company does not have data on the energy consumption relating to travel to the workplace (by own vehicle and bus), nor business trips (by rail and air).

Direct green-house gas emissions

81.14t CO₂

(+2.96% vs 2016)



8.3. Greenhouse gas emissions.

The Company makes efforts to reduce the greenhouse gas emissions it generates.

A) Greenhouse gas emission indicators.

[G4-22, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN30]

GREENHOUSE GAS EMISSIONS ⁽¹⁾ (Tonnes of CO ₂ equivalent)			
	2015	2016	2017
Total emissions of CO₂	3,657.97	3,144.76	3,924.38
Total direct emissions	77.39	78.81	81.14
Fuel consumption (natural gas)	4.18	5.60	5.60
Staff transport (corporate shuttle bus) ^[2]	73.21	73.21	75.54
Total indirect emissions	3,580.58	3,065.95	3,843.24
Electricity consumption	2,587.68	2,200.61	2,510.44 ^[3]
Business trips (by air)	439.54	317.15	735.27
Business trips (by rail) ^[4]	27.36	27.19	67.54
Staff commuting to and from work (own vehicle) ^[5]	526	521	530
Total number of employees	751	773	774
Total CO₂ emissions per employee^[6]	4.87	4.07	5.07

[1] In 2017, the Company used the CO₂ equivalent emission factors provided by DEFRA as the methodology for calculating the CO₂, CH₄ and N₂O emissions. For comparative purposes, the emissions for natural gas, electricity and employee transport (own vehicle and corporate shuttle bus) for 2015 and 2016 have been adjusted in line with this new methodology.

[2] In accordance with the methodology described in footnote 1 above, this includes direct CO₂ emissions from the corporate shuttle bus service.

[3] The CO₂ Emissions for electricity have been calculated by applying the estimated value of the gross generation mix of electricity for 2017 (0.258Kgs CO₂/KWh).

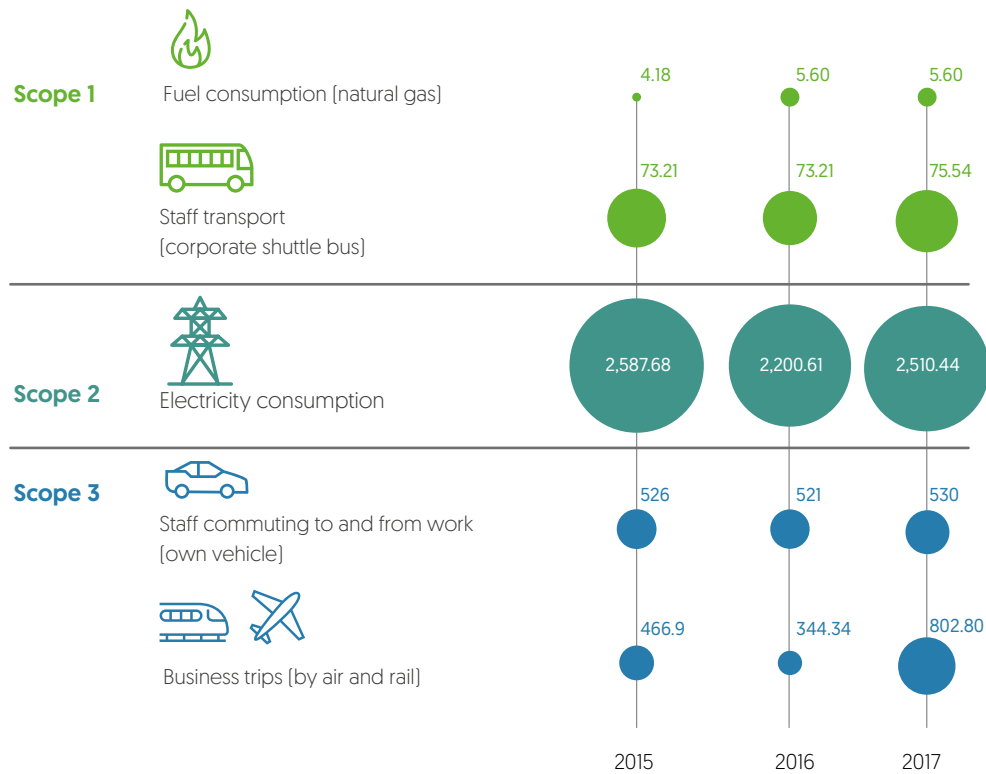
[4] Includes, in accordance with the methodology described in footnote 1 above, indirect emissions relating to business trips made by employees by rail (does not include trips made by employees by rail to the Majadahonda railway station to take the corporate shuttle service to the Las Rozas headquarters).

[5] 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.

[6] 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 (*)

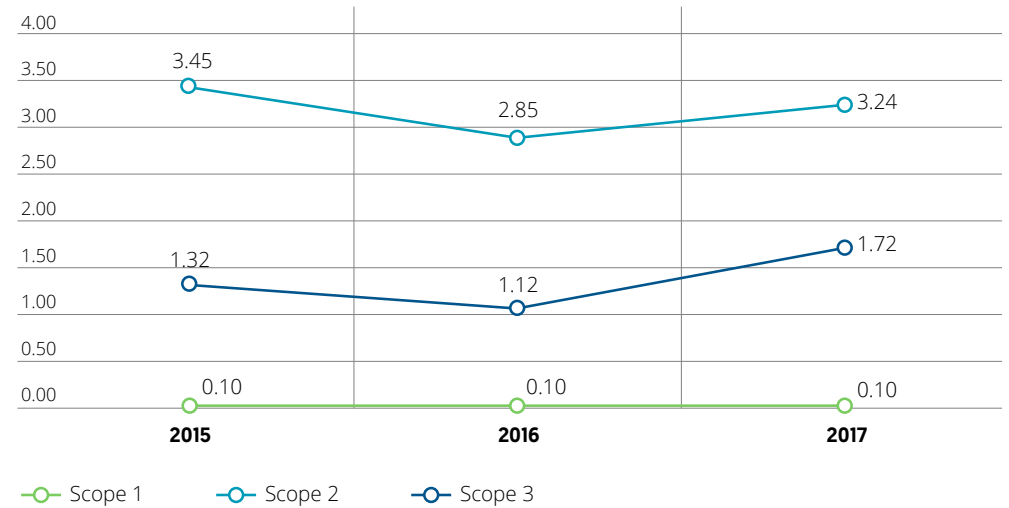
(G4-EN15, G4-EN16, G4-EN17)



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 emissions can be used to determine the organisation's environmental efficiency and performance.

INTENSITY OF GREENHOUSE GAS EMISSIONS

(Tonnes of CO₂ /employee) (*) (G4-EN18)



(*) Due to the change in the calculation of the gas emissions, the consumption of natural gas, electricity and employee transport [own vehicle and corporate shuttle bus] for 2015 and 2016 have been amended.

Ratio of CO₂ per employee

5.07%

(+19.7% vs 2016)



T CO₂/EMPLOYEE RATIO (G4-EN18)



B) FTSE4Good IBEX index.

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

C) National registry of greenhouse gas emission rights.

(G4-EN19)

Since 2005, acting through its company Iberclear, BME has collaborated in the fight against climate change through the National Registry of Greenhouse Gas Emission Rights (RENADE), through which it has ensured the publicity and constant updating of the ownership and control of the greenhouse gas emission rights of companies in Spain.

Iberclear, through RENADE, provides support to the National Administrator of Emissions Rights, complying with all the requirements of the European Commission and the United Nations through the Spanish Office for Climate Change (OECC).

In this regard, RENADE provides industrial facilities with the technical and human resources necessary to comply with their annual obligation of turning over to the government allowances in an amount equivalent to CO₂ emissions made during the prior year.