

ANNEX I

CORPORATE GOVERNANCE ANNUAL REPORT FOR LISTED COMPANIES

DATA IDENTIFYING THE ISSUER

REPORTING DATE OF YEAR IN QUESTION	31/12/2017
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EMPLOYER IDENTIFICATION NUMBER	A-08017535
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COMPANY NAME

CEMENTOS MOLINS, S.A.

REGISTERED OFFICE

CALLE ESPRONCEDA 38, LOCAL 3 (MADRID)

CORPORATE GOVERNANCE ANNUAL REPORT

FOR LISTED COMPANIES

A OWNERSHIP STRUCTURE

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

Date of last change	Share capital (€)	Number of shares	Number of voting rights
30/06/2005	19,834,701.00	66,115,670	66,115,670

Indicate whether there are different classes of shares carrying different rights:

Yes No

A.2 List the direct and indirect holders of significant ownership interests in the company at year-end, excluding directors:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR JOAQUIN M ^a MOLINS GIL	0	15,893,000	24.04%

Name or company name of holder of indirect ownership interest	Through: name or company name of holder of direct ownership interest	Number of voting rights
MR JOAQUIN M ^a MOLINS GIL	CARTERA DE INVERSIONES C.M., S.A.	15,893,000

Detail the most significant changes in the shareholder structure during the year:

A.3 Fill in the following tables on the members of the company's Board of Directors who own voting shares in the company:

Name or company name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR JUAN MOLINS AMAT	47,921	0	0.07%
CARTERA DE INVERSIONES C.M., S.A.	15,893,000	0	24.04%
OTINIX, S.L.	21,796,705	0	32.97%
FORO FAMILIAR MOLINS, S.L.	377	0	0.00%
FRANCISCO JAVIER FERNÁNDEZ BESCÓS	500	0	0.00%
MR JOAQUIN M ^a MOLINS LOPEZ-RODO	29,962	0	0.05%
MR JUAN MOLINS MONTEYS	14,870	0	0.02%
MIGUEL DEL CAMPO RODRÍGUEZ	1,000	0	0.00%
NOUMEA, S.A.	21,201,704	0	32.07%

% of total voting power held by the Board of Directors	89.25%
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Fill in the following tables on the members of the company's Board of Directors who hold rights over shares in the company:

A.4 Indicate, as appropriate, any relationship of a family, commercial, contractual or corporate nature existing between the holders of significant ownership interests, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business:

A.5 Indicate, as appropriate, any relationship of a commercial, contractual or corporate nature existing between the holders of significant ownership interests and the company and/or the group, unless they have scant relevance or arise from the ordinary course of business:

A.6 Indicate whether the company has been notified of any shareholders agreements that affect it in accordance with Arts. 530 and 531 of the Spanish Limited Liability Companies Law. If so, provide a brief description and list the shareholders that are party to the agreement:

Yes

No

Parties involved in the shareholders' agreement
OTINIX, S.L.
NOUMEA, S.A.
CARTERA DE INVERSIONES C.M., S.A.

Percentage of share capital affected: 81.81%

Brief description of the agreement:

Vote and share syndication agreement

The above percentage also included minority stakes of a series of individual shareholders involved in the Agreement, consistent with that provided to the Spanish National Securities Market Commission (CNMV) on 7 January 2016, under registration number 233834.

Indicate whether the company is aware of any concerted action among its shareholders. If so, provide a brief description:

Yes

No

Percentage of share capital affected: 81.81%

Brief description of the concerted action:

Vote and share syndication agreement

The above percentage also included minority stakes of a series of individual shareholders involved in the Agreement, consistent with that provided to the Spanish National Securities Market Commission (CNMV) on 14 January 2016, under registration number 2016002689.

Parties involved in concerted action
OTINIX, S.L.
NOUMEA, S.A.
CARTERA DE INVERSIONES C.M., S.A.

Expressly indicate any amendment to or termination of such agreements or concerted action during the year:

No.

A.7 Indicate, stating the name thereof, if applicable, whether any natural or legal person exercises, or can exercise, control over the company, in accordance with Article 4 of the Securities Market Law. If so, provide a description:

Yes

No

Observations

A.8 Fill in the following tables on the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
0	2,720,571	4.11%

(*) Through:

Name or company name of holder of direct ownership interest	Number of direct shares
CEMENTOS MOLINS INDUSTRIAL, S.A.U.	2,720,571
Total	2,720,571

Give details of any significant changes during the year, in accordance with Royal Decree 1362/2007, made during the year:

Explain the significant variances
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In 2017 a total of 633 shares were acquired indirectly, representing 0.001% of the total share capital.

A.9 Give details of the conditions and time period of the current authorisation from the shareholders at the General Meeting for the Board of Directors to acquire or transfer treasury shares.

The shareholders at the General Meeting of 30 June 2015 adopted the following resolution, being item four on the agenda:

Authorising and empowering the Cementos Molins, S.A. Board of Directors, as well as those companies where CEMENTOS MOLINS, S.A. is the main parent company, to acquire, under the existing legal regulations, the shares of CEMENTOS MOLINS, S.A., within the existing limits and according to the following requirements:

- a) the nominal value of the acquired shares, in addition to those already held by CEMENTOS MOLINS, S.A. and its subsidiary companies, does not exceed at any time 10% of the share capital.
- b) the aforementioned acquisition, including those shares previously acquired by the company and held in its portfolio, shall not lead to the net equity being less than the amount of the share capital plus the legally or statutory-wise unavailable reserve.
- c) the shares acquired shall be fully paid up.
- d) since they are acquisitions for a value, they should be effected at a minimum price of the shares' nominal value and maximum of the stock market price at the time of acquisition, with express compliance of any other applicable legal requirements.
- e) that this authorization is established for a period of five years starting from today, June 30 2015, without prejudice to the assumptions contemplated within the Law as those relating to free acquisition.

A.9.bis Estimated free float:

	%
Estimated free float	6.64

A.10 Indicate any legal or bylaw restrictions on the exercise of voting rights and any legal restrictions on the acquisition or transfer of ownership interests in the share capital. Indicate whether there are any legal restrictions on the exercise of voting power:

Yes

No

A.11 Indicate whether the shareholders at the General Meeting have resolved to take measures to neutralise a takeover bid pursuant to Law 6/2007.

Yes

No

Explain any measures approved and the situations in which the restrictions would be inoperative:

A.12 Indicate whether the company has issued any securities not traded on an EU-regulated market.

Yes

No

Explain any measures approved and the situations in which the restrictions would be inoperative:

B GENERAL MEETING

B.1 Indicate whether quorums for convening the general meeting differ from the system of minimum quorums established in the Spanish Limited Liability Companies Law (LSC). If so, give details.

Yes

No

B.2 Indicate and, if applicable, describe any differences between the rules established in the Spanish Limited Liability Companies Law (LSC) for adopting resolutions and the company's rules:

Yes

No

Describe the differences with respect to the rules established in the LSC.

B.3 Indicate the rules governing amendments of the company's bylaws. In particular, notify the majorities foreseen for the amendment of the bylaws, and, where appropriate, the rules provided for the protection of the rights of the shareholders in the amendment of the bylaws.

This is a power reserved for the General Meeting pursuant to Article 160 (c) of the Spanish Limited Liability Companies Law and Article 3 of the General Meeting Regulations.

In accordance with Article 201 of the Spanish Limited Liability Companies Law, Article 16 of the bylaws and Article 9 of the General Meeting Regulations, the quorum required in the General Meeting for the amendment of the bylaws must feature shareholders holding one half of the subscribed voting shares on first call. On second call, shareholders holding at least 25% of the subscribed voting shares shall be present in person or by proxy. However, where shareholders holding less than 50% of the subscribed voting shares are present in person or by proxy, the resolutions relating to the amendment of bylaws may only be validly adopted with the affirmative vote of two-thirds of the share capital present in person or by proxy at the Meeting.

B.4 Indicate the data on attendance at the General Meetings held in the year and in the prior year to which this report refers:

Date of General Meeting	Attendance data				Total
	% attendance in person	% attendance by proxy	% remote voting		
			Electronic voting	Others	
03/06/2016	93.80%	1.80%	0.00%	0.00%	95.60%
29/06/2017	93.95%	2.24%	0.00%	0.00%	96.19%

B.5 Indicate whether the bylaws contain any restrictions with respect to a minimum number of shares required to attend General Meetings:

Yes

No

B.6 Repealed section.

B.7 Indicate the URL and the means for accessing the Company's website the corporate governance information and other information on the General Meetings which should be made available to shareholders on the Company's website.

The Company URL is www.cemolins.es. On the homepage, click on the "Shareholders and Investors" section in the "Corporate Governance" submenu. The Corporate Governance Annual Report of at least the last five completed financial years appears on this page in pdf format. Information relating to the General Meetings can be found in the initial menu (home), "Shareholders and investors" section, "General Shareholders' Meeting" submenu.

C MANAGEMENT STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1 The maximum and minimum number of directors as per bylaws:

Maximum number of directors	15
Minimum number of directors	5

C.1.2 Fill in the following table with the directors' particulars:

Name or company name of director	Representative	Board member type	Position on the Board	Date of first appt.	Date of last appt.	Appointment procedure
MR JUAN MOLINS AMAT		Propietary	CHAIRMAN	19/06/1967	29/06/2017	ANNUAL GENERAL MEETING RESOLUTION
CARTERA DE INVERSIONES C.M., S.A.	MR JOAQUIN M ^a MOLINS GIL	Propietary	CHAIRMAN 1 ^o	26/06/1996	30/05/2014	ANNUAL GENERAL MEETING RESOLUTION
OTINIX, S.L.	MS ANA M ^a MOLINS LÓPEZ-RODÓ	Propietary	CHAIRMAN 2 ^o	04/09/2015	04/09/2015	ANNUAL GENERAL MEETING RESOLUTION
MR JULIO RODRÍGUEZ IZQUIERDO		Executive	MANAGING DIRECTOR	30/06/2015	30/06/2015	ANNUAL GENERAL MEETING RESOLUTION
MR EUSEBIO DIAZ-MORERA PUIG-SUREDA		Independent director	DIRECTOR	31/05/2012	29/06/2017	ANNUAL GENERAL MEETING RESOLUTION
MS ANDREA KATHRIN CHRISTENSON		Independent director	DIRECTOR	30/06/2015	30/06/2015	ANNUAL GENERAL MEETING RESOLUTION
MS SOCORRO FERNANDEZ LARREA		Independent director	DIRECTOR	01/12/2017	01/12/2017	COOPTATION

Name or company name of director	Representative	Board member type	Position on the Board	Date of first appt.	Date of last appt.	Appointment procedure
MR JOAQUIN M ^a MOLINS LOPEZ-RODO		Propietary	DIRECTOR	29/07/2009	30/05/2014	ANNUAL GENERAL MEETING RESOLUTION
NOUMEA, S.A.	MR PABLO MOLINS AMAT	Propietary	DIRECTOR	26/06/1996	29/06/2017	ANNUAL GENERAL MEETING RESOLUTION
FORO FAMILIAR MOLINS, S.L.	MS ROSER RÁFOLS VIVES	Propietary	DIRECTOR	28/06/2007	29/06/2017	ANNUAL GENERAL MEETING RESOLUTION
MR MIGUEL DEL CAMPO RODRÍGUEZ		Another non-executive director	DIRECTOR	21/05/2002	30/05/2014	ANNUAL GENERAL MEETING RESOLUTION
MR FRANCISCO JAVIER FERNÁNDEZ BESCÓS		Propietary	DIRECTOR	31/05/2012	29/06/2017	ANNUAL GENERAL MEETING RESOLUTION
MR JUAN MOLINS MONTEYS		Propietary	DIRECTOR	29/06/2017	29/06/2017	ANNUAL GENERAL MEETING RESOLUTION

Total number of directors	13
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Indicate any removals of directors during the year:

Name or company name of director	Director's status at the time of removal	Leaving date
MR CASIMIRO MOLINS RIBOT	Propietary	25/06/2017
MR JOAQUIM MOLINS AMAT	Propietary	13/07/2017
MR EMILIO GUTIERREZ FERNANDEZ DE LIENCRES	Propietary	29/06/2017

C.1.3 Fill in the following tables on the members of the Board and their status:

EXECUTIVE DIRECTORS

Name or company name of director	Position per company organisation chart
MR JULIO RODRÍGUEZ IZQUIERDO	Managing Director

Total number of executive directors	1
Total % of Board	7.69%

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of significant shareholder represented or proposing appointment
MR JUAN MOLINS AMAT	NOUMEA, S.A.
MR FRANCISCO JAVIER FERNÁNDEZ BESCÓS	CARTERA DE INVERSIONES C.M., S.A.
MR JOAQUIN M ^a MOLINS LOPEZ-RODO	OTINIX, S.L.
CARTERA DE INVERSIONES C.M., S.A.	CARTERA DE INVERSIONES C.M., S.A.
NOUMEA, S.A.	NOUMEA, S.A.
OTINIX, S.L.	OTINIX, S.L.
FORO FAMILIAR MOLINS, S.L.	NOUMEA, S.A.
MR JUAN MOLINS MONTEYS	NOUMEA, S.A.

Total number of proprietary directors	8
Total % of Board	61.54%

INDEPENDENT NON-EXECUTIVE DIRECTORS

Name or company name of director:

EUSEBIO DIAZ-MORERA PUIG-SUREDA

Profile:

Graduate in Economics and Master's Degree from IESE. Extensive knowledge of the financial sector. Proposed by the Remuneration and Appointments Commission.

Name or company name of director:

MS ANDREA KATHRIN CHRISTENSON

Profile:

Graduate in Economic and Social Sciences from Vienna University of Economics and Business, MBA from IESE, Universidad de Navarra, AMP (Advanced Management Program) from IESE, Universidad de Navarra and Diploma in Dispute Resolution from the Munich Dispute Resolution Institute. Proposed by the Remuneration and Appointments Commission.

Name or company name of director:

MS SOCORRO FERNANDEZ LARREA

Profile:

Civil Engineer graduated from the Technical University of Madrid, class of 1990. Holds a APM from IESE, class 2011. Proposed by the Remuneration and Appointments Commission.

Total number of independent directors	3
Total % of Board	23.08%

Indicate whether any director classified as independent receives from the company or the group any payment or benefits other than directors' remuneration, or has or has had, in the preceding year, business dealings with the company or any group company on their own account or as a significant shareholder, director or senior executive of a company that has or has had such dealings.

No.

Where applicable, a reasoned declaration from the board shall be included giving the reasons why it considers that the director in question may discharge his/her functions as an independent director.

OTHER NON-EXECUTIVE DIRECTORS

Identify other non-executive directors and give details of the reasons why they cannot be considered proprietary or independent directors and of their relationship links with the company, its executives or shareholders.

Name or company name of director:

MIGUEL DEL CAMPO RODRÍGUEZ

Company, executive or shareholder with whom he retains the link:

MIGUEL DEL CAMPO RODRÍGUEZ

Reasons:

Miguel del Campo Rodríguez has changed from independent director to other external directors after having been a company director for over 12 years.

Total number of other non-executive directors	1
Total % of Board	7.69%

Indicate any changes in the status of each director that may have occurred during the year:

Name or company name of director	Date of the change	Previous category	Current category
MIGUEL DEL CAMPO RODRÍGUEZ	27/07/2017	Independent director	Another non-executive director

C.1.4 Fill in the following table with the information relating to the number of female directors in the last 4 years, and the classification thereof:

	Number of female directors				% by type of director of total directors			
	Year 2017	Year 2016	Year 2015	Year 2014	Year 2017	Year 2016	Year 2015	Year 2014
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	2	2	2	2	25.00%	20.00%	20.00%	22.22%
Independent director	2	1	1	0	66.66%	33.33%	33.33%	0.00%
Other non-executive directors	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	4	3	3	2	30.77%	21.43%	21.43%	16.67%

C.1.5 Explain any measures, where applicable, that have been taken to try to include in the Board of Directors a certain number of women to achieve a balanced presence of women and men.

Detail of measures

Over the past few years, the Board of Directors has tried to increase the number of female directors in the Board of Directors. For this reason, the Board of Directors' Regulations establish that vacancies must be filled giving priority to diversity in terms of gender, expertise and knowledge.

Additionally, the Selection and appointment policy for Directors aims, among others, at promoting the balanced representation of men and women within the Board of Directors, avoiding any implicit discriminatory biases due to any reason whatsoever.

In accordance with the Board of Directors' Regulations and the Selection and Appointment Policy for Directors, over the past few years, the selection of female directors has been promoted, reaching a percentage equivalent to 30% of female directors.

C.1.6 Explain any measures agreed upon by the nomination committee, where applicable, to ensure that the selection process does not suffer from any implicit bias against women candidates and that women with the target profile are deliberately sought and included as potential candidates:

Detail of measures

As part of the selection processes to cover the vacancies in the Board of Directors, there has been a deliberate search for candidates who, meeting the required profile previously defined by the Remuneration and Appointments Commission and in line with the Selection Policy for Directors, were women.

When, in spite of any measures which might have been adopted if appropriate, there are few or no female directors, explain the reasons justifying the situation:

Explanation of the reasons

The current number of female directors is four, representing 30.77% of the total members in the Board of Directors.

C.1.6 bis Explain the conclusions of the Nomination Committee regarding the verification of compliance with the director selection policy. In particular, in relation to how this policy is fostering the objective that by 2020 female directors should represent, at least, 30% of the total members of the Board of Directors.

Detail of conclusions

During the financial year 2017, the Remuneration and Appointments Commission, in the discharge of its duties in connection with the report or proposal with regards to the appointment of directors, has verified compliance with the Selection Policy for Directors, having concluded that the objectives established in the Corporate Governance Recommendations have been met, since the Company covered one of the vacancies for a post of Director following the death of the President Mr Casimiro Molins Ribot and the director Mr Joaquim Molins Amat, both of them proprietary directors, through the appointment of an independent director, Ms Socorro Fernández Larrea. Currently, gender diversity has been promoted with regards to selection, with female directors representing 30.77% of the Board of Directors.

C.1.7 Explain the form of representation on the board of the shareholders holding a significant ownership.

The managing bodies of the shareholders holding a significant ownership interest participating in the concerted action agreement described in section A.6 (Otinix, S.L., Cartera de Inversiones C.M., S.A. and Noumea, S.A.), propose, by mutual agreement, the nomination of 7 of the 8 proprietary directors and the significant shareholder Noumea, S.A., also proposes the nomination of Foro Familiar Molins, S.L.

C.1.8 Explain the reasons for the appointment of any proprietary directors at the request of shareholders controlling less than 3% of the share capital:

Indicate any rejection of a formal request for a place on the Board from shareholders whose ownership interest is equal to or greater than that of others whose nomination of proprietary directors was accepted. Explain the reasons for the rejection.

Yes

No

C.1.9 Indicate whether any directors resigned from office before the expiration of their term of office, whether and in what manner the director explained the reasons for resignation to the Board and, in the event that resignation was tendered in writing to the Board in full, detail below the reasons given by the director:

C.1.10 Indicate what powers, if any, that have been delegated to the chief executive officer(s):

Name or company name of director:

MR JULIO RODRÍGUEZ IZQUIERDO

Brief description:

The Chief Executive Officer may, individually, exercise all the powers of the Board of Directors, except those which by law cannot be delegated, in accordance with the resolutions of the Board of Directors meeting held on 30 June 2015.

C.1.11 Identify, as appropriate, the Board members who hold office as directors or executives at other companies forming part of the listed company's group:

Name or company name of director	Name of Group entity	Position	Executive functions
MR JUAN MOLINS AMAT	CEMOLINS INTERNACIONAL, S.L.U.	CHAIRMAN	NO
MR JUAN MOLINS AMAT	CORPORACION MOCTEZUMA S.A. DE C.V.	CHAIRMAN	NO
MR JULIO RODRÍGUEZ IZQUIERDO	INSUMOS Y AGREGADOS DE COLOMBIA S.A.S.	DIRECTOR	NO
MR JULIO RODRÍGUEZ IZQUIERDO	EMPRESA COLOMBIANA DE CEMENTOS S.A.S.	DIRECTOR	NO
MR JULIO RODRÍGUEZ IZQUIERDO	SOTACIB KAIROUAN, S.A.	CHAIRMAN	NO
MR JULIO RODRÍGUEZ IZQUIERDO	CEMENTOS ARTIGAS, S.A.	DEPUTY CHAIRMAN	NO
MR JULIO RODRÍGUEZ IZQUIERDO	SOCIETE TUNISO-ANDALOUSE DE CIMENT BLANC. DE CIMENT BLANC SOCIÉTÉ SOTACIB, S.A.	CHAIRMAN	NO
MR JULIO RODRÍGUEZ IZQUIERDO	LAFARGEHOLCIM BANGLADESH LIMITED	DIRECTOR	NO
MR JULIO RODRÍGUEZ IZQUIERDO	CEMOLINS INTERNACIONAL, S.L.U.	DIRECTOR	NO
MR JULIO RODRÍGUEZ IZQUIERDO	CORPORACION MOCTEZUMA S.A. DE C.V.	DIRECTOR	NO
MR JULIO RODRÍGUEZ IZQUIERDO	CEMENTOS AVELLANEDA, S.A.	CHAIRMAN	NO
MR JULIO RODRÍGUEZ IZQUIERDO	MINUS INVERSORA, S.A.	CHAIRMAN	NO

C.1.12 Give details, as appropriate, of any directors of the company who are members of the boards of directors of other non-group companies that are listed on official securities markets, as disclosed to the company:

Name or company name of director	Name of Group entity	Position
CARTERA DE INVERSIONES C.M., S.A.	COMPAÑIA GENERAL DE INVERSIONES SA SICAV	CHAIRMAN
MS SOCORRO FERNANDEZ LARREA	RED ELÉCTRICA CORPORACIÓN, S.A.	DIRECTOR

Name or company name of director	Name of Group entity	Position
CARTERA DE INVERSIONES C.M., S.A.	GESIURIS ASSET MANAGEMENT SGIIC, S.A.	DIRECTOR

C.1.13 Give details, where appropriate, of any rules established by the Company with respect to the number of boards to which its directors may belong:

Yes

No

Detail of rules

Detail of rules Article 16.8 of the Board of Directors Regulations establishes that the Nomination and Remuneration Committee shall ensure that the non-executive directors have enough time to correctly discharge their functions. In this connection, the directors may not, unless expressly authorised by the Board, with a prior report from the Nomination and Remuneration Committee, be members of more than eight Boards, excluding (i) the Boards of companies in the same group as the Company, (ii) the Boards of family or asset-holding companies of the directors or their relatives and (iii) the Board of which they are members due to their professional relationship.

C.1.14 Repealed section.

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

Remuneration of the board of directors (thousands of euros)	1,461
Amount of pension rights accumulated by current directors (thousands of euros)	2,498
Amount of pension rights accumulated by former directors (thousands of euros)	0

C.1.16 Identify the senior executives who are not executive directors and indicate the total remuneration paid to them during the year:

Name or company name	Position
MR SALVADOR FERNÁNDEZ CAPO	General Manager - Operations
MR CARLOS MARTÍNEZ FERRER	Corporate General Manager
MR JORDI MOLINS AMAT	Director of the Corporate Law Department
MR MARCOS CELA REY	Business Director Bangladesh, Tunisia and Colombia
MR ÁNGEL CERCÓS CASALÉ	Strategy and Sustainability Manager
MS EVA GONZÁLEZ ANDREU	Corporate Human Resources Director
MR XAVIER ESCUDÉ TORRENTE	Manager Management Control
MR JUAN MOZO GÓMEZ	Internal Auditor
MR FRANCISCO JAVIER MOLINS AMAT	Manager for Argentine, Uruguayan and Bolivian investees
MR SANTIAGO CALVO JIMÉNEZ	Corporate Technical Manager

Total remuneration of senior executives (thousands of euros)	2,836
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C.1.17 Indicate, as appropriate, which members of the Board are, in turn, members of the Boards of Directors of companies that hold significant ownership interests and/or Group companies:

Name or company name of director	Company name of significant shareholder	Position
MR JUAN MOLINS AMAT	CARTERA DE INVERSIONES C.M., S.A.	CHAIRMAN
MR JUAN MOLINS AMAT	NOUMEA, S.A.	DIRECTOR
MR JOAQUIN M ^a MOLINS LOPEZ-RODO	OTINIX, S.L.	DIRECTOR

Give details, as appropriate, of any material relationships, other than those envisaged under the preceding heading, of the members of the Board of Directors with significant shareholders and/or at group companies:

C.1.18 Indicate the amendments, if any, to the Board Regulations during the year:

Yes

No

C.1.19 Indicate the procedures for the appointment, re-election, evaluation and removal of directors. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

The shareholders at the General Meeting or, where appropriate, the Board of Directors shall have the power to designate the members of the Board in conformity with the Spanish Public Limited Liability Companies Law (LSC) and in the Articles of Association.

In order to be a Director, it is not necessary to be a shareholder. To fill vacancies arising during the director appointment period, in which case the Board will be able to appoint the people that will fill these positions until the next General Meeting.

The Board of Directors currently has thirteen members. Directors are appointed by the Annual General Meeting for a maximum of 4 years, although they may be re-appointed on an indefinite basis for periods of up to four years each term, except for the directors considered to be independent, who shall not remain in their position as independent directors for a continuous period of more than 12 years.

The proposal for the appointment or re-election of directors which the Board submits to the General Meeting, as well as provisional appointments by the method of co-optation, shall be approved by the Board of Directors:

- (i) on the proposal of the Remuneration and Nomination Committee, in the case of independent directors, or
- (ii) subject to a report from the Nomination Committee in all other cases.

The proposal must be accompanied by a supporting report from the Board that assesses the competence, experience and merits of the proposed candidate.

At the Board of Directors meeting held on 28 April 2016, the director selection policy was approved, the main contents of which is as follows:

(i) Objectives of the candidate selection:

- To appoint people who will foster diversity of knowledge, experience and gender on the Board.
- To aim for at least 30% of the total members of the Board being female in 2020.

(ii) Selection processes:

- The Board of Directors, subject to a report from the Nomination and Remuneration Committee, should conduct prior analysis of the Company's needs.
- To aim for the Board having a balanced makeup, with an ample majority of non-executive directors and an appropriate ratio of proprietary and independent directors.
- The Molins family owns an ample majority of the Company's share capital. Since the appointment of directors normally takes place through application of the proportionality system established in the Spanish Limited Liability Companies Law, substantially all of the directors are proprietary and independent directors. Also, the proportion of proprietary directors as a percentage of the total non-executive directors should not exceed the proportion of the Company's capital they represent.
- Any director may propose candidates for the Board of Directors, provided they meet the requirements established in the Company's various corporate governance rules.
- The Company may collaborate with external advisers in the validation of candidates.
- The selection process should avoid any manner of implicit bias that might entail discrimination and, specifically, that hinders the selection of female directors.

(iii) Candidates should meet the following requirements:

- They should be honourable, suitable, of acknowledged solvency, training, competence, experience, qualification, and be available for, and committed to their function.
- They should be professionals whose conduct and career are aligned with respect for the law and good commercial practices.

- The Nomination and Remuneration Committee should ensure that the non-executive directors have sufficient time available for the correct discharge of their functions. In this sense, Directors cannot, unless with the express authorisation of the Board, after a report from the Remuneration and Appointments Commission, form part of more than 8 boards of directors. The foregoing does not apply to:

- Boards of Group Companies,
- Boards of family companies of Directors or their families and
- Boards of which they form part as a result of a professional relationship.

(iv) Barriers to being a candidate for the Board of Directors.

- Those who are involved in an incompatibility lawsuit for the discharge of their position.
- Those who do not meet the requirements to be a director established in the corporate governance system.
- Directors or senior executives of Spanish or foreign companies in the cement sector that might be considered the Company's competitors.
- Natural or legal persons who discharge the position of director at more companies than permitted under the Board of Directors Regulations.
- Those who are in a situation of conflict of interest with the Company.
- Those who have been involved in circumstances that might give rise to their membership of the Board of Directors damaging the Company's name or reputation.

At all times, the General Meeting may resolve the removal of the directors when deemed appropriate for the interests of the Company. Directors shall cease to sit on the Board when the period for which they were appointed elapses, and in all other cases provided for by law, the bylaws or the Board of Directors Regulations.

In accordance with the provisions of Article 11 of the Board of Directors Regulations, the Board of Directors in plenary session shall assess once a year, inter alia, the efficiency of the functioning of the Board and of its committees, the diversity of its makeup and the performance of each director.

On the basis of the outcome of this evaluation, the Board of Directors shall propose an action plan correcting the identified deficiencies. The result of the evaluation shall be recorded in the minutes of the meeting and attached thereto as an appendix.

C.1.20 Describe to what extent the annual assessment has given rise to important changes in its internal organisation and on the procedures applicable to its activities:

Description of the amendments

The annual self-assessment did not give rise to any important changes in the internal organisation of or the procedures applicable to the Board.
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C.1.20.bis Describe the assessment and the areas assessed by the Board of Directors, aided, where applicable, by an external adviser, in relation to the diversity of its composition and its competencies, of the functioning and composition of its committees, of the performance of the Chairman of the Board and the chief executive of the Company and the performance and contribution of each director.

On a yearly basis, typically in November, the Committee commissions an external consultant to prepare a questionnaire to be used, after being completed by the directors, as the basis for a report issued by the consultant, which will be subsequently analysed by the Board itself with regards to its functioning.

The aforementioned questionnaire, with a total of 35 questions, is divided in three different sections:

A.- Assessment of the quality and efficiency of the Board's operations with regard to the Board's composition and dynamics, the creation of value and strategy, transparency and relationship with shareholders, Corporate Governance and Corporate Social Responsibility (RSC).

B.- Assessment of the functioning of the Delegated Commissions of the Board of Directors, assessment of the Auditing and Compliance Commission and the Remuneration and Appointments Commission.

C.- Self-evaluation of the Board of Directors in order to gather opinions and suggestions on the self-evaluation process itself.

After issuing this Report, the Remuneration and Appointments Commission analyses its content and submits to the Board of Directors the final part of the process to self-evaluate the Board of Directors.

The Board of Directors decided not to carry out individual assessment of the directors. After this, the Board at its meeting on 27 February 2017, in the light of the Reports prepared by the Remuneration and Appointments Commission, the Auditing and Compliance Commission as well as the report issued by the external consultant, unanimously agreed to consider that the assessment of the quality and efficiency of the functioning of the Board of Directors, the Auditing and Compliance Commission and the Remuneration and Appointments Commission had been completed.

Similarly, at the meeting of the Remuneration and Appointments Commission held on 27 February 2017, after analysing the consultant's Report, it was agreed to present it in the plenary of the Board Meeting to be held, in order to self-assess it, as was done. At the same meeting, the action plans to correct the weaknesses detected in the assessment were proposed to the Board of Directors and, after the assessment conducted by the Committee itself, it was proposed that the performance of the functions carried out by the President and the CEO should be regarded as satisfactory by the Board, as the Board of Directors actually agreed.

C.1.20. ter Disclosure, if any, of the business relationships that the adviser or any company from its group has with the company or any company from its group.

The external adviser used for the assessment of the Board of Directors is Miguel Trías Sagnier, partner of Cuatrecasas Gonçalves Pereira.

In 2017 this firm had the following business relationships with Cementos Molins, S.A. and the companies in its Group:

- Tax advisory services to the Cementos Molins Group.
- Legal advice to study the change of registered office of the Group companies.
- Advisory services and participation in the recovery of the excise tax on the retail sale of certain hydrocarbons by the subsidiaries Promotora Mediterránea-2, S.A.
- Social Security Report.

C.1.21 Indicate the cases in which the directors must resign.

1. Pursuant to Article 15 of the Board Regulations, proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

2. The Board of Directors shall not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the Board of Directors, based on a proposal from the Remuneration and Nomination Committee. In particular, just cause will be presumed to exist when a director moves into new positions or incurs new obligations preventing them from devoting the necessary time to perform the duties inherent to a director, when they are in breach of the duties inherent to their post or when they are in the any of the circumstances resulting in the loss of their independent status according to the applicable legislation.

3. The removal of independent directors resulting from Public Acquisitions, Fusions or other similar company operations that suppose a change in the structure of the Company's share capital may also be proposed, when such changes in the structure of the Board of Directors are caused by the proportionality criteria established in the Company.

4. The directors are required to notify and, if appropriate, resign in the event that the credit and reputation of the Company may be prejudiced. In particular, the Directors are required to notify the Board of Directors of any criminal charges brought against them, in addition to the status of any subsequent court or legal proceedings. In the event of the director being prosecuted or having a court order issued against them initiating trial proceedings for any of the crimes set out in Spanish Company Legislation, the Board shall examine the case as soon as possible and, depending on the specific circumstances, shall decide whether or not the director should continue to hold office. The Board shall also disclose all such determinations, giving a reasoned account thereof, in the Annual Corporate Governance Report.

C.1.22 Repealed section.

C.1.23 Are qualified majorities, other than statutory majorities, required for any type of decision?:

Yes

No

If so, describe the differences.

C.1.24 Explain whether there are any specific requirements, apart from those relating to directors, to be appointed chairman.

Yes

No

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

Yes

No

Matters on which there is a casting vote

Article 28 of the bylaws and Articles 10 and 21 of the Council Regulation indicate that voting the Chairman of the Board of Directors shall be casting vote in the event of a tie, except in the event of permanent delegation of powers.

C.1.26 Indicate whether the bylaws or the Board Regulations set any age limit for directors:

Yes

No

C.1.27 Indicate whether the bylaws or Board Regulations set a limited term of office for independent directors, other than that established in the legislation:

Yes

No

C.1.28 Indicate whether the bylaws or the Board of Directors' Regulations establish specific rules for appointing proxies to vote at Board meetings, how they are granted and, in particular, the maximum number of proxies that a single director may hold and whether it is obligatory to appoint proxies to a director of the same type. If so, provide a brief description of the rules.

Article 10.2 of the Board Regulations provides that directors may appoint any other director as his/her proxy for the Board meeting without limiting the number of proxies that each director may hold. Only non-executive directors may delegate their representation to another non-executive. The representation shall be granted with proper instructions.

Article 28 of the bylaws states that proxies shall be granted in a letter to the Chairman.

C.1.29 Indicate how many Board of Directors meetings were held during the year. Also indicate any occasions on which the Board held meetings in which the Chairman was not present. The calculation of attendance shall include proxies granted with specific instructions.

Number of Board meetings	15
Number of Board meetings without chairman's attendance	3

If the President is executive director, indicate the number of meetings held without the assistance or representation of any executive director and chaired by the coordinating director.

Number of meetings	0
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Indicate how many meetings of the various Board committees were held during the year:

Committe	Number of meetings
AUDIT COMMITTEE	8
REMUNERATION AND APPOINTMENTS COMMISSION	10

C.1.30 Indicate the number of Board meetings held during the year that were attended by all the directors. The calculation includes the attendance of representatives granted without specific instructions.

Number of meetings attended by all the directors	11
Attendance as % of the total votes during the year	73.33%

C.1.31 Indicate whether the separate and consolidated financial statements submitted for approval by the Board are certified previously:

Yes No

Indicate, as appropriate, the person(s) who certified the company's separate and consolidated financial statements for authorisation for issue by the Board:

Name	Position
MR CARLOS MARTÍNEZ FERRER	CORPORATE GENERAL MANAGER
MR ANTONIO MARTÍN DEL RÍO	GENERAL MANAGER - CEMENTOS MOLINS INDUSTRIAL, S.A.U.

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent qualified auditors' reports on the separate and consolidated financial statements prepared by it from being submitted at the General Meeting.

The Audit Committee shall support the Board of Directors in relation to its surveillance duties through the periodic review of the economic and financial information preparation process, the company's internal controls and the independence of the company's external auditor. As provided by the Article 27.4 of the Board of Directors' Regulations.

In performing its functions, the Audit Committee must evaluate the need to adapt the financial statements prepared by the Board of Directors on the basis of the notes or qualifications outlined by the company's auditors and, accordingly, make a proposal to the Board of Directors so that it can make an informed decision. If it is not possible to adapt the financial statements in order to avoid a qualified auditors' report, the Chairman of the Audit Committee and the company's auditors shall give a clear account to the shareholders of the notes or qualifications.

C.1.33 Is the Board secretary a director?

Yes No

If the secretary is not a director, complete the following chart:

Name or company name of the secretary	Representative
MR JORDI MOLINS AMAT	

C.1.34 Repealed section.

C.1.35 Indicate the mechanisms, if any, established by the Company to preserve the independence of the auditors, of financial analysts, investment banks and of rating agencies.

Article 27.8.1 of the Board of Directors Regulations stipulates that the Audit Committee is responsible, inter alia, for ensuring the independence of the external auditors, for such purpose:

- (i) Establishing the proper relationships with the external auditor to receive information on matters that may compromise their independence, to be examined by the Auditing and Compliance Commission, and on any other matters related to the development process of the accounts audit, and, when applicable, the authorisation of services other than those forbidden, in the terms set forth by the applicable regulations in regards to the independence regime, as well as any other communications provided by law regarding accounts auditing and by the audit regulations. In any event, each year the auditors will be required to furnish written confirmation of their independence with respect to the entity or entities related directly or indirectly to the company, as well as the information on any manner of additional services provided to the aforementioned entities by the auditors, or by any legal persons or entities related thereto, in accordance with the Audit Law.
- (ii) Issue annually, prior to the issue of the auditor's report, a report expressing an opinion on the independence of the auditors. This report must contain, in any case, an assessment motivated from the provisions of each and every additional service referred to in the previous section, considered individually and as a group, different to the legal audit and in relation to the independence regime or the governing regulations of the accounts audit activity.
- (iii) Ensure that the remuneration of the external auditor for its work does not compromise its quality or their independence.
- (iv) Supervise that the company notifies any change of auditors to the CNMV as a relevant event, accompanied by a statement of any disagreements arising with the outgoing auditors and the reasons therefore.
- (v) The Committee should ensure that the company and the auditors adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditors' business and, in general, other requirements designed to safeguard auditors' independence.
- (vi) The Committee should investigate the issues giving rise to the resignation of any external auditors;
- (vii) Prevail on the Group's auditors to take on the audit of the Group companies.
- (viii) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session to inform it of the work performed and the changes in the accounting situation and risks of the Company.

Likewise, in 2017, the Board of Directors of Cementos Molins, S.A. approved the Relations and Recruitment Policy jointly with the auditor. This Policy aims at defining the guidelines followed by the Cementos Molins Group to contract auditors of both individual and consolidated financial statements, thus ensuring compliance with the applicable Account Auditing Law. Additionally, this policy defines the guidelines for independence, transparency and relationship between both parties in order to guarantee them.

C.1.36 Indicate whether the Company changed its external auditors during the year. If so, specify the outgoing and incoming auditors.

Yes No

In the event of any disagreement with the outgoing auditors, specify the substance thereof:

C.1.37 Indicate whether the audit firm performs other non-audit work for the Company and/or its Group, and if so, state the amount of fees received for such work and the percentage they represent of the fees billed to the Company and/or its Group:

Yes No

	Company	Group	Total
Amount of other non-audit work (thousands of euros)	7	20	27
Amount of other non-audit work / total amount billed by audit firm (as a %)	7.78%	7.65%	7.68%

C.1.38 Indicate whether the auditors' report for the previous year included any reservations or qualifications. If so, specify the reasons given by the chairman of the Audit Committee to explain the content and scope of the reservations or qualifications.

Yes

No

C.1.39 Indicate the number of years that the current audit firm has been uninterruptedly auditing the financial statements of the company and/or the group. Also indicate the number of years audited by the current audit firm as a percentage of the total number of years during which the financial statements have been audited:

	Company	Group
Number of uninterrupted years	28	28
Number of years audited by current audit firm / number of years the company has been audited (as a %)	100.00%	100.00%

C.1.40 Indicate whether there is a procedure for directors to be able to receive outside advisory services, and if so, give details:

Yes

No

Details of the procedure

Article 18 of the Board Regulations establishes in relation to the directors' right to receive advisory services and information that:

1. The directors shall have access to all the Company's services and may, with the broadest powers, obtain the information and advisory services they need on any aspect relating to the Company, provided that it is required for the discharge of their duties. The right to information extends to the subsidiaries, whether domestic or foreign, and shall be channelled through the Chairman, the Chief Executive Officer, the General Manager or the Secretary of the Board, who shall meet the requests of the director, providing him or her with the information directly, offering the appropriate liaisons or making the necessary arrangements to fulfil his or her request.

2.- Regardless of the knowledge required of the directors to discharge their functions, the Company offers the directors refresher courses relating to such knowledge when advisable under the circumstances.

3.- The agenda of the sessions will indicate clearly those points on which the Board of Directors shall adopt a decision or a resolution so that the directors can study or gather the information required for the adoption thereof beforehand. When on an exceptional basis due to emergencies, the Chairman wishes to submit for the approval of the Board decisions or resolutions that are not part of the agenda, the prior and express consent of the majority of the directors in attendance shall be necessary, which must be recorded in the minutes.

4.- The directors shall be regularly informed of the changes in the shareholder structure and of the opinion that the significant shareholders, investors and credit rating agencies have of the Company and its Group.

Also, as stipulated in Article 25.2 c) of the Regulations of the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee may engage external advisors when they feel this is necessary for the discharge of their duties.

C.1.41 Indicate whether there is a procedure for the directors to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details:

Yes

No

Details of the procedure

As per Article 18.4 of the Regulations of the Board of Directors, the agenda of the sessions will indicate clearly those points on which the Board of Directors shall adopt a decision or a resolution so that the directors can study or gather the information required for the adoption thereof beforehand.

Furthermore, Article 21.5 of the aforementioned Regulations establishes for the Chairman of the Board, with the collaboration of the Secretary, the obligation to ensure that the directors receive, beforehand and sufficiently in advance of the meetings, sufficient information to deliberate on and adopt resolutions on the business to be transacted, unless the Board of Directors was called on an exceptional basis due to an emergency.

C.1.42 Indicate whether the company has established rules obliging directors to report and, if applicable, resign, in situations which could harm the company's good name and reputation and if so, give details:

Yes

No

Explain the rules

According to Article 15.5 of the Regulations of the Board of Directors, directors are obliged to report and, where appropriate, resign in cases that could damage the credit and reputation of the company. In particular, it is obligated to inform the Board of criminal cases in which they are involved, as well as their subsequent trial.

In the event of the director being prosecuted or having a court order issued against them initiating trial proceedings for any of the crimes set out in Spanish Company Legislation, the Board shall examine the case as soon as possible and, depending on the specific circumstances, shall decide whether or not the director shall continue in their role. The Board shall also disclose all such determinations, giving a reasoned account thereof, in the Annual Corporate Governance Report.

C.1.43 Indicate whether any of the directors have informed the company of any indictments or the commencement of oral proceedings against him/her for any of the offences specified in Article 213 of the Spanish Public Limited Liability Companies Law:

Yes

No

Indicate whether the Board of Directors has examined the matter. If so, give reasons for the decision taken for the continuation or otherwise of the director in his/her position or, where applicable, detail the actions undertaken, or intended to be undertaken, by the Board of Directors at the date of this report.

C.1.44 Give details of the significant agreements entered into by the Company which take effect, are amended or terminated in the event of a change of control of the Company following a takeover bid and the effects thereof.

The company has entered into and deposited five shareholders agreements at the Spanish National Securities Market Commission for public knowledge.

The first, signed on 15 May 2009 by Cementos Molins, S.A. and Cemolins Internacional, S.L.U. on the one hand, and Buzzi Unicem, SpA and Buzzi Unicem Internacional, S.à.r.l. on the other hand, regarding the subsidiary Fresit, B.V. (Holland). This agreement has been replaced and superseded by the agreement entered into on 22 December 2015 by Cementos Molins, S.A. and Cemolins Internacional, S.L.U., of the one part, and Buzzi Unicem Spa and Buzzi Unicem Internacional S.À.R.L., of the other part, relating to FRESIT BV and PRESA INTERNATIONAL BV and their investees.

The second, relating to Cementos Avellaneda, S.A. (Argentina) entered into on 18 December 2012, by Cementos Molins, S.A., Cemolins Internacional, S.L.U. and Minus Inversora, S.A., on one part, and the Votorantim Group, on the other part. (Argentina).

The third, entered into on 18 December 2012, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U. on one part, and the Votorantim Group, on the other part (Uruguay).

The fourth one, signed on 31 July 2014, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U. on the one hand, and Votorantim Cimentos EAA Inversiones, S.L.U. and Votorantim Cimentos, S.A., on the other hand, regarding Yacuces, S.L. and its subsidiaries in Bolivia.

The fifth one, signed on 30 September 2015, by Cementos Molins, S.A. and Cemolins Internacional, S.L.U. on the one hand, and Suministros de Colombia S.A.S. y Corona Industrial S.A.S., on the other hand, regarding the Colombian investees Insumos y Agregados de Colombia, S.A.S. and Empresa Colombiana de Cementos S.A.S.

All five agreements provide that change of control of either of the parties grants the other party a pre-emption right on the ownership interest held by the party whose control changes of the companies that are the subject-matter of the agreement.

C.145 Identify in aggregate terms and indicate in detail the agreements between the Company and its directors, executives or employees which provide for termination benefits, guarantee or golden parachute clauses upon resignation or dismissal without justification or upon termination of the employment relationship as a result of a takeover bid or other kinds of transactions.

Number of beneficiaries: 3

Type of beneficiary:

CEO, General Managers.

Description of resolution:

The contract for services between the Company and the Chief Executive Officer establishes that he or she has the right to be paid benefits by the Company in the event of the termination and extinguishment of the service contract for any of the following reasons:

- 1.- Unilateral termination by the Chief Executive Officer due to serious breach by the Company of its obligations under the service contract.
- 2.- Unjustified, unilateral termination of the Service Contract by the Company, regardless of whether such termination is accompanied by the resignation or non-renewal of the CEO's position as member of the Company's Board of Directors.
- 3.- Unilateral termination by the Chief Executive Officer, together with simultaneous resignation from his or her post of director, in the event of a change in the control structure of the Company as provided for in Article 42 of the Spanish Commercial Code by reference to Article 4 of the Securities Market Law, even when it is as a result of a takeover bid for the shares of the Company, or of the assignment or transfer of all or a significant portion of its activities or its assets and liabilities to a third party, or of its inclusion in another business group that acquires control over the Company, which gives rise to the renewal of its governance bodies or a substantial change to its business strategy, in accordance with its business plan in each case.

Except for the circumstances set out in Point 3 above, the Chief Executive Officer shall have be entitled to a compensation equal to: (i) one hundred and fifty (150) per cent of their monetary remuneration, including the variable remuneration component foreseen in section 3.3.1 of the Service Contract, calculated on the remuneration for the year prior to the one in which the contract termination occurs if this termination in line with section 8.1 above occurs before 30 June 2017; (ii) seventy-five (75) per cent if this termination occurs after 30 June 2017 and before 30 June 2020; (iii) fifty (50) per cent if the Service Contract terminates after 30 June 2020 and 30 June 2021; (iv) forty-two (42) per cent if the Service Contract terminates after 30 June 2021 and before 30 June 2022; (v) thirty-four (34) per cent if the Service Contract terminates after 30 June 2022 and before 30 June 2023; (vi) twenty-six (26) per cent if the Service Contract terminates after 30 June 2023 and before 30 June 2024; and (vii) eighteen (18) per cent if the Service Contract terminates after 30 June 2024 and before 30 June 2025. If the termination occurs after 30 June 2025, the Chief Executive Officer shall be entitled to no compensation.

In the event of the termination of the contract for services as a result of the scenario envisaged in Point 3 above, the Chief Executive Officer shall have be entitled to benefits equal to three (3) years' monetary remuneration including the variable remuneration component, calculated on the remuneration for the year prior to the one in which the contract termination occurs.

Two agreements entered into by the Company and two directors establish that where the termination arises due to the Company's decision or due to the grounds established in Article 10.3 a), b) and c) of Royal Decree 1382/1985, the termination benefits to be paid shall be the termination benefits relating to unjustified dismissal in common employment legislation, in the amount in force at all times and, at least, equal to three years' gross salary. The same termination benefits would be received by these directors in the circumstance established in Article 10.3 d) of Royal Decree 1382/1985, i.e. in the event of succession of the company or a significant change in the ownership thereof that results in a renewal of its governing bodies or the substance and approach of its main business.

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

	Board of Directors	General Meeting
Body authorising the clauses	Yes	No

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

C.2 Committees of the Board of Directors

C.2.1 Details of all the committees of the Board of Directors, their members and the proportion of proprietary and independent directors that form them:

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Category
MR EUSEBIO DIAZ-MORERA PUIG-SUREDA	CHAIRMAN	Independent director
NOUMEA, S.A.	MEMBER	Proprietary
OTINIX, S.L.	MEMBER	Proprietary
MS ANDREA KATHRIN CHRISTENSON	MEMBER	Independent director
MS SOCORRO FERNANDEZ LARREA	MEMBER	Independent director

% of proprietary directors	40.00%
% of independent directors	60.00%
% of non-executive directors	0.00%

Explain the functions entrusted to this committee, describe the procedures and rules relating to the organisation and functioning thereof, and summarise its most significant actions in the year.

The functions, procedures and rules relating to the organisation and functioning of the Audit Committee are described in Article 27 of the Board Regulations.

27.1. The Auditing and Compliance Commission will have between three (3) and seven (7) members, who must be external consultants. At least the majority of the members of the Auditing and Compliance Commission will have to be independent consultants and one of them must have been assigned taking into account their knowledge and experience in accounting, auditing or both. The members of the Committee and its Chairman are appointed by the Board of Directors. The Board will also appoint a Secretary who will not be a member of the Commission, and this position will have to be exercised precisely, by the Secretary or the Vice-secretary of the Company's Board of Directors.

27.2. The members of the Auditing and Compliance Commission, and in particular its President, are to be appointed taking into account their knowledge and experience in accounting, auditing and risk management. As a whole, the members of the Auditing and Compliance Commission will have the necessary technical knowledge on the Company's sector of activity.

27.3. The term of position is two years and may be reappointed thereafter for successive periods of the same duration. The President of the Auditing and Compliance Commission will be selected among its independent consultants and it will be replaced every four years. Re-election will be possible after one year has elapsed since leaving office. Nevertheless, the Board of Directors may decide at any time the cessation of any member of the Commission when it deems appropriate.

27.4. The Auditing and Compliance Commission provides support to the Board of Directors in its monitoring tasks, by regularly reviewing the process for preparing the economic-financial information, the internal controls of the Company and independence the Company's External Auditor.

27.5 The Auditing and Compliance Commission will meet when called by its President, or at the request of two of its members, depending on the current needs and, at least, twice a year.

27.6. All employees or Directors are required to attend the meetings of the Commission and to collaborate and provide access to the information available when so required, and the Commission may request that said appearances take place with no other director present. The Commission may also request the attendance at its meetings of Auditors.

27.7. Cementos Molins, S.A. has an internal audit department which, under the supervision of the Auditing and Compliance Commission, ensures the proper operating of the internal information and control systems and which functionally depends on the President of the Auditing and Compliance Commission. The head of internal audit presents to the Audit Committee his annual work plan; reporting directly on any incidents arising during its development; and submitting an annual activity report.

On the other hand, Article 27.8 of the Regulations of the Board of Directors, available on the website of the Company, www.cemolins.es, details the functions of the Audit Committee in relation to the external auditor, the financial statements, the Internal Audit, the financial reporting, the Board of Directors, information systems and internal control, and the risk control and the management policy.

Insofar as the nature and roles of the Auditing Commission allow, the provisions of the Board of Directors regarding the operation thereof will apply to said Commission.

Furthermore, the most important activities of the Audit Committee in 2017 were as follows:

- (i) Review of financial information for the year 2016, corresponding to the financial statements for the first half of 2017 and the information for the first and third quarter of 2017.
- (ii) Evaluation of the existing control over the management processes of the computing systems supporting the Company's operations.
- (iii) Validation of the various summarized reports on the Company's results, prior to their disclosure to the market.
- (iv) Issuance of the report on the independence of the External Auditors and their related operations.
- (v) Proposed renewal of Deloitte, S.L. as auditors of the Company for the 2018 financial year.
- (vi) Review of the work carried out by Internal Audit in the different companies of the Cementos Molins Group.
- (vii) Analysis of the Compliance Program, commissioned by Molins & Silva, Criminal Defense.
- (viii) Corporate Governance Policies.
- (ix) Ethics and Compliance Committee.

Identify the director who is a member of the Audit Committee who has been appointed taking into consideration his/her knowledge and experience in matters relating to accounting, audits or both, and provide information about the number of years the Chairman has held this position.

Name of experienced director	MR EUSEBIO DIAZ-MORERA PUIG-SUREDA
Number of years as Chairman	0

REMUNERATION AND APPOINTMENTS COMMISSION

Name	Position	Category
MS ANDREA KATHRIN CHRISTENSON	CHAIRMAN	Independent director
MR JOAQUIN M ^a MOLINS LOPEZ-RODO	MEMBER	Proprietary
CARTERA DE INVERSIONES C.M., S.A.	MEMBER	Proprietary
FORO FAMILIAR MOLINS, S.L.	MEMBER	Proprietary
MS SOCORRO FERNANDEZ LARREA	MEMBER	Independent director
MR MIGUEL DEL CAMPO RODRÍGUEZ	MEMBER	Another non-executive director

% of proprietary directors	50.00%
% of independent directors	33.33%
% of non-executive directors	16.67%

Explain the functions entrusted to this committee, describe the procedures and rules relating to the organisation and functioning thereof, and summarise its most significant actions in the year.

The functions, procedures and rules relating to the organisation and functioning of the Remuneration and Nomination Committee are described in Article 28 of the Board of Directors Regulations and are summarised as follows:

1. The Remuneration and Appointments Commission shall be made up of a minimum of three (3) and a maximum of seven (7) external directors, understood as those having no executive roles in the Company, to include at least two (2) independent directors. The members of the Committee and its Chairman are nominated by the Board of Directors and should be appointed on the basis that they have the appropriate knowledge, aptitudes and experience for the functions they are appointed to discharge. The Committee Chairman will be chosen from the independent directors who form part of the Committee. The Board will also appoint a Secretary who shall not be a member of the Commission, and this position will have to be discharged precisely, by the Secretary or the Vice-secretary of the Company's Board of Directors.

2. The term of such position is two years, and they can be re-elected for successive periods of the same length. Notwithstanding the above, the Board of Directors can agree to remove, at any time, any member of the Commission when it deems fit.

3. In addition to the functions legally assigned to it, the task of this Commission is to inform and advise the Board of Directors on its decisions falling under its area of competence. Specifically, it shall have the following functions:

a) To propose the Director remuneration policy to the Board of Directors, including that for the remuneration of general directors and those that carry out senior management duties and report directly to the Board, of executive committees or managing directors, in addition to the individual salary and other contractual terms and conditions of executive Directors, ensuring said policies are adhered to.

b) To verify adherence to the Company's payment policy.

c) To regularly review the payment policy applying to Directors and Senior Management, including share or share-based payment systems and their application. It must also ensure that individual remuneration is proportionate to that paid to other Company Directors and Senior Management.

d) To ensure that potential conflicts of interest do not prejudice the independence of external advice given to the Commission.

e) To verify the information on the remuneration of Directors and Senior Management contained in various corporate documents, including the Annual Report on Director Remuneration.

f) To submit to the Board the proposals for the appointment of independent Directors for their designation by co-optation or by way of a decision of the Annual General Meeting, in addition to the proposals for reelection or separation of said Directors by the Meeting.

g) Report appointment proposals of the remaining Directors for their designation by co-optation or by way of a decision of the Annual General Meeting, in addition to the proposals for reelection or separation of said Directors by the Annual General Meeting. The system for appointing the members of the Board Committees. To evaluate the competencies, knowledge and experience necessary for the Board, defining as a result the functions and aptitudes necessary for the candidates who must cover each vacancy, and evaluate the time required to duly perform their roles.

h) Report the proposals for the appointment and removal of senior executives and propose to the Board the basic terms and conditions of their contracts.

i) The Managing Director's proposals for the appointment and removal of senior management and the Board Members of other affiliate companies.

j) Examine and organise, as it deems suitable, the succession of the Chairperson and the first executive and, if appropriate, make proposals to the Board so that said succession takes place in an organised and well-planned fashion.

4. The Remuneration and Appointments Commission shall meet every time the Board or its Chairperson requests a report or the adoption of proposals and, in any case, when it is advisable for the proper performance of its functions. In any case, it shall meet once a year to prepare the information regarding the payment of the Directors, which the Board of Directors has to approve and include in its annual public documentation.

Also, the most important actions of this Committee in 2017 were as follows:

(i) Establishment of the remuneration for the Chief Executive Officer: variable remuneration for 2016, long-term variable remuneration, fixed remuneration for 2017, establishment of individual objectives for 2017.

(ii) Variable remuneration 2016 and 2017 of the Group's Management.

(iii) Long-term variable remuneration of Group management.

(iv) Regulations of the Group's variable remuneration for 2017.

(v) Validation of the variable remunerations for 2016.

(vi) Analysis of the report issued by Mr Miguel Trías Sagnier regarding the evaluation of the Board of Directors in the year 2016 and the proposal of the actions to be taken to improve corporate governance. Recruitment of an external consultant to evaluate the Board and the Board's Committees for the financial year 2017.

(vii) Proposal for the determination of the remuneration of the Board of Directors for the 2018 financial year.

(viii) Report on the Annual Corporate Governance Report and Annual Remuneration Report.

(ix) Reports and proposals on the appointments of directors and positions in the Committees of the Board during 2017.

C.2.2 Fill in the following table with the information relating to the number of female directors sitting on the Board of Directors' committees in the last four years:

	Number of female directors							
	Year 2017		Year 2016		Year 2015		Year 2014	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	3	60.00%	2	40.00%	1	25.00%	1	25.00%
REMUNERATION AND APPOINTMENTS COMMISSION	3	50.00%	2	28.57%	2	28.57%	1	20.00%

C.2.3 Repealed section.

C.2.4 Repealed section.

C.2.5 Indicate, as appropriate, whether there are any regulations for the Board committees; if so, indicate where they can be consulted and whether any amendments have been made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily.

Name of committee

AUDIT COMMITTEE

Brief description

The regulation of the Audit Committee is set out in Article 27 of the Board Regulations. They are registered at the Mercantile Registry of Madrid and can be consulted on the Company's website (www.cemolins.es).

The Audit and Compliance Committee prepared an annual activities report which served as the basis for the Board of Director's evaluation of the Committees' performance in 2017.

Name of committee

REMUNERATION AND APPOINTMENTS COMMISSION

Brief description

The regulation of the Remuneration and Appointments Commission is set out in Article 28 of the Board of Directors' Regulations. They are registered at the Mercantile Registry of Madrid and can be consulted on the Company's website (www.cemolins.es).

The Remuneration and Appointments Commission has prepared an annual activities report which served as the basis for the Board of Director's evaluation of the Committees' performance in 2017.

C.2.6 Repealed section.

D RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Identify the competent body and explain the procedure for approval of any related-party and intra-group transactions.

Procedure for reporting on the approval of related-party transactions
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Pursuant to Article 5 of the Board of Directors' Regulations, the Board in plenary session reserves the approval, subject to a favourable report of the Audit and Compliance Committee, of the transactions the Company or Group companies may perform with directors, under the terms of Articles 229 and 230 of the Spanish Limited Liability Companies Law, or with shareholders, individually or together with others, with a significant ownership interest, including the shareholders represented on the Board of Directors of Cementos Molins, S.A. or other companies that form part of the same group or with persons related to them. The directors involved or who represent or are related to the shareholders involved should abstain from participating in the deliberation regarding and voting on the resolution in question. Only the transactions that simultaneously meet the following three requirements will not require this approval:

1. Transactions performed under contracts containing standard terms and conditions and applied en masse to a large number of customers,
2. and effected at prices or rates established on a general basis by the party acting as the supplier of the good or service in question;
3. whose amount does not exceed 1% of the Company's annual income.

D.2 Give details of transactions that are material with regard to the amount thereof or the matter involved between the Company or Group companies and the significant shareholders of the Company:

D.3 Give details of the transactions that are material with regard to the amount thereof or the matter involved between the Company or Group companies and the directors or executives of the Company:

D.4 Give details of material transactions by the Company with other entities of the same Group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and from the standpoint of their subject-matter or terms and conditions are not part of the company's ordinary business.

In any event, details will be provided on any intra-group transactions performed with entities resident in countries or jurisdictions considered to be tax havens:

D.5 Give details of the amount of the transactions performed with other related parties.

D.6 Give details of the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its Group and its directors, executives or significant shareholders.

In relation to conflicts of interest, Article 17.2 of the Board Regulations stipulates that:

Directors shall notify the Board of Directors of any situation that may entail a direct or indirect conflict with the company's interests. In the event of a conflict of interest, the directors concerned shall refrain from participating in the transaction to which the conflict refers. In all cases, such situations shall be disclosed in the annual corporate governance report.

D.7 Is more than one Group company listed in Spain?

Yes

No

Indicate the listed subsidiaries in Spain:

Listed subsidiary company

Indicate if the areas of activity and the business relationship between them and the rest of the group companies, have been appropriately described:

Define the eventual business relationship between the parent company and the listed subsidiary company, and those with the rest of the group

Identify the expected mechanisms to solve the eventual conflicts of interest between the listed subsidiary and the rest of the group. Mechanisms to solve the eventual conflicts of interest:

Mechanisms to solve the eventual conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the Company's risk management system, including tax risks.

The main business of Cementos Molins Group (hereinafter, "the Group") in Spain is the production, sale and distribution of cement, concrete, aggregate, mortar and cement derivatives and prefabricated concrete, and is significantly affected by the evolution of the construction and public works activity that can influence their results, as well as other factors that affect the normal development of their activities and the achievement of their goals.

The Cementos Molins Group has designed a risk management and control system that enables appropriate risk management. The risk management and control system is applied in the following phases:

- Preparation of the risk inventory: the Internal Audit Department of the Cementos Molins Group, on the basis of knowledge of the Group, oversight activities performed and business objectives established by the Group, prepares an inventory of risks that might arise both at corporate and operational level at each business.
 - Identification: General Management, the heads of internal audit and other areas identify in a risk inventory the risks to which the Cementos Molins Group companies are exposed.
 - Assessment: once the risks to which the Group companies and the Cementos Molins Group itself are exposed have been identified, they are assessed in order to identify the most significant risks. The risk assessment is determined on the basis of the likelihood of occurrence, the impact and the number of businesses and/or areas in which the risk might arise. When assessing risks, techniques based mainly on knowledge, judgement and experience of the persons involved are used.
 - Risk map: after selecting the most significant risks, the Group's risk maps, risk maps at corporate level and operational risk maps for each of the subsidiaries are prepared. These risk maps reflect the importance of each of the risks at the businesses.
 - Control: after the risks maps have been prepared and assessed, management of each company, internal audit and functional areas determine the necessary measures and define the necessary controls that mitigate the identified risks. In this stage the Internal Audit Department defines the Audit Plan where the reviews and tasks to be accomplished in order to mitigate the previously identified risks are defined.
 - Oversight: the risks maps and the identified control measures are the basis of the annual internal audit plan. The Cementos Molins Group also has investments in Argentina, Uruguay, Bolivia, Mexico, Colombia, Bangladesh, India and Tunisia. This implies the incorporation of different regulatory frameworks, markets and financial environments in the Group's transactions. These circumstances evidence the need to manage risks, and devise mechanisms in order to evaluate, treat and minimise them. To identify the risks of each country in which the Group operates, the Internal Audit Department prepares, together with the internal audit departments of the various countries, a Risk Map aimed at identifying all the risk components of each of the businesses which, following validation by the relevant local general management departments, is submitted, where applicable, to the local audit committees, and finally to the Audit and Compliance Committee.
- The risk management and control system is assessed on a yearly basis and the results are submitted to the Audit and Compliance Committee. If necessary, action plans are defined for those controls presenting issues in terms of effectiveness or design. Regular audits are also conducted and the main incidents and action plans are submitted to the Audit and Compliance Committee and to the Board of Directors.
- Lastly, the various committees and senior management report regularly to the Board of Directors of each company in relation to the main risk factors and the measures adopted for their control and management.

E.2 Identify the Company's bodies in charge of preparing and executing the risk management system.

Name of committee or body: Auditing and Compliance Committee.

The main function of the Audit and Compliance Committee is to support the Board of Directors in relation to its oversight duties through the periodic review of the process of preparing the economic and financial information, its internal controls and the independence of the external auditor.

The organisation has an Internal Audit Department for the supervision of the risk management and internal control systems. This body reports to the Corporate Management.

Name of committee or body: Other Committees

The other committees set up by the Group for the control of specific risks are the Commercial Risks Committees.

The senior management of each of the operations is involved in the management and supervision of the risks specific to both the commercial and industrial operations of each of the businesses.

In addition, the Corporate Finance Department analyses and manages financial risk, foreign currency risk, interest rate risk, risk in relation to industrial assets and risk related to possible environmental impacts. In general this department intervenes directly in relation to the risks of those companies over which the Group holds direct ownership and control, and provides supervision and advisory services in those companies jointly managed with other shareholders.

The Corporate Tax function analyses, oversees, manages and provides advisory services regarding the tax risks affecting the various businesses and their possible equity impact on the Group's financial statements. It intervenes directly in relation to those companies over which the Group holds direct ownership and control, and provides advisory and supervision services in conjunction with the local functions at those companies jointly managed with other shareholders.

It should also be noted that the Group has specific commercial, industrial, internal audit, legal, financial, tax and human resource functions in the business units of each of its foreign operations which, in coordination with the business and its counterparts in the Corporate Managements of the Group, are responsible for compliance with the applicable legislation in each case.

E.3 Give details of the main risks that might affect the achievement of the business objectives.

In general the main risk is the performance of the economies in each of the countries in which the Company operates. The future performance of these companies basically depends on the performance of the construction markets in terms of both building construction and civil engineering work, which are the Company's main sources of business.

The proper operation of the industrial assets and ensuring the supply of the main raw materials are a key business element.

The political and social stability, combined with the regulatory levels of the public authorities, are further key elements that may affect the normal course of the Company's business activities.

The different tax legislations of the countries and any possible changes thereto should also be considered when evaluating the risks faced by the Group.

Lastly, it should be noted that the Group's degree of internationalisation also gives rise to a certain degree of exposure to the evolution of the main macroeconomic variables of each country and, accordingly, the exchange rate, inflation and the interest rate play a fundamental role in terms of the Company's ability to achieve its objectives.

E.4 Identify whether the entity has a risk tolerance level.

The Company does not establish specific risks levels in the day-to-day management of its operations, but manages each risk individually for the purpose of minimising their possible negative impact.

E.5 Give details of any risks that arose during the year.

The markets in Spain are still frail and the difficulties of obtaining a solid recovery in the construction industry continue. Rise of the regulated costs in Tunisia, tariff difficulties in the international commerce and economic and politic turmoil had a negative impact on exports.

Exposure to currency fluctuations in those countries where the Group operates, in particular, the depreciation of the currencies in Argentina and Uruguay and its negative impact on the exchange differences in our consolidated balance sheet.

E.6 Explain the response and monitoring plans for the entity's main risks, including tax risks.

The Group monitors its main risk through the functional departments involved (business and corporate) and the various Committees and Boards set up.

Technical Committee, Management Committee and Board of Directors meetings are held on a monthly basis in each of the businesses.

The corporate technical, management control, financial and legal departments provide daily supervision and hold regular meetings for both the Spanish companies and the foreign investees with their corresponding counterparts.

Meetings to review the business activities and potential incidents or risks are held each week and immediate action is taken.

F SYSTEMS OF INTERNAL CONTROL AND RISK MANAGEMENT IN CONNECTION WITH FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk control and management systems as they affect the entity's internal control over financial reporting (ICFR).

F.1 The entity's control environment

Provide information, indicating salient features, on at least:

F.1.1. Bodies and/or functions responsible for: (i) the existence and maintenance of a suitable, effective ICFR; (ii) its implementation; and (iii) its oversight.

The Board of Directors of Cementos Molins S.A. is responsible (pursuant to Article 5.z of its Regulations) for the implementation and monitoring of a suitable, effective system of internal control over financial reporting that ensures the completeness and reliability of financial information.

The Board of Directors delegates oversight of the design and effectiveness of internal control to the Audit Committee.

Article 27 of the Board Regulations specifies that the duties of the Audit Committee in connection with financial reporting are, inter alia:

- To supervise the process of preparing and submitting the required financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity, reviewing the compliance of regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
- To understand the processes used to draft the financial statements and obtain reasonable certainty that the information support systems are reliable.
- Regularly reviewing the internal control and risk management systems so that the main risks are sufficiently identified, managed and notified.
- Reviewing, analysing and commenting on the financial statements and other relevant financial information with senior management, and the internal and external auditors, to confirm that said information is reliable, comprehensible, relevant, and that accounting criteria consistent with the previous year-end closing.

Cementos Molins S.A. has an Internal Audit department, reporting to the Audit Committee, whose remit is to ensure that the systems of internal control and financial reporting function correctly, to assess the effectiveness of ICFR and to report regularly on any weaknesses identified in the course of its work and the time frame set for the proposed adaptation or corrective action.

The Audit Committee members are kept apprised of all regulatory changes that may arise in this connection.

The senior executives of Cementos Molins, S.A. are responsible, under the supervision of the Audit Committee, for designing, implementing and ensuring the functioning of an appropriate internal control system, as specified in Cementos Molins' organisational model for the systems of control over financial reporting.

Thus, the duty of internal control over financial reporting is discharged at the level of the General Corporate Management of Cementos Molins, S.A. and thereafter at the functional divisions (Administration, Finance, Tax Services, Human Resources, Legal Services and Information Systems), which are responsible for designing and implementing the internal control systems for these areas. Similarly, the responsibility for designing and implementing internal control systems for the operational and business areas lies with the General Management Departments of the different companies.

Internal control over financial reporting is centralised at corporate management, which ensures that it is maintained and that all the documentation relating to the procedures and controls in place from time to time is updated and also to notify the Group's various companies and organisational areas of the approval of policies and procedures of internal control over financial reporting.

F.1.2. Indicate the following, if in place, particularly in connection with the process of preparing financial reporting:

- The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring procedures are in place to communicate this structure effectively throughout the entity.

The corporate management officers ensure that tasks and responsibilities are adequately distributed and assigned for the process of preparing financial information, establishing and, where appropriate, proposing to the corporate management officers and corporate human resources management the design and structure required to carry them out.

Corporate human resources management, together with the other functional management divisions, is responsible for disseminating and notifying the organisational structure and any possible changes therein, including those relating to the financial reporting process.

- Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

As proposed by the Auditing and Compliance Commission, the Board of Directors, at its meeting of 27 January 2017, approved the new Ethical Code of Cementos Molins Group, whose contents have been announced and made available to all the employees in the Group and which replaces the previous Code of Conduct approved on 28 February 2012.

An Ethics and Compliance Committee, formed by the Deputy Manager of Corporate Legal Services and the Manager of Internal Audit, ensures compliance therewith. The Audit and Compliance Committee is entrusted with its review and periodic update.

As mentioned in the previous version of the Code of Conduct, section 5.9 of the Ethical Code, "Treatment of information and of knowledge", contains an express reference to economic transactions, indicating that they must be reflected clearly and precisely in the related records, as well as all the operations performed and expenses incurred. Similarly, it is stated that the economic and financial information will reflect fairly its economic, financial and equity position, in accordance with generally accepted accounting principles and International Financial Reporting Standards.

Also notable in this connection are Cementos Molins' Internal Rules of Conduct regarding the Securities Market, established in a resolution passed by the Board of Directors on 29 July 2004 and the subsequent reviews adopted by resolution of the Board of Directors on 28 February 2012, 28 April 2017 and 29 September 2017.

- Whistle-blowing channel, for reporting any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and irregular activities within the organisation to the Audit Committee, stating, as applicable, whether such reports are confidential.

Since 23 April 2009, the Cementos Molins Group has a reporting channel available for all employees of the Spanish companies in the Group, whereby they can inform Cementos Molins confidentially of any potentially significant irregularities, particularly those of a financial and accounting nature, of internal control over fraud that, to the best of their knowledge and belief, constitute inappropriate conduct or action.

In addition, at its meeting on 23 February 2012 the Audit Committee established new procedure regulations for this type of reporting. Subsequently, as part of the development of the Cementos Molins Group's Crime Prevention Model, a specific protocol developed in 2016 entered into force on 27 February 2017.

On the basis of this protocol, employees can use the potentially significant irregularities communication procedure by sending a letter addressed to the Ethics and Compliance Committee's online mailbox, in person or by telephone, contacting either of the Group's two compliance officers.

When a potentially significant irregularity is reported, once the incident is accepted and the evidence and investigation stage has been conducted, a proposed resolution is submitted to the Audit and Compliance Committee and, simultaneously, the Corporate General Manager, the CEO of Cementos Molins, S.A., the operations general manager, the general manager of the affected company and the secretary of the Audit and Compliance committee will be informed.

- Training and periodic refresher courses for personnel involved in preparing and reviewing financial information or evaluating the system of ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

Human resources management and administration and finance management check that the updating procedures for the accounting and financial tasks are appropriate when this is called for due to legislative and regulatory changes, including changes in the international accounting standards and suitable schemes for updating training that affect the preparation of the Group's financial statements.

The various functional divisions also receive information on a regular basis from external advisers and the Company's external auditors on regulatory changes or interpretations of standards that may affect the preparation of the Group's financial information, for which fluid communication with the latter is established in order to be informed of and to interpret and adapt to such standards. Internal dissemination within the Group to the areas that might be affected is also ensured.

F.2 Assessment of reporting risks

Provide information on, at least:

F.2.1. The main features of the risk identification process, including risks of error or fraud, as regards:

- Whether the process exists and is documented.

The Cementos Molins Group has an Organisational Model of Internal Control over Financial Reporting and an Internal Control Manual aimed at providing reasonable assurance regarding the fulfillment of the following objectives:

- Reliability of financial reporting.
- Compliance with the applicable legislation and standards.
- Risk assessment and control activities.

Based on the foregoing, Cementos Molins has defined the key processes for the preparation of its financial information and has drawn up the related map, containing:

- Purchases and payables.
- Income and receivables.
- Cash and financial items.
- Investments and non-current assets.
- Human resources.
- Inventories.
- Accounting close and consolidation.
- Taxes.
- Information systems.
- Impairment of assets.

All the related processes are formally documented. The documentation generated in connection with these procedures includes detailed descriptions of transactions performed and those relating to the preparation of financial information from commencement until their recognition in the accounting records.

The basic elements for each process are the activities flowcharts, the associated risks in each case and the control activities that mitigate them. The result is a risk and controls matrix for each process that enables the control objectives of Cementos Molins to be complied with in the case of all relevant identified financial information.

- Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and how frequently.

With a view to defining the sphere of application of ICFR at Group level, the following factors were borne in mind:

- At Spanish investees that are over 50% controlled the procedures of the key processes in place are defined on the basis of quantitative and qualitative materiality, establishing a risk matrix and the controls associated with each process in order to safeguard the reliability of the resulting financial information.
- In the case of the international companies the necessary control mechanisms to enable the consolidation process to ensure in a reasonable manner the reliability of the information and the processes generating it. Thus, the various companies' internal audit departments review the procedures and processes taking into account the risk criteria. The external auditors also identify and inform Cementos Molins of any control weaknesses observed in the course of their work. On the basis of the conclusions drawn, which are reported to the internal audit department of Cementos Molins, the companies improve the procedures in place. Internal Audit reviews these processes in situ in the context of its annual audit and risk map schedule.
- On the basis of the foregoing, the risks and processes to be documented that have a potentially material impact on the financial information have been identified and makes sure that, in Cementos Molins' risk identification process, are covered by the following financial reporting objectives:
 - Existence and occurrence: transactions, facts and other events reflected in the financial information exist in reality and were recorded in due time.
 - Completeness: the information reflects all the transactions, facts and other events in which the entity is the affected party.
 - Valuation: transactions, facts and other events are recognised and measured in accordance with the applicable standards.
 - Presentation, disclosure and comparability: transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with the applicable standards.
 - Rights and obligations: the financial information reflects, at the corresponding date, the rights and obligations through the related assets and liabilities, in accordance with the applicable standards.

The controls associated with the aforementioned processes are reviewed by the internal audit department at least every four years and, on the basis of the conclusions reached, if necessary, the Company updates the existing procedures in conjunction with the corporate management department.

- Whether a specific process is in place to define the scope of consolidation, taking into account, inter alia, the possible existence of complex corporate structures and special purpose entities or vehicles.

The scope of consolidation of Cementos Molins is defined on a monthly basis by the Shared Services Management, based on the information available in its files and in accordance with international accounting standards and is confirmed on a half-yearly basis by the external auditor. Any significant change in the scope of consolidation is notified to the Audit Committee.

- Whether the process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

In identifying risks, those arising from external factors that can or could have a material effect on the business and the Group's financial reporting are also assessed, namely:

- Safeguarding of assets.
- Possibility of fraud.
- Environmental legislation.
- Specific market situations (legal and regulatory changes).
- Estimates, lawsuits and provisions.

- Indicate the entity's governing body that oversees the process.

The Group's system of internal control over financial reporting is overseen by the Audit Committee and the purpose thereof is to ensure the reliability of significant financial information.

F.3 Control activities

Indicating salient features, disclose whether there are at least:

F.3.1. Procedures for reviewing and authorising financial information and the description of ICFR to be disclosed to the securities markets, indicating the corresponding lines of responsibility, as well as documentation describing the flows of activities and controls (including those addressing the risk of fraud) for the various types of transactions that may materially affect the financial statements, including procedures for the accounting close procedure and for the separate review of critical judgements, estimates, evaluations and projections.

The Cementos Molins Group furnishes the securities market with financial information on a quarterly basis. The information is prepared by administrative management reporting to general corporate management. In the process of preparing the financial information to be published, administrative management carries out certain control activities to check its reliability. Additionally, the Management Control Department, the Shared Services Management and the Internal Audit Department oversee the information prepared.

The CEO and the General Corporate Management analyse the information to be published, provisionally approving it prior to sending it to the Audit and Compliance Committee, which oversees the financial information submitted. Lastly, the Audit Committee informs the Board of Directors of its conclusions on the information submitted, so that once it has been approved by the Board, it may be published in the securities market. For the half-yearly and annual reporting, the Audit Committee and the Board of Directors also have available the information prepared by the Group's external auditors on the results of their work.

In the case of the information included in the Corporate Governance Annual Report, the same procedure as that described in this section is followed prior to its publication in the securities market.

F.3.2. Internal control policies and procedures for IT systems (including access security, control of changes, system operation, continuity and separation of duties) giving support to key company processes involved in the preparation and publication of financial information.

The Management of Organisation and systems of Cementos Molins, S.A., reporting to the General Corporate Management, is responsible for the information and telecommunication systems belonging to Cementos Molins, S.A. and its Spanish subsidiaries, as well as for the supervision of the organisation and the functioning of the information systems of the international investees. Its functions include defining, implementing and monitoring compliance with the security policies and standards, as well as the business continuity plan of the various applications and infrastructure that support it. The control model addresses all the applications, infrastructure for support and access, communication systems and the physical locations in all cases, placing particular emphasis on processes that are relevant for business continuity on a normal basis, directly or indirectly related to financial information.

The control model defined at Cementos Molins, S.A. comprises the following processes:

- Physical security of the data processing centres.
- Logical security of applications.

- Project management. Implementation, development and evolutive advances.
- Operations management.
- Service provider management.
- Infrastructure and communications.
- Back-up and recovery systems.
- User management.

These processes are supported by a series of documented automatic and manual steps, standards, procedures and security rules, which define, inter alia, the control activities required to address the risks to which the following spheres of information systems management are exposed.

- Information systems environment:
 - Organisational charts and descriptions of the duties of the employees involved in the information systems.
 - System Map.
 - Telecommunications network map.
- Applications change management:
 - Management of requests for new developments, improvements and changes.
 - Requests registration, analysis and approvals circuit.
 - Development and implementation of new systems.
 - Bringing into service of such applications, their validation and completion.
 - Documentation and training.
- Operations and use of systems:
 - Management of operating activities.
 - Management of back-up systems.
 - Incidents management.
 - Contingency and recovery plans.
 - Service provider management.
- User training and information.
 - User information systems.
 - Ongoing training procedures.
- Physical and logical security:
 - Management of security activities.
 - Physical security of control rooms.
 - Logical security of access to systems.
 - Security in data transfers in public networks.

In compliance with the legislation in force, Cementos Molins defined the role of Information Security. This role is responsible for protecting the Group's information systems, in order to achieve and maintain the required security standards. In order to ensure that these standards are defined correctly an internal procedure compliant with the legislative requirements is in place that defines the standards and also the security requirements to be implemented.

The control model envisages various reviews that help to keep the security systems updated at acceptable and functional levels for Cementos Molins, S.A.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities to third parties and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

Cementos Molins does not outsource to third parties, either fully or partially, any phase of its process of preparing financial statements.

In the event of hiring outside advisers for accounting, legal, tax or employment-related issues, to handle a specific matter, the results thereof are overseen by the persons in charge of each functional area in order to ratify the reasonableness of the conclusions drawn.

F.4 Reporting and communication

Indicating salient features, disclose whether there are at least:

F.4.1. A specific role in charge of defining and maintaining accounting policies (accounting policies area or department) and resolving doubts or disputes over their interpretation, communicating on a regular basis with the team in charge of operations at the organisation. The role is also responsible for updating the accounting policies manual and disseminating it to the Company's operating units.

Corporate administration management is responsible for applying the Group's accounting policies. This management also encompasses the corporate accounting department, whose remit includes:

- Defining and updating the Group's accounting policies.
- Keeping track of international accounting standards and their effects on the Group's financial statements.
- Analysing whether the accounting treatment of the transactions of the consolidated Group and its individual companies is appropriate.

- Informing and addressing any queries on the application of the accounting standards that could be raised at the Group companies or at the request of functional areas.

In cases where the accounting rules are complex and require a more detailed technical analysis for their interpretation, administrative management contacts the Group's external auditors in order to establish a position thereon.

The Group explains its accounting policies and valuation standards in its financial statements, which conform to the International Financial Reporting Standards (IFRS) in its consolidated financial statements and to the General Accounting Plan approved by Royal Decree 1514/2007 in its individual financial statements.

Additionally, the Group has policies to account for certain elements that, due to their amount or recurrence, are important enough to be addressed in detail. This specific policies do not differ from the aforementioned regulatory framework.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the company or Group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

Cementos Molins S.A. has implemented a single computer tool to meet the accounting needs of its Spanish companies and a computer tool for the consolidation process. The information of the Spanish companies is uploaded onto the consolidation tool with standardised criteria and formats that comply with the Molins Group's accounting policies. With respect to the Group's international companies, a single applicable reporting model has been established, standardised in compliance with the Group's accounting policies and included in the consolidation tool, once the integrity of the information has been checked using internal controls. The computer consolidation tool centralises in a single system the separate financial statements of the subsidiaries making up the Group, as well as the consolidated financial statements and the main disclosures required for the preparation of the consolidated financial statements.

F.5 Oversight of system operation

Provide information, indicating salient features, on at least:

F.5.1. ICFR monitoring activities performed by the Audit Committee, including an indication of whether the entity has an internal audit department whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Also describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate the findings. State also whether the company has an action plan specifying corrective measures and whether it has taken stock of the potential impact on its financial information:

The Internal Audit Department notifies the Audit and Compliance Committee of the correct functioning of ICFR and is responsible for reviewing the controls in place in the processes mentioned in point F.2.1 at least every four years, reporting any potential weaknesses identified and the steps to be taken to mitigate them, and for monitoring the implementation of such steps. In 2017, as part of the regular review of ICFR, the key accounting processes were assessed in order to adapt them to the changes in terms of organisation and functions that took place during the financial year.

In verifying the ICFR and in ensuring the quality of financial reporting the Audit Committee focused its activity on overseeing the preparation of the separate and consolidated financial statements, as well as the accompanying information thereto, the consolidation process and the scope of consolidation and all the periodic information (half-yearly and quarterly) that must be reported to the markets. In its work it is supported by the internal audit department and the Company's external auditors, with whom meetings are held periodically.

Action plans envisaging corrective steps are established, in conjunction with internal audit and corporate management, in the event of detecting any weaknesses in the quality of the information or in the internal systems of control over financial reporting.

F.5.2. Indicate whether there is a discussion procedure whereby the financial auditor (pursuant to TAS), the internal audit department and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other reviews they have been engaged to perform to the Senior Executives and to the Company's Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses identified.

The Internal Audit Department reports at least on a half-yearly basis to the Audit and Compliance Committee on any significant weaknesses in internal control that have been identified during the review of the audits performed and the ICFR reviews.

The external audit has access to the executives and the Audit Committee, assisting to, at least, three Audit Committees per year, with the intention to inform about the conclusions of the financial statements review and the internal control weaknesses detected.

F.6 Other relevant information

Not applicable.

F.7 External auditor's report

Indicate:

F.7.1. Whether the ICFR information reported to the markets has been reviewed by the external auditors. If "yes", the related report should be included in the corresponding report as an Appendix. If "no", give reasons.

The external auditors reviewed Cementos Molins S.A.'s ICFR information that was reported to the markets for 2017. The scope of the auditors' review procedures was set in accordance with the Draft Guidance and specimen auditors' report relating to the information on the system of internal control over the financial information of listed entities dated 15 July 2013. The Draft Guidance includes the aspects included in this connection in CNMV Circular 5/2013, which was modified in CNMV Circular 7/2015, from the 22nd of December, which started applying the 31st of December of 2015.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Unified Good Governance Code.

If a recommendation is not followed or only partially followed, a detailed explanation of the reasons should be provided in such a way that the shareholders, investors and the market in general have sufficient information to evaluate the Company's performance. Explanations of a general nature are not accepted.

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

Followed

Explain

2. When a parent and a subsidiary are listed companies, both should provide detailed disclosure on:

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

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

Followed

Partially followed

Explain

Not applicable

3. At the Annual General Meeting, in addition to the communication in writing of the Annual Corporate Governance Report, the Chairman of the Board of Directors should orally inform the shareholders, in sufficient detail, of the most important matters in relation to the Company's corporate governance and, in particular, of:

a) Changes since the previous Annual General Meeting.

b) The specific reasons why the Company does not follow certain recommendations of the Corporate Governance Code and the alternative rules applied in this connection, should any exist.

Followed

Partially followed

Explain

4. The Company should define and promote a policy of communication and contact with shareholders, institutional investors and voting advisers that fully complies with regulations against market abuse and treats shareholders in the same position in a similar manner.

The Company should publish this policy on its website, including information on how it has been implemented, identifying the liaison personnel or staff in charge of implementing it.

Followed

Partially followed

Explain

5. The Board of Directors shall not put forward to the Annual General Meeting a proposal to delegate powers in order to issue shares or convertible securities with disapplication of pre-emption rights for an amount exceeding 20% of share capital upon delegation.

When the Board of Directors approves any share or convertible security issue with disapplication of pre-emption rights, the Company should immediately publish on its website the reports on such disapplication referred to in corporate legislation.

Followed

Partially followed

Explain

6. The listed companies that prepare the reports indicated below, whether obligatorily or voluntarily, should publish them on their respective websites sufficiently in advance of the Annual General Meeting, whether or not they are required to disseminate them:

a) Report on auditor independence.

b) Reports on the functioning of the Audit Committee and the Remuneration and Nomination Committee.

c) Audit Committee report on related party transactions.

d) Report on the corporate social responsibility policy.

Followed

Partially followed

Explain

7. The Company shall stream a live broadcast of the Annual General Meetings on its website.

Followed

Explain

With an average attendance of 90.88% of the share capital at the Annual Meetings held over the last five years, the Company considered that the live transmission of this event was not necessary.

However, this measure will be proposed in the near future in order to adjust to the recommendations of the Corporate Governance Code.

8. The Audit Committee should ensure that the Board of Directors seeks to present the financial statements to the Annual General Meeting without limitations or qualifications for any matters in the auditors' report. Should such qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to the shareholders of the related matters and scope limitations or qualifications.

Followed

Partially followed

Explain

9. The Company should have a permanent public record on its website of the requirements and procedures that it will accept in order to evidence the ownership of shares, the right to attend the Annual General Meeting and the execution or delegation of the right to vote.

Such requirements and procedures shall favour the attendance and the exercise of the rights of the shareholders and should be applied in a non-discriminatory manner.

Followed

Partially followed

Explain

10. When any legitimate shareholder has exercised, prior to the Annual General Meeting, the right to complete the agenda or present new proposals, the Company should:

- a) Immediately make such supplementary points and new resolution proposals public.
- b) Make public the attendance card model or vote delegation/proxy vote form with the modifications necessary so that the new points of the agenda, as well as alternative resolution proposals, can be voted on under the same terms as those proposed by the Board of Directors.
- c) Submit all those points or alternative proposals to vote and apply the same voting rules to them as are applied to the points and proposals prepared by the Board of Directors, including, specifically, the assumptions or deductions on which way to vote.
- d) After the Annual General Meeting, communicate the breakdown of the vote on those supplementary points or alternative proposals.

Followed

Partially followed

Explain

Not applicable

11. If the Company plans to pay attendance bonuses to the Annual General Meeting, it should establish beforehand a general policy on such bonuses, and the policy should be stable.

Followed

Partially followed

Explain

Not applicable

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

In pursuit of corporate interest, in addition to respect for laws and rules and behaviour based on good faith, ethics and respect for customs and generally accepted good practice, the Company should attempt to reconcile, where applicable, corporate interest with the legitimate interests of its employees, suppliers, customers and those of the other stakeholders that may be affected, as well as with the impact of the Company's activities on the community as a whole and on the environment.

Followed

Partially followed

Explain

13. In the interest of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

Followed

Explain

14. That the Board of Directors should approve a director selection policy that:

- a) Is specific and verifiable.
- b) Ensures that appointment or reelection proposals are based on a prior analysis of the need of the Board of Directors.
- c) Favours diversity of knowledge, experience and gender.

The findings of the preliminary analysis of the needs of the Board of Directors should be included in the Nomination Committee's supporting report, which should be published when the Annual General Meeting is called and to which the ratification, appointment or re-election of each director will be submitted.

The director selection policy should encourage the achievement of the target of at least 30% of the total members of the Board of Directors being female in 2020.

Each year the Nomination Committee will verify compliance with the director selection policy and this will be reported on in the Annual Corporate Governance Report.

Followed

Partially followed

Explain

15. Non-executive, proprietary and independent directors should occupy an ample majority of Board places, while the number of executive directors should be the minimum number required, bearing in mind the complexity of the corporate group and the ownership interests held by the executive directors.

Followed

Partially followed

Explain

16. Among non-executive directors, the relation between proprietary and independent members should match the proportion of the capital represented on the Board by proprietary directors to the remainder of the company's capital.

The proportion of proprietary directors as a percentage of the total non-executive directors should not exceed the proportion of the Company's capital they represent.

- a) At large cap companies where few equity stakes attain the legal threshold for significant shareholdings.
- b) At companies with multiple shareholders represented on the Board of Directors but not otherwise related.

Followed

Explain

17. The number of independent directors should represent at least one third of all Board members.

However, if the company is not a large cap company or, even if it is but has one shareholder or various shareholders acting collectively controlling more than 30% of the share capital, the number of independent directors should represent at least a third of the total number of directors.

Followed

Explain

Currently, there is no group within the company's shareholder structure other than that which currently holds a large majority with sufficient capability to appoint directors. Therefore, eight of the directors are proprietary directors, one director is an executive director,

another director is an external director and the Company has three independent directors, representing 23.08% of the total directors.

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

- a) Professional and personal profile.
- b) Other boards to which they belong, whether or not of listed companies, as well as the other paid activities carried out by the directors, regardless of their nature.
- c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.
- d) Date of their first and subsequent appointments as a company director.
- e) Shares in the company, and options on them, held by the directors.

Followed

Partially followed

Explain

19. After verification by the Nomination Committee, the Annual Corporate Governance Report should also disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3% of capital and explain any rejection of a formal request for a Board place from shareholders whose ownership interest is equal to or greater than that of others applying successfully for a proprietary directorship.

Followed

Partially followed

Explain

Not applicable

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

Followed

Partially followed

Explain

Not applicable

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the Board, based on a proposal from the Nomination Committee. In particular, just cause shall exist if the director takes on new roles or enters into new obligations that prevents them from dedicating the time necessary for carrying out the duties inherent in that of a director, fails to perform said duties or commits any act that renders them not independent, in accordance with that provided in the applicable legislation.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 16.

Followed

Explain

22. Companies should establish rules obliging directors to inform the Board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

In this connection if a director is sued or tried for any of the offences set out in Article 213 of the Spanish Limited Liability Companies Law, the Board will examine the case forthwith and, in view of the specific circumstances, decide whether or not the director should continue in his position. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

Followed Partially followed Explain

23. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

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

The terms of this Recommendation should also apply to the Secretary of the Board, director or otherwise.

Followed Partially followed Explain Not applicable

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

Followed Partially followed Explain Not applicable

25. The Nomination Committee should ensure that the non-executive directors have enough time available to correctly discharge their functions.

The Board Regulations should establish the maximum number of company directorships the Board members can hold.

Followed Partially followed Explain

26. The Board of Directors should meet with the necessary frequency to properly perform its functions (at least eight times a year), in accordance with a calendar and agenda set at the beginning of the year, to which each director may individually propose the addition of other items.

Followed Partially followed Explain

27. Directors' absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

Followed Partially followed Explain

28. When directors or the Secretary express concerns about any proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minutes.

Followed Partially followed Explain Not applicable

29. The Company should establish the appropriate channels in order for the directors to be able to obtain the

advisory services required for the fulfilment of their functions, including, as the circumstances may require, external advisory services charged to the Company.

Followed Partially followed Explain

30. The companies should also offer the directors refresher programmes when the circumstances so advise, regardless of the knowledge required of the directors to discharge their functions.

Followed Explain Not applicable

31. The agenda of the meetings should clearly indicate the items on which the Board of Directors must adopt a decision or resolution so that the directors can study or find the information required to adopt them in advance.

Exceptionally, in urgent cases when the chairman wishes to submit decisions or resolutions that do not appear in the agenda for approval to the Board of Directors, the prior and express consent of the majority of the directors present shall be required, and this shall be duly recorded in the minutes.

Followed Partially followed Explain

32. The directors should be regularly informed of any changes in ownership interests and of the opinion of significant shareholders, investors and rating agencies as regards the Company and its Group.

Followed Partially followed Explain

33. In addition to performing his or her functions as stipulated in the law and the bylaws, the chairman, as the person responsible for the proper functioning of the Board of Directors, should prepare and submit to the Board of Directors a programme of dates and business to be transacted; should organise and coordinate regular evaluations of the Board and, as appropriate, the evaluation of the chief executive of the Company; should be responsible for managing the Board and its effective operation; should ensure sufficient time is devoted to discussing strategic matters; and should agree and review the refresher programmes for each director when the circumstances so advise.

Followed Partially followed Explain

34. When there is a coordinating counselor, statutes or regulations of the board of directors, in addition to the powers legally entitled, attributed the following: chairing the board in the absence of the president and vice presidents, if any; echoing the concerns of non-executive directors; maintain contacts with investors and shareholders to ascertain their views in order to form an opinion about their concerns, particularly in relation to the corporate governance of society; and coordinate the plan of succession of the president.

Followed Partially followed Explain Not applicable

35. The Secretary of the Board of Directors should take special care to ensure the Board's actions and decisions take into account the good governance recommendations included in this Good Governance Code that might be applicable to the Company.

Followed Explain

36. The board of directors in plenary session should evaluate once a year and adopt, if necessary, an action plan to correct the deficiencies identified with respect to:

a) The quality and efficiency of the board of directors.

- b) The operation and the composition of its committees.
- c) Diversity in the composition and responsibilities of the Board of Directors.
- d) The performance of the chairman of the Board of Directors and the chief executive of the Company.
- e) The role and contribution of each director, paying special attention to the persons in charge of the various committees of the Board.

The evaluation of the various committees is based on the reports they submit to the Board of Directors, and the evaluation of the Board is based on the report submitted to them by the Nomination Committee.

Every three years, the Board of Directors shall be assisted in the evaluation by an external consultant, the independence of which shall be verified by the Nomination Committee.

The business relationships of the consultant or any company in its group with the Company or any company of its Group must be disclosed in the Annual Corporate Governance Report.

The process and the areas evaluated shall be disclosed in the annual corporate governance report.

Followed Partially followed Explain

37. When the company has an Executive or Delegated Committee (Executive Committee), the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

Followed Partially followed Explain Not applicable

38. The Board should be kept fully informed of the business transacted and resolutions adopted by the Executive Committee. To this end, all Board members should receive a copy of the Committee's minutes.

Followed Partially followed Explain Not applicable

39. Members of the audit committee, and particularly its chairman, should be appointed taking into account their knowledge and experience in accounting, auditing and risk management, and that most of these members are independent directors.

Followed Partially followed Explain

40. Under the supervision of the Audit Committee, there should be a unit responsible for the internal audit function which ensures the systems of internal control and financial reporting function correctly, and which report to the non-executive chairman of the Board or the chairman of the Audit Committee.

Followed Partially followed Explain

41. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Followed Partially followed Explain Not applicable

42. That in addition to those provided for in the law, they correspond to the audit the following functions:

1. In relation to information systems and internal control:

- a) To supervise the process of preparing the financial information relating to the company, and when applicable, to the group, and its integrity, reviewing the compliance of normative requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
- b) To ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the budget for this service; guidance and approve their work plans, ensuring that their activity is mainly focused on relevant risks of the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and supervise a mechanism allowing employees to report confidentially and, if possible and appropriate, anonymously, any irregularities of potential importance, especially financial and accounting irregularities within the company.

2. In relation to the external auditor:

- a) The Committee should investigate the issues giving rise to the resignation of any external auditors.
- b) Ensure that the remuneration of the external auditor for its work does not compromise its quality or their independence.
- c) Supervise that the company notifies any change of auditors to the CNMV as a relevant event, accompanied by a statement of any disagreements arising with the outgoing auditors and the reasons therefor.
- d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session to inform it of the work performed and the changes in the accounting situation and risks of the company.
- e) Ensure the Company and the external auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence.

Followed Partially followed Explain

43. The Audit Committee may meet with any Company employee or manager, even ordering their appearance without the presence of any senior manager.

Followed Partially followed Explain

44. The Audit Commission should be informed about the structural and corporate modifications that the Company intends to undertake in order to analyse them and make a report prior to the Board of Directors' meeting on the economic conditions and its accounting impact and, especially, if applicable, on the proposed exchange rate.

Followed Partially followed Explain Not applicable

45. The control and risk management policy should specify at least:

- a) The different types of risks, both financial and non-financial (operational, technological, legal, social, environmental, political, reputational, etc.) faced by the Company, including amongst the financial or economic risks, the contingent liabilities and other risks not included in the Balance Sheet.
- b) Setting the company's acceptable risk level.
- c) The measures provided to mitigate the impact of the identified risks should these materialise.

d) The internal control and information systems that will be used to control and manage the aforementioned risks, including the contingent liabilities and other risks not included on the Balance Sheet.

Followed Partially followed Explain

46. An internal control and management function should exist under the direct supervision of the Audit Committee, or as appropriate, of a specialist committee of the Board of Directors, for the management of risks, performed by a unit or internal department of the Company, which would have the following functions allocated to it:

- a) Ensure the correct operation of the risk management and control systems and, in particular, ensure that said systems identify, manage and quantify all significant risks that may affect the company.
- b) Actively participate in drafting the risk strategy and in the decisions significant to their management.
- c) Ensure that the risk management and control systems adequately mitigate the risks within the framework of the policy established by the Board of Directors.

Followed Partially followed Explain

47. The members of the Nomination and Remuneration Committee -or of the Nomination Committee and the Remuneration Committee, if they are separate- should be appointed with regard to their having the knowledge, skills and experience appropriate to the functions they would have to perform, and the majority of the members should be independent directors.

Followed Partially followed Explain

Currently, two out of three independent directors are part of the Nomination and Remuneration Committee, representing 33.33 of the total members of this Committee.

48. Companies with a high capitalisation have a nominating committee and a separate remuneration committee.

Followed Explain Not applicable

49. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates to the Nomination Committee for its consideration.

Followed Partially followed Explain

50. That the remuneration committee exercises its functions independently and also functions assigned to it by law, we apply the following:

- a) Propose to the board of directors the basic conditions of the contracts of senior managers.
- b) Check compliance with the remuneration policy set by the company.
- c) Review the remuneration policy applied to directors and senior executives on a regular basis, including the remuneration systems with shares and their application, and ensure their individual remuneration is proportionate to what is paid to the other directors and senior executives of the Company.
- d) To ensure that potential conflicts of interest does not prejudice the independence of external advice given to the Commission.
- e) Verify the information on remuneration of the directors and senior executives contained in the various corporate documents, including the annual report on the remuneration of the directors.

Followed Partially followed Explain

51. The Remuneration Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors and senior executives.

Followed Partially followed Explain

52. That the composition and operation rules of the supervision and control committees appear in the regulation of the Board of Directors and which are consistent with those applicable to legally binding commitments in agreement to the above recommendations, including:

- a) These should be formed exclusively of non-executive directors, with a majority of independent directors.
- b) Committees should be chaired by an independent director.
- c) The Board of Directors should appoint the members of such Committees having regard to the knowledge, aptitudes and experience of its directors and remit of each Committee and shall discuss their proposals and reports. The Committees should report the business transacted and account for the work performed at the first plenary session of the Board following each Committee meeting.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meetings should be recorded in minutes and a copy sent to all Board members.

Followed Partially followed Explain Not applicable

53. The supervision of fulfilment of the corporate governance rules, the internal codes of conduct and the corporate social responsibility policy should be entrusted to one or shared between several committees of the Board of Directors, which could include the Audit Committee, the Nomination Committee, the Corporate Social Responsibility Committee, if it exists, or a specialist committee the Board of Directors might decide to create through the exercise of its self-governing powers, to which the following minimum functions would be specifically assigned:

- a) The supervision of fulfilment of the Company's internal codes of conduct and corporate governance rules.
- b) Supervising the communication and shareholder and investor communications strategy, including small and medium shareholders.
- c) The regular evaluation of the suitability of the Company's corporate governance system, in order to ensure it fulfils its mission to promote the corporate interest, and takes into account, as applicable, the legitimate interests of the other stakeholders.
- d) The review of the Company's corporate responsibility policy to ensure it is centred on value creation.
- e) The monitoring of the corporate social responsibility strategy and practices, and the evaluation of their degree of fulfilment.
- f) The supervision and evaluation of the processes in relation to the various stakeholders.
- g) The evaluation of all the Company's non-financial risks -including operational, technological, legal, corporate, environmental, political and reputational risk.
- h) The coordination of the process of reporting non-financial and diversity information in accordance with the applicable legislation and the international standards of reference.

Followed Partially followed Explain

54. The corporate social responsibility policy should include the principles or commitments taken on by the company on a voluntary basis in its relationship with the various stakeholders and should identify at least the following:

- a) The objectives of the corporate social responsibility policy and the development of support mechanisms.
- b) The corporate strategy in relation to sustainability, the environment and social matters.
- c) Specific practices in matters related to: shareholders, employees, customers, suppliers, corporate matters, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.
- d) The methods or systems for monitoring the results of the application of the specific practices mentioned in the previous letter, the associated risks and the management thereof.
- e) The mechanisms for the supervision of non-financial risk, ethics and business conduct.
- f) The communication, participation and dialogue channels with stakeholders.
- g) Responsible communication practices that prevent the manipulation of information and protect integrity and reputations.

Followed Partially followed Explain

55. The Company should disclose information on matters related to corporate social responsibility using an internationally accepted methodology in a separate document or in the directors' report.

Followed Partially followed Explain

56. The remuneration of directors must be the sufficient amount to attract and retain directors with the desired background and to remunerate the dedication, qualification and responsibility demanded by the post; but not as to high to compromise the independence of criteria of non-executive directors.

Followed Explain

57. Variable remuneration relating on Company and individual performance should be limited to executive directors, in addition to remuneration via the delivery of shares, options or rights to shares or other share-based instruments and long-term savings plans such as pension or other social benefit schemes.

The delivery of shares may be considered as remuneration for non-executive directors with the proviso that they are kept until the end of their time holding this position. The foregoing shall not apply to shares the directors need to dispose of, as the case may be, to satisfy the costs of their purchase.

Followed Partially followed Explain

58. In the case of variable remuneration, the remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, atypical or exceptional transactions or circumstances of this kind.

And, in particular, the variable components of the remuneration:

- a) Should be linked to performance criteria that are predetermined and measurable, and these criteria should take into account the risk assumed to achieve a profit.
- b) Should promote the sustainability of the Company and include non-financial criteria that are suited to the creation of value in the long term, such as compliance with the internal rules and procedures of the Company and with its risk control and management policies.
- c) Be based on a balance between the fulfillment of short-, medium-, and long-term objectives that allow the remuneration for continuous performance during a sufficient period to appreciate their contribution to the creation of sustainable value, so that the measures of said performance are not based solely on specific, occasional or special events.

Followed Partially followed Explain Not applicable

59. The payment of a significant part of the variable remuneration components should be postponed for a minimum period that is sufficient to verify that the previously established performance conditions have been met.

Followed Partially followed Explain Not applicable

60. Remuneration related to the company's profits should take into account the possible qualifications that appear in the external audit report that may reduce said profits.

Followed Partially followed Explain Not applicable

61. A significant portion of the variable remuneration of the executive directors should be linked to the delivery of shares or financial instruments referenced to their value.

Followed Partially followed Explain Not applicable

The delivery of shares or financial instruments referenced to their value is not envisaged in the remuneration systems for executive directors. In fact, the Company considers that, even not having a remuneration system based on the delivery of shares, the short-, medium- and long-term variable remuneration established for the Chief Executive Officer is linked to predetermined and measurable performance criteria that allow for certain remuneration for a continuous performance over a sufficient period of time in order to reward their contribution to the creation of sustainable value.

62. Once the shares, share options or rights over shares relating to remuneration systems have been allocated, the directors should not be able to transfer the ownership of a number of shares equal to twice their fixed annual remuneration, and neither should they be able to exercise the options or rights until a term of at least three years from allocation has elapsed.

The foregoing shall not apply to shares the directors need to dispose of, as the case may be, to satisfy the costs of their purchase.

Followed Partially followed Explain Not applicable

63. The contractual agreements should include a clause that allows the company to reclaim the payment of the variable remuneration components when the payment has not been adjusted to the performance conditions or when it has been paid in accordance with data, the inaccuracy of which is subsequently proven.

Followed Partially followed Explain Not applicable

Although contractual arrangements do not include a specific clause stipulating the ability to claim the refund of variable remuneration based on the achievement of previously established objectives —where remuneration has been paid on the basis of data subsequently shown to be erroneous—, the Variable Remuneration Regulations include a clause according to which, in the very unlikely event of a subsequent amendment to the financial statements resulting in a change of the data used to fix the variable remuneration, the Remuneration and Appointments Commission may propose to the Board of Directors that the sum perceived by each beneficiary be reimbursed and adjusted with the final data established in the financial statements.

64. The payments for termination of the contract should not be above the amount of two years of the total annual salary and should not be paid until the Company has been able to verify that the Director has fulfilled all of the previously established performance criteria.

Followed Partially followed Explain Not applicable

The contract for services between the Company and the Chief Executive Officer establishes that he or she has the right to be paid benefits by the Company in the event of the termination and extinguishment of the contract for services for any of the following reasons:

- 1.- Unilateral termination by the Chief Executive Officer due to serious breach by the Company of its obligations under the contract for services.
- 2.- Unjustified, unilateral termination of the Contract for Services by the Company, regardless of whether such termination is accompanied by the resignation or non-renewal of the CEO's position as member of the Company's Board of Directors.
- 3.- Unilateral termination by the Chief Executive Officer, together with simultaneous resignation from his or her post of director, in the event of a change in the control structure of the Company as provided for in Article 42 of the Spanish Commercial Code by reference to Article 4 of the Securities Market Law, even when it is as a result of a takeover bid for the shares of the Company, or of the assignment or transfer of all or a significant portion of its activities or its assets and liabilities to a third party, or of its inclusion in another business group that acquires control over the Company, which gives rise to the renewal of its governance bodies or a substantial change to its business strategy, in accordance with its business plan in each case.

Except for the circumstances set out in Point 3 above, the Chief Executive Officer shall have be entitled to a compensation equal to: (i) one hundred and fifty (150) per cent of their monetary remuneration, including the variable remuneration component foreseen in section 3.3.1 of the Contract of Services, calculated on the remuneration for the year prior to the one in which the contract termination occurs if this termination in line with section 8.1 above occurs before 30 June 2017; (ii) seventy-five (75) per cent if this termination occurs after 30 June 2017 and before 30 June 2020; (iii) fifty (50) per cent if the Contract of Services terminates after 30 June 2020 and 30 June 2021; (iv) forty-two (42) per cent if the Contract of Services terminates after 30 June 2021 and before 30 June 2022; (v) thirty-four (34) per cent if the Contract of Services terminates after 30 June 2022 and before 30 June 2023; (vi) twenty-six (26) per cent if the Contract of Services terminates after 30 June 2023 and before 30 June 2024; and (vii) eighteen (18) per cent if the Contract of Services terminates after 30 June 2024 and before 30 June 2025. If the termination occurs after 30 June 2025, the Chief Executive Officer shall be entitled to no compensation.

In the event of the termination of the contract for services as a result of the scenario envisaged in Point 3 above, the Chief Executive Officer shall have be entitled to benefits equal to three (3) years' monetary remuneration including the variable remuneration component foreseen in section 3.3.1 of the contract of services, calculated on the remuneration for the year prior to the one in which the contract termination occurs.

In the event that the termination of the Contract of Services occurs due to the voluntary resignation of the Chief Executive Officer for reasons other than those set out in the paragraphs 1, 2 and 3 listed above, the Company will provide them with an additional supplementary benefit equivalent to sixteen and a half (16.5%) per cent of the annual Basic Remuneration perceived by the Chief Executive Officer, calculated for these purposes on the basis of the time between the entry into force of the Contract of Services and the official date of termination of their contractual relationship with the Company.

H OTHER INFORMATION OF INTEREST

1. If there is any salient feature of corporate governance at the entity or the group entities that has not been dealt with in the other sections herein, and which it is necessary to include in order to provide the most complete and reasoned information on corporate governance structure and practices at the entity or its group, provide a brief description.
2. This section can include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.

In particular, indicate whether the company is subject to any legislation other than the Spanish legislation on corporate governance, and if so, include the information that it is required to provide, where such information differs from that required in this report.

3. The Company may also indicate whether it has voluntarily adhered to any other codes of ethical principles or good practice of an international, industry-specific or other nature. If so, state the code in question and the date of adherence thereto.

Section C.1.3 indicates that the external proprietary director Mr Joaquín M Molins López-Rodó was appointed at the proposal of the significant shareholder Otinix S.L., when he was actually jointly proposed for appointment by the significant shareholders Otinix, S.L., Cartera de Inversiones C.M., S.A. and Noumea, S.A. It is also indicated that Otinix S.L., has been appointed at the proposal of the significant shareholder Otinix S.L., when it was actually jointly proposed for appointment by the significant shareholders Otinix S.L., Cartera de Inversiones C.M., S.A. and Noumea S.A.

In addition, it is indicated that the non-executive proprietary directors Francisco Javier Fernández Bescós and Cartera de Inversiones C.M., S.A. were appointed at the proposal of the significant shareholder Cartera de Inversiones C.M., S.A. when they were actually jointly proposed for appointment by a concerted action among the significant shareholders Otinix, S.L., Cartera de Inversiones C.M., S.A. and Noumea, S.A.

Finally, it is stated that the external proprietary directors, Juan Molins Amat and Noumea S.A., were appointed at the proposal of the significant shareholder Noumea S.A., when they were actually jointly proposed for appointment by the significant shareholders Otinix S.L., Cartera de Inversiones C.M., S.A. and Noumea S.A.

This Annual Corporate Governance Report was approved by the company's Board of Directors at its meeting held on 27/02/2018.

Indicate whether any directors voted against or abstained in relation to the approval of this Report.

Yes

No

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF CEMENTOS MOLINS FOR 2017

To the Directors of
Cementos Molins, S.A.,

As requested by the Board of Directors of Cementos Molins, S.A. and Subsidiaries ("the Cementos Molins Group") and in accordance with our proposal-letter dated 30 October 2017, we have applied certain procedures to the information relating to the ICFR system included in section F of the accompanying Annual Corporate Governance Report ("ACGR") of the Cementos Molins Group for 2017, which summarises the internal control procedures of the Cementos Molins Group in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F of the accompanying Annual Corporate Governance Report (ACGR).

It should be noted in this regard that, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Cementos Molins Group in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Cementos Molins Group was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Cementos Molins Group's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Cementos Molins Group's annual financial reporting for 2017 described in the information relating to the ICFR system included in section F of the accompanying ACGR. Therefore, had we applied procedures additional to those described below or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Cementos Molins Group in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model ACGR established in CNMV Circular no. 7/2015, of 22 December.
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process followed in preparing it; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Cementos Molins Group.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including mainly the documentation furnished directly to those responsible for preparing the information describing the ICFR system. In this regard, the aforementioned documentation includes reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.
4. Comparison of the information detailed in point 1 above with the knowledge on the Cementos Molins Group's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Reading of the minutes taken at meetings of the Board of Directors, Audit and Control Committee and other committees of the Cementos Molins Group to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.
6. Obtainment of the representation letter concerning the work performed, duly signed by those responsible for preparing the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law, and of CNMV Circular no. 7/2015 of 22 December for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.



Albert Riba Barea

27 February 2018