

**ANNUAL CORPORATE GOVERNANCE REPORT FOR
LISTED COMPANIES**

IDENTIFICATION DATA OF ENTITY

DATE END OF PERIOD OF REFERENCE	31/12/2013
T.I.N.	A818862724

BUSINESS NAME

DINAMIA CAPITAL PRIVADO SCR, SA

REGISTERED OFFICE

CL PADILLA 17

ANNUAL CORPORATE GOVERNANCE REPORT

FOR LISTED COMPANIES

A OWNERSHIP STRUCTURE

A.1 Complete the following table concerning the company's share capital:

Date of latest change	Share capital (€)	No. of shares	No. of voting rights
28/10/2011	48,837,600.00	16,279,200	16,279,200

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

Yes

No

A.2 Describe the direct and indirect owners of significant shareholdings in the company at the year-end date, excluding directors:

Name or business name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
BARWON INVESTMENT PARTNERS, PTY LTD	1,917,766	0	11.78%
MR EMILIO CARVAJAL PÉREZ	0	612,000	3.76%
ELECTRA PARTNERS, LLP	0	1,699,891	10.44%
ENTUR-99, S.L.	603,400	0	3.71%
EW EQUITY PARTNERS, S.L.	0	813,963	5.00%
MR RICARDO PORTABELLA PERALTA	0	3,679,999	22.61%

Name or business name of indirect owner of the shareholding	By means of: Name or business name of direct owner of the shareholding	Number of voting rights
MR EMILIO CARVAJAL PÉREZ	SODECAR S.L.	612,000
ELECTRA PARTNERS, LLP	ELECTRA PRIVATE EQUITY PARTNERS 1995	1,699,891
EW EQUITY PARTNERS, S.L.	CORPORACIÓN FINANCIERA ARCO, S.L.	813,963
MR RICARDO PORTABELLA PERALTA	ANPORA PATRIMONIO S.L.	3,679,999

Indicate the most significant movements in the shareholder structure taking place during the year:

Name or business name of shareholder	Date of operation	Description of operation
ANPORA PATRIMONIO S.L.	06/06/2013	Exceeds 20% of share capital
BARWON INVESTMENT PARTNERS, PTY LTD	24/05/2013	Exceeds 10% of share capital
CAIXABANK S.A.	24/05/2013	Decrease below 3% of share capital
AGRUPACIÓ AMCI DE SEGUROS Y REASEGUROS S.A.	08/05/2013	Decrease below 3% of share capital
VENTOS S.A.	06/06/2013	Decrease below 3% of share capital

A.3 Complete the following tables on the members of the company's board of directors who hold voting rights:

Director's name or business name	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR SANTIAGO BERGARECHE BUSQUET	4,521	4,729	0.06%
MR JOSÉ JAVIER MANZANO CARRETERO	1,000	0	0.01%
MR FERNANDO D'ORNELLAS SILVA	500	0	0.00%
MR JOAQUÍN GARCÍA-QUIRÓS RODRÍGUEZ	100	0	0.00%
MR RAFAEL JIMÉNEZ LÓPEZ	510	0	0.00%
MR NICOLÁS VILLÉN JIMÉNEZ	510	0	0.00%

Name or business name of indirect owner of the shareholding	By means of: Name or business name of direct owner of the shareholding	Number of voting rights
MR SANTIAGO BERGARECHE BUSQUET	KARENZA INVERSIONES SICAV, S.A.	4,729

% of total voting rights held by the Board of Directors	0.07%
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Complete the following tables on the members of the company's board of directors who hold voting rights:

A.4 Indicate, if applicable, any family, commercial, contractual or corporate relationships between significant shareholders, to the extent they are known by the company, unless they are insignificant or arise in the ordinary course of business:

A.5 Indicate, if applicable, any commercial, contractual or corporate relationships significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

A.6 Indicate whether the company has been informed of any shareholders' agreements affecting it as provided in Articles 530 and 531 of the Spanish Companies Act 2010. If applicable, briefly describe them and list the shareholders bound by the agreement:

Yes

No

Indicate whether the company is aware of any concerted actions among its shareholders. If so, briefly describe them:

Yes

No

Indicate whether there has been any change in or termination of such pacts or agreements or concerted actions during the year:

A.7 Indicate any natural or legal person who exercises or may exercise control over the company in accordance with Article 4 of the Securities Market Law. Where appropriate, identify:

Yes

No

Comments

A.8 Complete the following tables concerning the company's treasury shares:

At the year-end date:

Number of shares held directly	Number of shares held indirectly (*)	% total of share capital
52,818	0	0.32%

(*) By means of:

Describe any significant changes, pursuant to the provisions of Royal Decree 1362/2007, made during the year:

A.9 Detail the conditions and term of the current mandate from the shareholders to the board of directors to issue, repurchase or transfer treasury shares.

On 2 June 2010, the shareholders, in general meeting, authorised the company' Board of Directors with respect to the derivative acquisition by Dinamia Capital Privado, S.C.R., S.A. of treasury shares in compliance with existing legal limits and requirements, in the following terms:

1. Methods: By purchase, exchange, donation, adjudication or payment in kind, and in general, any other mode of acquisition for valuable consideration of shares in issue and fully paid up allowed by law.
2. Maximum number of acquirable shares: Up to the legal limit of ten percent (10%) of share capital or any higher limit permitted by law.
3. Maximum and minimum prices: The maximum and minimum prices will not be, respectively, higher by more than 5% to the market price of the shares on the stock exchange at the time of purchase, nor less than the share's par value.
4. Duration of authorisation Five (5) years as from the date of this resolution.

The shares acquired in this manner will not enjoy any voting rights. The dividend rights attaching to them will be allocated proportionally to the remaining shares pursuant to Article 148 of the Spanish Companies Act 2010.

The scope of the authorisation granted expressly includes the derivative acquisition of treasury shares in order for them to be disposed of or redeemed, or directly delivered to Company employees or directors, or as a result of the exercising of stock options held by them, as well their use in the development of programmes the encourage the acquisition of holdings in Dinamia's capital, such as, for instance, dividend reinvestment plans, loyalty bonds or similar instruments.

Such approval rescinded and replaced, in the amount not used, the Fourth Resolution adopted by the shareholders at the annual general meeting held on 4 June 2009, which authorized the Company's Board of Directors to acquire treasury shares.

A.10 Indicate whether there exist any restrictions on the transfer of shares and/or voting rights. In particular, the existence of any restrictions that may impede the acquisition of control over the company through the purchase of its shares on the market must be indicated.

Yes

No

A.11 Indicate whether the shareholders have adopted measures to neutralise any takeover bid under the provisions of Law 6/2007.

Yes

No

If appropriate, explain the measures approved and the terms under which these restrictions will not be effective:

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

Yes

No

Where applicable, indicate the different classes of shares and, for each class of shares, the rights and obligations conferred by them.

B GENERAL SHAREHOLDERS' MEETING

B.1 Indicate and, if applicable, explain whether there are differences with respect to the minimum requirements set out in the Spanish Companies Act 2010 concerning the general meeting quorum.

Yes No X

B.2 Indicate and, if applicable, explain whether there are differences with respect to the requirements set out in the Spanish Companies Act 2010 concerning the adoption of corporate resolutions:

Yes No X

Describe how they differ from the provisions of the Spanish Companies Act.

B.3 State the rules applicable to the amendment of the company's bylaws. In particular, the majorities envisaged for the amendment of the bylaw will be stated along with, where appropriate, the rules laid down for the protection of shareholders' rights in any amendment to the bylaws.

In accordance with the provisions of Articles 15 of the Bylaws and Article 19 of the Board Regulations, the shareholders in general meeting are responsible for approving amendments to the Bylaws, in accordance with applicable legislation. In this regard, Article 19.1 of the Board Regulations lays down that the favourable vote corresponding to two thirds of the shares present or represented at the meeting shall be required to agree to any amendment to the Bylaws, when shareholders representing less than fifty percent of voting share capital are in attendance.

B.4 State the data on attendance at the general meetings held during the year referred to herein and those relating to the previous year:

Date of general meeting	Attendance data				
	% in person	% by proxy	% distance vote		Total
			Electronic voting	Other	
07/06/2012	6.50%	48.81%	0.00%	0.00%	55.31%
17/09/2012	20.49%	52.24%	0.00%	0.00%	72.73%
13/06/2013	8.19%	61.88%	0.00%	0.00%	70.07%

B.5 Indicate whether there is any restriction in the Bylaws laying down a minimum number of shares required to attend the general meeting:

Yes No X

B.6 Indicate whether it has been agreed that certain decisions involving a structural change in the company ("subsidiarisation", purchase/sale of key operating assets, operations equivalent to the liquidation of the company, etc.) must be submitted for approval by the general shareholders' meeting of shareholders even if this is not expressly required under Spanish mercantile legislation.

Yes No X

B.7 Indicate the address and means of access on the company website to information on corporate governance and other information concerning general meetings to be made available to shareholders via the Company's website.

The Company's website address is www.dinamia.es, which includes information for shareholders and investors, as well as statutory documents. To access Corporate Governance content, click on the "shareholders and investors" tab and then on "Corporate Governance". Information on Corporate Governance and General Meetings is also available on the CNMV website (www.cnmv.es).

C COMPANY'S MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the Bylaws:

Maximum number of directors	10
Minimum number of directors	3

C.1.2 Complete the following table with board members:

Name	Representative	Board position	Date 1 st appointment	Date last appointment	Election procedure
SANTIAGO BERGARECHE BUSQUET		CHAIRMAN	11/12/2002	13/06/2013	GENERAL MEETING RESOLUTION
JOAQUÍN GARCÍA-QUIROS RODRÍGUEZ		DEPUTY CHAIRMAN	04/06/2009	04/06/2009	GENERAL MEETING RESOLUTION
FERNANDO D'ORNELLAS SILVA		DIRECTOR	20/02/2013	13/06/2013	GENERAL MEETING RESOLUTION
NICOLÁS VILLÉN JIMÉNEZ		DIRECTOR	20/02/2013	13/06/2013	GENERAL MEETING RESOLUTION
JOSÉ JAVIER CARRETERO MANZANO		DIRECTOR	20/02/2012	07/06/2012	GENERAL MEETING RESOLUTION
RAFAEL JIMÉNEZ LÓPEZ		DIRECTOR	22/03/2011	07/06/2012	GENERAL MEETING RESOLUTION
EMILIO CARVAJAL BALLESTER		DIRECTOR	28/06/2007	07/06/2012	GENERAL MEETING RESOLUTION
ALFRED MERTON VINTON		DIRECTOR	17/12/2003	04/06/2009	GENERAL MEETING RESOLUTION

Total number of directors	8
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Indicate any resignations from the Board during the year which require disclosure:

Director's name or business name	Status at departure	Date departure
MR JUAN ARENA DE LA MORA	Independent	21/03/2013

C.1.3 Complete the following tables with the Board members and their status:

EXECUTIVE DIRECTORS

PROPRIETARY DIRECTORS

Director's name or business name	Committee proposing appointment	Name or company name of the significant shareholder represented or proposing the appointment
MR EMILIO CARVAJAL BALLESTER	AUDIT AND APPOINTMENTS COMMITTEE	SODECAR S.L.
MR JOAQUÍN GARCÍA-QUIRÓS RODRÍGUEZ	AUDIT AND APPOINTMENTS COMMITTEE	AQUAMAGICA INVERSIONES S.A.
MR RAFAEL JIMÉNEZ LÓPEZ	AUDIT AND APPOINTMENTS COMMITTEE	ANPORA PATRIMONIO S.L.

Total number of proprietary directors	3
% of total number of directors	37.50%

INDEPENDENT EXTERNAL DIRECTORS

Director's name or business name:

MR SANTIAGO BERGARECHE BUSQUET

Background:

CURRENTLY HE IS CO-CHAIRMAN OF THE BOARD OF COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. (CEPSA). HE IS ALSO DEPUTY CHAIRMAN OF FERROVIAL, S.A. AND A MEMBER OF ITS EXECUTIVE COMMITTEE AND APPOINTMENTS AND REMUNERATION COMMITTEE. IN ADDITION, MR. BERGARECHE IS A BOARD AND EXECUTIVE COMMITTEE MEMBER AT VOCENTO. MR. BERGARECHE SERVES ON THE BOARDS OF MAXAM AND THE DEUSTO BUSINESS SCHOOL. HE HAS BEEN BOARD MEMBER OF GAMESA CORPORACIÓN TECNOLÓGICA, S.A., MANAGING DIRECTOR AND MEMBER OF THE MANAGEMENT COMMITTEE OF BANCO BILBAO VIZCAYA AND CHAIRMAN OF THE METROVACESA REAL ESTATE GROUP, CHAIRMAN OF FERROVIAL AGROMAN AND GENERAL MANAGER OF FERROVIAL.

Director's name or business name:

MR JOSÉ JAVIER MANZANO CARTER

Background:

HOLDS A DEGREE IN INDUSTRIAL ENGINEERING FROM UNIVERSIDAD PONTIFICIA DE COMILLAS (ICAI) AND A MASTER'S DEGREE IN ECONOMICS AND BUSINESS MANAGEMENT FROM IESE. MR CARRETERO HAS CARRIED OUT HIS ACTIVITY IN THE INDUSTRIAL SECTOR AND HAS HELD, AMONG OTHERS, THE POSITION OF MANAGING DIRECTOR IN FERROLI ESPAÑA, S.A. AND COINTRA GODESIA, S.A., BOTH COMPANIES PERTAINING TO THE MULTINATIONAL ITALIAN GROUP, FERROLI, WHICH OPERATES IN THE ENVIRONMENTAL COMFORT SECTOR (HEATING, AIR CONDITIONING AND SOLAR ENERGY). HE IS CURRENTLY A BOARD MEMBER OF ICEX, GENERAL MANAGER OF THE GOVERNING BODY FOR CHAMBERS OF COMMERCE AND A DIRECTOR OF CAMERDATA, S.A. AND CAMERFIRMA, S.A

Director's name or business name:

MR FERNANDO D'ORNELLAS SILVA

Background:

HOLDS A DEGREE IN LAW AND ECONOMICS FROM UNIVERSIDAD PONTIFICIA DE COMILLAS (ICADE-3) AND AN MBA FROM IESE (INTERNATIONAL SECTION). MR. D'ORNELLAS HAS PURSUED HIS CAREER MAINLY IN THE BERGÉ GROUP IN WHICH HE WAS CEO UNTIL 2012; THIS IS A SPANISH GROUP WITH AN INTERNATIONAL PRESENCE IN THE MARINE AND PORT, CAR DISTRIBUTION, LOGISTICS, RENEWABLE ENERGY AND FINANCIAL SECTORS. HE HAS ALSO BEEN A BOARD MEMBER OF ENDSEA AND IS CURRENTLY A DIRECTOR OF MELIÁ HOTELS INTERNATIONAL.

Director's name or business name:

MR NICOLÁS VILLÉN JIMÉNEZ

Background:

DEGREE IN INDUSTRIAL ENGINEERING FROM MADRID UNIVERSITY, MASTERS IN ELECTRICAL ENGINEERING FROM FLORIDA UNIVERSITY AND MBA FROM COLUMBIA UNIVERSITY IN NEW YORK. IN RECENT YEARS HE HAS WORKED MAINLY IN FOERROVIAL, AS GROUP GENERAL FINANCE MANAGER AND ALSO AS CEO OF FERROVIAL AEROPUERTOS. HE HAS ALSO BEEN A MEMBER OF THE BOARD OF DIRECTORS OF THE FOLLOWING COMPANIES, AMONG OTHERS: ONO, CINTRA, BUDIMEX IN POLONIA Y BAA IN THE UNITED KINGDOM. HE IS CURRENTLY A MEMBER OF THE BOARD OF DIRECTORS OF CLH, S.A. AND AIR LINGUS GROUP, PLC.

Total number of independent external directors	4
% of total board members	50.00%

Indicate whether any director classified as an independent director receives from the company or its group any amount or benefit other than director's remuneration, or carries out or has carried out during the last financial year a business relationship with the company or any group company, either on its own behalf or as a significant shareholder, director or executive of a company that maintains or has maintained such a relationship.

No.

If appropriate, an explanation by the Board will be included concerning the reasons why they consider that the director is suitable to hold the position of independent director.

OTHER EXTERNAL DIRECTORS

Director's name or business name	Committee informing on or proposing appointment
MR ALFRED MERTON VINTON	AUDIT AND APPOINTMENTS COMMITTEE

Total number of other independent directors	1
% of total board members	12.50%

List the reasons why they cannot be considered proprietary or independent and their relations with the company, its senior officers or its shareholders:

Director's name or business name:

MR ALFRED MERTON VINTON

Related company, manager or shareholder:

ELECTRA PRIVATE EQUITY PARTNERS 1995

Reasons:

In the past, Mr. Vinton represented Electra Private Equity Partners 1995, a significant shareholder in Dinamia, on the Company's Board, where he served as proprietary director. Mr. Vinton no longer represents this institutional shareholder on Dinamia's Board. Mr. Vinton has relations with the Electra group.

Indicate any changes that have occurred in director classifications during this period:

C.1.4 Complete the following table with information on the number of women directors in the past 4 years, and the type of directorship involved:

	No. women directors				% of total directors of each type			
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2013	FY 2012	FY 2011	FY 2010
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Nominee	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	0	0	0	0	0.00%	0.00%	0.00%	0.00%

C.1.5 Explain the measures, if any, that have been taken to seek to include a number of women on the Board that would enable a balanced representation of women and men.

Explanation of measures

All company directors have been appointed based on their recognised solvency, competence and experience, as provided for in the internal regulations and regardless of their gender. Therefore, the Board of Directors and the Audit and Appointments Committee (within their remits), seek to include women that meet the professional criteria indicated among potential candidates.

C.1.6 Explain the measures, if any, agreed to by the appointments commission to ensure that that selection procedures do not suffer from any implicit bias against the selection of women directors and that the company makes a conscious effort to include among potential candidates, women who fit the desired professional profile:

Explanation of measures

The Audit and Appointments Committee assesses the solvency, competence and experience of candidates for election to the Board of Directors, without the selection processes involving any bias.

When, despite the measures taken, there are few or no women directors, explain the reasons for this:

Explanation of reasons

The selection process for appointing director candidates is merit-based. Specifically, article 16 of the Board Regulations stipulates that the Board of Directors - and the Audit and Appointments Committee within its remit - shall endeavour to select candidates of recognised solvency, competence and experience. Accordingly, there is no bias against female director candidates at the Company.

C.1.7 Explain the form of representation on the Board of significant shareholders.

There are no Board members who are significant shareholders. However, the directors Mr. Emilio de Carvajal and Ballester, Mr. Joaquín García-Quirós Rodríguez and Mr. Rafael Jiménez López have been classed as proprietary directors as they were appointed at the recommendation of significant company shareholders, as stated in paragraph C.1.3.

C.1.8 Explain, as appropriate, the reasons for the appointment of proprietary directors at the request of shareholders whose shareholding is less than 5% of capital:

Indicate whether formal requests for a board position from shareholders whose equity interest is equal to or greater than that of others applying successfully for a proprietary directorship have been rejected. If applicable, explain the reasons why they have not been successful:

Yes

No

C.1.9 Indicate whether any director has given up their place before their tenure expired, whether they have stated their reasons to the Board and how; and if in writing to the Board, explain at least the reasons given:

Name of director:

MR JUAN ARENA DE LA MORA

Reason for resignation:

At the meeting held on 21 March 2013, Mr. Juan Arena de la Mora, present at the meeting, informed the Directors his decision to resign from the Board and the Audit and Appointments Committee. In addition, Mr. Arena sent a letter to the Company confirming his resignation, explaining that this was due to the need to address professional commitments that required his attention.

C.1.10 Indicate, where appropriate, any powers delegated to the chief executive(s):

C.1.11 Name any directors who are also executives or directors of other companies that form part of the listed company's group:

C.1.12 Describe, if applicable, the directors of the company who are members of the board of other companies quoted on regulated stock markets differing from the Group's, which have been reported to the company:

Director's name or business name	Business name of the Group entity	Position
MR SANTIAGO BERGARECHE BUSQUET	GRUPO FERROVIAL, S.A.	DEPUTY CHAIRMAN
MR NICOLÁS VILLÉN JIMÉNEZ	COMPAÑÍA LOGÍSTICA DE HIDROCARBUROS CLH, S.A.	DIRECTOR
MR NICOLÁS VILLÉN JIMÉNEZ	AER LINGUS GROUP PLC	DIRECTOR

Director's name or business name	Business name of the Group entity	Position
MR FERNANDO D'ORNELLAS SILVA	MELIA HOTELS INTERNATIONAL	DIRECTOR
MR ALFRED MERTON VINTON	GP INVESTMENTS LTD	DIRECTOR
MR SANTIAGO BERGARECHE BUSQUET	VOCENTO, S.A.	DIRECTOR
MR JOAQUÍN GARCÍA-QUIRÓS RODRÍGUEZ	OBRASCÓN HUARTE LAÍN, S.A. (OHL)	DIRECTOR

C.1.13 Indicate and explain whether the company has laid down rules about the number of directorships their Board members can hold.

Yes

No

C.1.14 Describe the company's general policies and strategies that may only be approved by the Board in full:

	Yes	No
Investment and financing policy	X	
Definition of the structure of the corporate group		X
Corporate governance policy	X	
Corporate social responsibility policy	X	
The strategic or business plan, management targets and annual budgets	X	
Remuneration and management performance evaluation policies	X	
Risk control and management, and the regular monitoring of internal information and control systems	X	
Dividend policy, as well as the policies and limits applying to treasury stock	X	

C.1.15 Indicate the total remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousand euro)	331
Total remuneration corresponding to accrued pension rights (thousand euro)	0
Total Board remuneration (thousand euro)	311

C.1.16 Identify the members of senior management who are not executive directors and indicate total remuneration accruing to them during the year:

C.1.17 Name any Board members who are also members of the boards of directors of significant shareholders and/or their group companies:

Director's name or business name	Business name of significant shareholder	Position
MR RAFAEL JIMÉNEZ LÓPEZ	ANPORA PATRIMONIO S.L.	CEO
MR EMILIO CARVAJAL BALLESTER	SODECAR S.L.	DIRECTOR

Describe any relevant relationships other than those indicated above that link Board members with significant shareholders and/or their group companies:

C.1.18 Indicate whether the board regulations were amended during the year:

Yes

No

C.1.19 Describe the procedures for the selection, appointment, re-election, evaluation and removal of directors. Describe the competent bodies, formalities and criteria used in each procedure.

Directors are appointed by shareholder vote or by the Board of Directors, in accordance with the relevant provisions of the Spanish Companies Act 2010, subject to a prior report at the proposal of the Audit and Appointments Committee. The Board of Directors and the Audit and Appointments Committee must endeavour to select candidates of renowned solvency, competence and experience. The Board of Directors is obliged to provide shareholders with background information on director candidates before the General Meeting called to appoint them or to ratify an interim appointment. The Board of Directors may not propose or appoint a candidate that does not meet the binding definition of independent director to fill a vacancy left by an outgoing independent director.

Directors shall hold office for the term approved at the General Meeting, which may not exceed five years, at the end of which they may be reappointed for a term of equal or shorter duration.

Directors appointed by co-option shall hold office until the first General Meeting following their appointment.

Directors leaving office before the end of their term or removed for any other reason may not provide services to any other venture capital firm or venture capital entity management company for a period of two years.

If the Board of Directors deems appropriate, it may release outgoing directors from this obligation or shorten the length thereof. The Board of Directors must regularly evaluate the quality and effectiveness of its actions and performance.

In relation to the evaluation of its performance and the organisation of its meetings, it has verified that Board meetings have been conducted properly and efficiently since the last evaluation. The Board met regularly and the meetings were called with sufficient advance notice. The attendance record, dedication and active participation of all directors were similarly assessed.

The Board, in 2012, also examined the performance of the Audit and Appointments Committee in the last year since the previous evaluation based on a report previously submitted to it by this Committee. Directors cease to hold office upon expiry of the term for which they were appointed or when so decided at the General Meeting.

In addition to the above, directors must tender their resignation to the Board of Directors in the circumstances listed in Article 18.2 of the Board Regulations.

Directors subject to appointment, re-election or removal proposals shall abstain from participating in the deliberations and votes concerning their candidacy.

C.1.20 Indicate whether the board has conducted an assessment of its activity during the year:

Yes

No

If appropriate, explain the extent to which the self-evaluation has led to major changes in its internal organisation and the procedures applicable to its activities:

Description of changes

The Board of Directors has assessed, in a plenary session, the quality and efficiency of its operations based on the report prepared by the Audit and Appointments Committee in accordance with Article 5.6 of the Board Regulations.

This evaluation has not given rise to any relevant changes in its internal organisation or in the procedures applicable to its activities, although the involvement of the Board in investment decision taking has been strengthened and an updated reporting procedure has been defined with respect to the actions of Dinamia's management company.

C.1.21 Indicate the cases in which directors are obliged to resign.

In accordance with Article 18 of the Board Regulations, directors shall tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations:

(a) When they are in breach of any of the legally-mandated or bylaw-stipulated conflicts of duty or interest.

(b) If they are severely reprimanded by the Board of Directors, based on a prior report from the Audit and Appointments Committee, for breach of any of their duties as director.

(c) When their continued presence on the Board may jeopardise the Company's interests.

(d) When a shareholder represented by a proprietary director sells its entire shareholding in the Company; alternatively, if such shareholders reduce their holdings, thereby losing some of their entitlement to proprietary directorships, representation should be reduced accordingly.

The Board of Directors may only propose the removal of an independent director before expiry of his/her tenure when a just cause is deemed to exist by the Board. In particular, a just cause will be understood to exist in the following instances: (i) non-fulfilment of the duties inherent to the office or (ii) becoming involved in one of the prohibiting circumstances that precludes the holding of a directorship. Such resignation may similarly be proposed as a result of takeover bids, mergers or other corporate transactions that entail a major change in the Company's capital structure.

C.1.22 Explain whether the duties of chief executive officer fall upon the chairman of the board. Explain any measures that have been taken to limit the risk of an accumulation of powers in a single person:

Yes

No

State whether rules have been laid down which empower one of the independent directors to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to direct the evaluation by the board of directors.

Yes

No

C.1.23 Are qualified majorities, differing from those stipulated by law, required for any kind of decision?

Yes

No

If so, describe the differences.

C.1.24 Explain whether there are any specific requirements other than those relating to the directors to be appointed Chairman of the Board of Directors.

Yes

No

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

Yes

No

C.1.26 Indicate whether the company Bylaws or Board Regulations establish an age limit for directors:

Yes

No

C.1.27 Indicate whether the company Bylaws or the Board Regulations establish a limit on the term of office of independent directors other than that stipulated by law:

Yes

No

C.1.28 State whether the Bylaws or Board Regulations lay down specific rules governing the delegation of Board meeting votes, the form of delegation and, in particular, the maximum number of proxies that may be held by a director, and whether it is obligatory to delegate to

a director of the same status. If applicable, briefly describe said rules.

Article 23 of the Board Regulations stipulates that directors shall do everything in their power to attend meetings of the Board and any bodies they belong to and actively participate in the deliberations so that their opinion effectively contributes to the decision-making process. Article 15 of the Board Regulations authorises directors to grant proxy to another Board member in the event that he/she cannot attend a Board meeting, leaving specific instructions and notifying the Chairman of the proxy.

C.1.29 Indicate the number of meetings held by the Board of Directors during the year. Likewise, indicate the number of times, if any, the Board met without the Chairman being present. In the calculation, proxies granted with specific instructions shall be deemed to be attendances:

Number of board meetings	8
Number of board meetings held in the absence of the chairman	0

Indicate the number of Board committee meetings held during the year:

Committee	No. of meetings
Delegate or Executive Committee	0
Audit Committee	7
Remuneration Committee	0
Appointments and Remuneration Committee	7
Appointments Committee	0

C.1.30 Indicate the number of meetings held by the Board of Directors during the year where all members were in attendance. In the calculation, proxies granted with specific instructions shall be deemed to be attendances:

Attendances of the directors	4
% of attendances per votes cast in the year	90.41%

C.1.31 Indicate whether the individual and consolidated annual accounts submitted for approval to the Board are certified previously:

Yes No

Identify, if appropriate, the person(s) certifying the individual and consolidated annual accounts before submission to the board for approval:

Name	Position
MR FEDERICO PASTOR ARNAUDA	CHAIRMAN OF DINAMIA'S MANAGEMENT COMPANY
MR SERGIO JERÓNIMO GONZÁLEZ	CFO OF DINAMIA'S MANAGEMENT COMPANY

C.1.32 Explain the mechanisms, if any, established by the board of directors to avoid presenting a qualified report on the individual and consolidated annual accounts at the general meeting.

Article 35 of the Board Regulations stipulates that the Board of Directors endeavour to approve the annual accounts for issue such that the auditor does not include any qualifications. However, when the Board considers that its criteria should prevail, it shall publicly disclose the content and scope of the discrepancy.

With a view to ensuring that the individual and consolidated annual accounts authorised by the Board of Directors for submission to the General Meeting do not contain audit report qualifications, article 13 of the Board Regulations stipulates that the Audit and Appointments Committee perform the following duties, among others, before submitting them to the Board for authorisation:

1. Reviewing the Company's annual accounts and interim financial disclosures, overseeing compliance with legal requirements and the correct application of generally accepted accounting principles.
2. Establishing the relevant relationships with auditors or auditing firms in order to keep informed of any issues which could jeopardise the latter's independence for their examination by the Committee and any other matters related to the account audit process, as well as communications on any other matters provided for in prevailing audit legislation and auditing standards
3. Issue annually, prior to the issue of the audit report on the accounts, a report expressing an opinion on the independence of the auditors or audit companies. This report must cover any additional services provided by the auditor(s) or parties related thereto.
4. Monitoring the preparation and the completeness of the interim financial information that the Board must report to the markets and the market regulators regarding the Company and its Group, checking for compliance with legal provisions, the adequate demarcation of the consolidation scope, and the correct application of accounting principles. The Audit and Appointments Committee shall inform the Board before it adopts the relevant resolutions concerning the financial information which, as a listed company, it must periodically disclose. The Committee shall ensure that the interim accounts are drawn up under the same accounting principles as the annual statements, to which end it may ask the external auditor to conduct a limited review.
5. Supervising the internal audit services, reviewing the Company's accounts and financial information, ensuring compliance with legal requirements and the correct application of generally accepted accounting principles.
6. Supervising and ascertaining the effectiveness of the Company's internal controls, internal audit, and where applicable, risk management systems, which includes discussing any weaknesses detected in the internal control system in the course of the audit with the statutory auditor.
7. Supervising compliance with the audit engagement contract, endeavouring that the audit report on the annual accounts is clearly and precisely drafted, and evaluating the results of each audit.

In addition, the management agreement in force with the Management Company obliges the Management Company to provide the Company with the following administrative services, inter alia, in relation to its business and operations:

1. Keeping the Company's accounting records and performing any additional accounting work arising from asset valuation, all duly separated from this entity's own books.
2. Collaborating with the Company's auditor and its Board of Directors on the process of verifying the Company's annual accounts, particularly in relation to the valuation of its assets. This collaboration extends to the half-yearly valuation review procedure performed by the Company's auditor or other independent experts proposed by the Management Company and engaged by the Company's Board and to the annual review conducted by the Company's auditor in connection with the audit of its annual accounts.

C.1.33 Is the Board secretary also a director?

Yes

No

C.1.34 Explain the procedure governing the appointment or removal of the secretary to the board, indicating whether his or her appointment has been proposed by the appointments committee and approved at a full Board meeting.

Procedures for appointment and removal

In accordance with Article 18 of the Bylaws and article 11 of the Board Regulations, the Board of Directors selects and dismisses its secretary, and deputy-secretary as the case may be, based on the prior report of the Audit and Appointments Committee. Board secretaries or vice-secretaries need not be directors.

Resolutions to appoint or dismiss a Board secretary must be ratified by the majority vote of attendees at a validly assembled Board meeting. Board meetings are validly assembled when the majority of its members are present, whether in person or by proxy.

The Company's serving Secretary was appointed by unanimous agreement at a Board meeting held on 23 October 2012, based on a favourable prior report by the Audit and Appointments Committee agreed to at the meeting held previously on that same date.

	Yes	No
Does the Appointments Committee report appointments?	X	
Does the Appointments Committee report dismissals?	X	
Are appointments approved at full board meetings?	X	
Are dismissals approved at full board meetings?	X	

Does the board secretary have the specific duty of overseeing corporate governance recommendations?

Yes

No

Comments

Article 11.3 of the Board Regulations tasks the Secretary with taking care that the Board's actions adhere to the spirit and letter of laws and their implementing regulations comply with the Company Bylaws and other regulations and are informed by the Company's corporate governance recommendations and the Board Regulations.

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

Articles 13 and 35 of the Board Regulations stipulate that the dealings between the Board and the Company's external auditor be channelled through the Audit and Appointments Committee. This Committee must refrain from proposing to the Board of Directors, and the Board will in turn refrain from submitting to shareholders, the appointment as Company auditor of any audit firm with which there is a conflict of interest under prevailing account auditing legislation. Royal Legislative Decree 1/2011 of 1 July 2011, whereby the revised Spanish Audit Act was approved, introduces the legal obligation that the statutory auditor(s) send the Company each year written confirmation of their direct and indirect independence vis-à-vis the entity audited and its related parties, including information regarding additional services of any form provided to these entities by the auditor(s) and any parties related to the latter as stipulated in the Audit Act. In this respect, the related party concept is defined in Articles 15, 16, 17 and 18 of the revised Spanish Audit Act. In addition, the Audit and Appointments Committee must issue annually, prior to issuance of the audit report, a report expressing an opinion on the independence of the statutory auditor(s). This report must cover any additional services provided by the auditor(s) or parties related thereto. In this respect, in 2014 the Audit and Appointments Committee issued the relevant report, prior to the issuance of the audit report for the year ended December 2013, stating the independence of the Company's auditors.

In addition the Board of Directors must publicly disclose the overall fees paid by the Company to the audit firm for audit and non-audit services. Specifically, in 2013 the audit firm PRICEWATERHOUSE COOPERS AUDITORES invoiced the Company € 47,296 (plus VAT) for audit services. Fees paid to the audit firm in 2013 for projects other than the statutory audit amounted to €64,706 (plus VAT). The Audit and Appointments Committee is therefore responsible for managing the relationship with the Company's external auditors, receiving information regarding any matters which could jeopardise the latter's independence and any other issues related to the process for carrying out the audit of the annual accounts, as well as communications on any other matters provided for in prevailing audit legislation and technical standards (Article 22.bis of the Bylaws and Article 13 of the Board Regulations).

Article 34 of the Board Regulations meanwhile regulates the Company's dealings with the markets in general, which encompass the financial analysts and the investment banks with which Dinamia interacts, based on the premises of transparency and non-discrimination. The Management Company coordinates dealings with these agents, handling information requests submitted by them and by institutional and individual investors. The Company is not rated by any credit rating agency.

C.1.36 Indicate whether the company has changed external auditor during the year. If applicable, identify the incoming and outgoing auditors:

Yes

No

In the event of any disagreements with the outgoing auditor, explain their substance:

C.1.37 Indicate whether the audit firm does non-audit work for the company and/or its group. If so, state the fees it receives for such work and the percentage represented by such fees in relation to the total fees invoiced to the company and/or its group:

Yes

No

	Company	Group	Total
Amount of non-audit work (thousand euros)	64,706	0	64,706
Amount from non-audit work / total amount invoiced by the audit firm (%)	57.77%	0.00%	57.77%

C.1.38 Indicate whether the audit report for the annual accounts of the preceding year contained any reservations or qualifications. If so, indicate the reasons provided to shareholders by the Chairman of the Audit Committee to explain the scope and content of said reservations or qualifications.

Yes

No

C.1.39 Indicate how many consecutive years the current audit firm has been auditing the annual accounts of the company and/or its group. Likewise, indicate how many years the current audit firm has been auditing the annual accounts as a percentage of the total number of years for which the annual accounts have been audited:

	Company	Group
Number of consecutive years	7	0
Number of years audited by the current audit firm / number of years the company annual accounts have been audited (%)	41.18%	0.00%

C.1.40 Indicate whether there are procedures in place for directors to receive external advice:

Yes

No

Details of the procedure
<p>Chapter VII of the Board Regulations (Articles 20 and 21) regulates the information furnished to directors. Under Article 20, directors are entitled to request information on any matter relating to the Company that falls under the remit of the Board and to examine its books, accounting records and all manner of documentation, including all information that has been prepared by or is in the possession of the Management Company by virtue of the Management Agreement. This right to information applies to all investees wherever practicable.</p> <p>Information requests must be addressed to the Chairman of the Board who will in turn pass them on to the appropriate contact person in the Company or Management Company. The Chairman shall warn the director in question of the confidential nature of the information requested and provided, recalling his/her confidentiality duty under the Board Regulations.</p> <p>The Chairman may deny the information requested if he/she considers: (i) it is not required for the due performance of the duties incumbent upon the director or (ii) its cost is not reasonable in light of the scale of the issue or in relation to the Company's assets or revenues.</p> <p>New directors may request, when deemed necessary, an induction program to familiarise them with the Company swiftly and in sufficient depth. In addition, the Company may establish refresher programmes for directors when circumstances so advise.</p> <p>Article 21 of the Board Regulations authorises external directors, with a view to helping them to carry out their duties, to request the engagement, at the Company's expense, of legal counsel, accounting experts, financial advisors or other experts. Any such engagement must necessarily relate to specific problems of a certain scale and complexity arising in the performance of their duties. Requests to engage external experts must be addressed to the Chairman of the Company and approved by the Board of Directors, which reserves the right to veto the request if it considers that:</p> <p>(a) it is not necessary for the proper performance of the duties incumbent upon the external directors;</p> <p>(b) its cost is not reasonable in light of the scale of the issue or in relation to the Company's assets or revenues; or</p> <p>(c) the expert assistance sought can be adequately furnished by the Company's experts and technical specialists or by the Management Company.</p>

C.1.41 Indicate whether there are procedures for providing directors with the information they need to prepare for the meetings of the governing bodies sufficiently in advance:

Yes

No

Details of the procedure

Article 14 of the Board Regulations establishes that Board meetings be called with at least seven days' notice and that the call notices always include the agenda for the meeting, attaching all relevant information, duly summarised and drafted.

C.1.42 Indicate whether the company has any rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation and tendering their resignation as the case may be:

Yes

No

Explain the rules

Article 30.2 of the Board Regulations stipulates that directors must inform the Board of developments or situations that could prevent them from dedicating sufficient time and effort to performing their duties effectively. In addition, directors must tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations provided for in Article 18.2 of the Board Regulations:

- When they are in breach of any of the legally-mandated or bylaw-stipulated conflicts of duty or interest.
- If they are severely reprimanded by the Board of Directors, based on a prior report from the Audit and Appointments Committee, for breach of any of their duties as director.
- when their continued presence on the Board jeopardises the interests of the Company, or
- When a shareholder represented by a proprietary director sells its entire shareholding in the Company; alternatively, if such shareholders reduce their holdings, thereby losing some of their entitlement to proprietary directorships, representation should be reduced accordingly.

C.1.43 Indicate whether any member of the board of directors has notified the company that he or she has been indicted or tried for any of the crimes stated in article 213 of the Spanish Companies Act:

Yes

No

Indicate whether the board has analysed the case. If so, give a reasoned explanation of the decision taken as to whether or not the director in question should remain in office or, as appropriate, explain the actions taken by the Board of Directors up to the date hereof, or the actions it intends to carry out.

C.1.44 Detail the significant agreements entered into by the Company that will come into force, be modified or terminate in the event of a change in control of the Company resulting from a takeover bid, and the effects thereof.

The Company has not entered into any agreements that come into effect, may be amended or may be terminated as a result of a change in control of the Company due to a takeover bid.

C.1.45 Indicate in aggregate terms and in detail the agreements between the Company and its administration and management officers or employees that provide for indemnities or golden parachute clauses upon their resignation or unfair dismissal or termination of their contractual relations as a result of a take-over bid or other kind of operation.

Number of beneficiaries: 0

Type of beneficiary:

No

Description of the agreement:

No

Indicate whether these contracts must be reported to and/or approved by the governing bodies of the company or its group:

Body authorising the clauses	Board of Directors No	General Shareholders' Meeting
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Is the General Shareholders' Meeting informed of these clauses?	Yes	No X
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C.2 Board Committees

C.2.1 Provide details of the Board committees, their members, and the proportion of proprietary and independent directors that make them up:

AUDIT AND APPOINTMENTS COMMITTEE

Name	Position	Type
MR NICOLÁS VILLÉN JIMÉNEZ	CHAIRMAN	Independent
MR JOSÉ JAVIER MANZANO CARTER	MEMBER	Independent
MR RAFAEL JIMÉNEZ LÓPEZ	MEMBER	Proprietary
MR FERNANDO D'ORNELLAS SILVA	MEMBER	Independent

% executive directors	0.00%
% proprietary directors	25.00%
% independent directors	75.00%
% other external	0.00%

C.2.2 Complete the following table with information concerning the number of women directors forming part of the Board committees in the last four years:

	Number of women directors							
	FY 2013		FY 2012		FY 2011		FY 2010	
	Number	%	Number	%	Number	%	Number	%
AUDIT & APP. COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 State whether the following functions pertain to the Audit Committee:

	Yes	No
Monitoring the preparation and the completeness of the financial information concerning the company and, where appropriate, the group, checking for compliance with legal provisions, the adequate demarcation of the consolidation scope, and the correct application of accounting principles.	X	

	Yes	No
Reviewing internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed.	X	
Monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; proposing the department's budget; receiving regular feedback on its activities; and verifying that senior management is acting on the findings and recommendations of its reports.		X
Establishing and supervising a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.		X
Making recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of the engagement.	X	
Receive regular information from the external auditor on the progress and findings of the audit program, and verify that senior management is acting on its recommendations.	X	
Monitor the independence of the external auditor	X	

C.2.4 Describe the rules of organisation and procedure and the responsibilities attributed to each of the Board committees.

The Company's sole committee has assumed the duties pertaining to 1) auditing and 2) appointments and remuneration. The Company's Board of Directors determined, based on the specific nature of Dinamia, which has delegated its management to a private equity management company and which does not have its own executive team, that creating an Appointments and Remuneration Committee was not the best course of action. This Committee has been combined with the current Audit Committee in a single delegated body which fulfils the duties of both committees. As well as audit functions, it reports to the Board of Directors on appointments, ratifications and separations of the members of the Board of Directors and their remuneration and performance requirements. The rules governing the organisation and operation of the Audit and Appointments Committee are the following, set out in Article 22.bis of the Bylaws and Article 13 of the Board Regulations:

Composition: The Bylaws and Board Regulations both stipulate that the Audit and Appointments Committee comprise at least three external, non-executive directors appointed by the Board of Directors for a term of three years or until the member in question steps down as director. Members can be reappointed. At end-2013, the Audit and Appointments Committee comprises four external directors (three independent and one nominee): Mr. Nicolás Villén, Mr. Javier Carretero, Mr. Fernando D'Ornellas and Mr. Rafael Jiménez. The Committee Chairman is selected from among the independent director members. The members of the Committee rotate chairmanship on an annual basis. Mr. Javier Carretero was Chairman in 2013 until his replacement by Mr. Nicolás Villén, at a meeting held on 8 May 2013, in accordance with the annual rotation arrangement. The Secretary and Vice-Secretary of the Board of Directors act as non-member Secretary and Vice-Secretary of the Audit and Appointments Committee, respectively. Ms Marta Rios acted as Secretary of the Committee and Mr. Ignacio Zarzalejos acted as Vice-Secretary.

Procedures: The Committee meets quarterly to review the regular financial information to be reported to the authorities and the information to be approved by the Board of Directors. The Committee meets whenever called on to do so by its Chairman, who in turn is obliged to do so whenever the Board or its chair requests it to issue a report or adopt a resolution, and, in any event, whenever a meeting is considered advisable to enable it to correctly perform its duties.

The Committee met seven times during 2013 and revised the regular financial information reported by the company to the CNMV, among other activities. The Committee also reviewed the valuation reports prepared by the Management Company and all director appointment, re-election and ratification proposals. All Committee meetings were attended by a representative of the Management Company and some were also attended by the Company's auditor. No significant incidents were raised at any of the meetings. By virtue of articles 22.bis of the Bylaws and article 13 of the Board Regulations, the Audit and Appointments Committee must draw up an annual report on its activities, highlighting the main incidents arising. In addition, whenever it deems opportune, the Audit and Appointments Committee shall include proposals on how to improve the Company's governance rules in its report. The Audit and Appointments Committee report is available to shareholders and investors on the Company's website. The Committee is entitled to oblige any member of the Company's management team or staff, or of the Management Company, to attend its meetings and to collaborate with it. The Committee may also demand the presence of the auditors and any employee or director of the Management Company. The Audit and Appointments Committee may request advice from external experts.

Functions: Article 22.bis of the Bylaws and article 13 of the Board Regulations vest the following duties in the Audit and Appointments Committee, notwithstanding any others that may be assigned to it:

- Reporting to the General Meeting on matters raised by shareholders on issues within the remit of the Committee.
- Proposing to the Board of Directors, for submission at the General Meeting, the selection, appointment, reappointment or replacement of the external auditor engaged to verify the annual accounts, including the terms of the engagement.
- Reporting to the Board of Directors on the appointment, ratification and removal of Board members, their remuneration and other conditions required to enable them to properly fulfil their duties, and reporting on the appointment and removal of the Secretary or Vice-Secretary.
- Reviewing the Company's annual accounts and interim financial disclosures, overseeing compliance with legal requirements.
- Establishing the relevant relationships with auditors or auditing firms in order to keep informed of any issues which could jeopardise their independence.
- Issuing an annual report expressing an opinion on the independence of the statutory auditor. This report must also cover any additional services provided by the auditors.

- Overseeing the process of preparation and the integrity of the regular financial information which the Board is required to report to the markets and their supervisory bodies, verifying compliance with statutory requirements, the consolidation scope and the proper application of accounting policies. The Audit and Appointments Committee shall inform the Board of decisions concerning financial information that must be publicly disclosed.
- Supervising and ascertaining the effectiveness of the Company's internal control, internal audit, and risk management systems, and discuss weaknesses detected in the internal control system with the statutory auditor.

C.2.5 Indicate, if applicable, any regulations governing the Board committees, the place where they are available for consultation and any amendments to the same during the financial year. State whether any annual report has been drawn up voluntarily on the activities of each committee.

The Audit and Appointments Committee's structural and procedural rules are set out in the Board Regulations and the Bylaws, which can be consulted at the Company's website (www.dinamia.es) and the CNMV. The Audit and Appointments Committee draws up an annual report on its activities, highlighting the main incidents arising, if any, in relation to the duties assigned to it. When deemed appropriate, this report includes proposals for the improvement of the Company's governance regulations. The Audit and Appointments Committee report is available to shareholders and investors at the Company's website.

C.2.6 Indicate whether the composition of the executive committee reflects the participation within the board of the different types of directors

Yes

No

If not, describe the composition of the executive committee

The Board of Dinamia has not set up an executive committee and therefore this section is not applicable.

D RELATED PARTY AND INTRA-GROUP OPERATIONS

D.1 Identify the competent body and explain, if appropriate, the procedure for approving operations with related parties and intra-group operations.

Competent body for approving related-party operations

The Board of Directors, after receiving a report from the Audit and Appointments Committee.

Procedures for the approval of related-party operations

In accordance with Board Regulations, the decisions on related-party transactions are taken by the Board of Directors based on a prior report from the Audit and Appointments Committee.

Explain whether the approval of transactions with related parties have been delegated, indicating, where appropriate, the body or persons concerned.

The approval of related-party transactions has not been delegated to any other body.

D.2 List transactions which are significant due to their amount or relevant due to their substance carried out between the company or Group entities and the company's significant shareholders:

Name or business name of significant shareholder	Name or business name of group company or entity	Nature of relationship	Type of transaction	Amount €'000
ELECTRA PARTNERS, LLP	DINAMIA CAPITAL PRIVADO S.A., SCR	Contractual	Other	1,890

D.3 List transactions which are significant due to their amount or relevant due to their substance carried out between the company or Group entities and the company's directors or executives:

D.4 List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the consolidated annual accounts and whose purpose or terms fall outside the company's ordinary course of business

In any event, information must be provided concerning any intra-group operations carried out with entities established in countries or territories which are classed as tax havens:

D.5 State the amount of transactions carried out with other related parties.

13,969 (thousand euro).

D.6 List the mechanisms established to detect, determine and resolve potential conflicts of interest between the Company and/or its group and its directors, officers or significant shareholders.

Under article 26 of the Board Regulations, directors are required to notify the Board of any conflicts of interest and refrain from attending and participating in discussions which may affect matters in which they might have a personal interest. There is also a personal interest of the director when the matter affects related persons, understood to be the following:

Directors who are natural persons: (a) spouse or person with an analogous relationship; (b) parents, children and siblings of the director or the director's spouse; (c) the spouses of parents, children and siblings of the director; (d) companies in which the director, directly or through a representative, comes under any of the conditions envisaged in Article 42.1. of the Spanish Commercial Code.

For directors that are legal entities, related persons are understood to be the following: (a) shareholders that meet any of the conditions envisaged Article 42.1. of the Spanish Commercial Code; (b) directors, de facto or de jure, liquidators and legal representatives with general powers of attorney of the legal entity director; (c) companies in the same group and (d) individuals deemed related parties of the individual representing the legal entity director.

Directors may not provide the company with professional services or commercial transactions, whether directly or indirectly, unless they report the conflict of interest with due notice and the Board of Directors approves the transaction. In the case of transactions falling within the ordinary course of the Company's business that are customary, a standard form agreement will suffice. Directors must not use the company's assets or their position at the Company for their own profit except in exchange for adequate consideration. Directors must observe the rules of conduct established in prevailing securities markets legislation, particularly the rules laid down in the Company's Internal Securities Markets Code.

Article 12 of Dinamia's internal Code of Conduct sets out the general principles to be upheld by the persons it applies to (Article 1.3. of the Code) that are subject to conflict of interest, as follows:

(a) Independence: Qualifying Persons must act in good faith in what they consider to be the interests of Dinamia and its shareholders, irrespective of their own or other interests. They must refrain from placing their own interests over those of the Company, and from placing the interests of one shareholder over those of others.

(b) Abstention: Qualifying Persons must abstain from participating in or influencing decisions regarding transactions that may affect conflicted persons or entities and from obtaining confidential information concerning the conflict in question.

(c) Communication: Qualifying Persons must notify the Secretary or Vice-Secretary of potential conflicts of interest deriving from their activities outside of Dinamia, their family relationships, their personal finances or arising for any other reason with Dinamia, Dinamia's suppliers or significant shareholders, entities engaged in the same type of business or competing with Dinamia, and the Management Company.

In a written notification, the conflicted Qualifying Person must indicate whether the potential conflict affects him or her directly or through someone with which there is a close relationship. The notification must specify the situation giving rise to the conflict, detailing the purpose and main terms of the planned transaction or decision, its amount or an estimation of its economic value, and the department or person at the Company or Management Company with which initial contact has been made.

Any questions regarding the potential existence of a conflict of interest must be addressed to the Secretary or Vice-Secretary. The final decision is the responsibility of the Audit and Appointments Committee.

A conflict of interest is considered to exist when the Qualifying Person meets any of the conditions in relation to the entities referred to in the preceding paragraph: being a director or senior company officer; holding a significant interest (for listed companies as described in Article 53 of Law 24/1988 on the Securities Market and enabling regulations thereof, and for unlisted Spanish or foreign companies, any direct or indirect holding over 20% of issued share capital); having a family relationship up to the second degree with the company's directors, significant shareholders or senior officers; maintaining relevant contractual relations.

All transactions giving rise to a conflict of interest will be subject to approval by the Company's Board of Directors on the basis of a favourable report by the Audit and Compensation Committee.

Through the Audit and Compensation Committee, the Board is responsible for ensuring that related party transactions go through on an arm's length basis and comply with the principle of equality of treatment of shareholders.

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

Yes

No

Identify the subsidiaries listed in Spain:

Listed subsidiary:

Indicate whether the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies have been disclosed publicly and accurately;

Define any business dealings between the parent company and the listed subsidiary, and between it and the other group companies

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms to resolve potential conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System.

Dinamia has a Risk Management System which aims to ensure that risks with a potential impact on the business objectives of the company are identified, analysed, evaluated, managed and controlled in a systematic manner with consistent criteria and within defined risk tolerance levels.

The Risk Management System covers Dinamia itself, as a listed venture capital company, Dinamia's Management Company, and its subsidiaries. Due to Dinamia's structure (it has delegated the management of its assets to management company and has no employees or managers) and for organisational reasons, this system involves the managerial and operational staff of Dinamia's Management Company.

According to the Unified Listed Company Corporate Governance Code published on 19 May 2006 by the CNMV the Board of Directors is responsible for approving risk control and management policy. In this policy the scope of the risk management system is defined, the different types of risks are identified, the level of risk tolerance the company considers acceptable is set and the responses and control mechanisms required to mitigate these risks are determined.

E.2 Identify the company bodies responsible for the development and implementation of the Risk Management System.

As mentioned above, Dinamia's Board of Directors has ultimate responsibility for the existence and maintenance of an adequate system of risk management, delegating the responsibility for supervising the system to the Audit and Appointments Committee and the system's implementation and updating to the management of the Management Company.

Within this framework of responsibilities, Dinamia's Board of Directors has approved, as part of the Risk Management Protocol, an organisational structure of the Risk Management System according to which it delegates responsibility for implementation and updating of the system to the Management Company, designating the latter's CFO as Dinamia's Corporate Risk Manager. This Manager has primary responsibility for coordinating, on at least an annual basis, the identification and evaluation of key risks, and the identification of responses and controls in operation and, where appropriate, the necessary action plans.

The Risk Managers appointed by the Corporate Risk Manager are also involved in this process. The leaders of Dinamia's investees' investment teams have been appointed risk managers and investor relations managers in this respect, among other issues.

The Corporate Risk Manager reports, when so requested by Dinamia's Board of Directors or Audit and Appointments Committee or, failing that, at least annually, on the updated risk map, which includes a catalogue of risks, Dinamia's most relevant risks, responses and controls in operation and possible action plans for each risk. In addition, the Audit and Appointments Committee approves annually the risk tolerance for Dinamia at the proposal of the Corporate Risk Manager. Further, any change in the organisational structure of the Risk Management System must be approved by the Audit and Appointments Committee and at the proposal of the Corporate Risk Manager.

E.3 Describe the main risks that may affect the achievement of business objectives.

In line with the risk identification process, the main risk categories that are most relevant to Dinamia and therefore are integrated into the risk management system are:

- Business scenario risks: Scenario risks are mainly due to Dinamia being a venture capital company listed on the Spanish stock market with investments in the Iberian market (Spain and Portugal). In this respect, the current weakness of the Spanish stock markets and the present economic situation could entail a risk of some relevance, mainly in terms of share price on the continuous market and the fulfilment of the business expectations of the investee companies, although these factors may influence the difficulty of divesting and the ease or cost of securing financing for the investees' growth.

Moreover, the regulatory environment to which the company is subject is a key issue that must be taken into account. In this respect, although the company does not invest in regulated sectors, relevant regulatory changes could end up having a significant impact on the development of the company's investment business.

- Strategic and financial risks: Such risks can arise from the nature, positioning and management of analysts and financial institutions, as well as from Dinamia's shareholders.

- Risks derived from Dinamia's Management Company: The main risk areas focus on possible errors in the investment and divestment activities. To minimise such errors, the Management Company has qualified investment teams led by partners responsible for investments. In addition, this company has prestigious external advisors that serve as support in each investment or divestment process and in the monitoring of investee companies.

People management is another of the areas identified as key in the Management Company. In this respect, it has development and compensation plans that enable key personnel objectives to be aligned with the objectives of the Management Company and Dinamia.

- Risks derived from investee companies: On a business level, the main source of risk for Dinamia is that the investees fail to meet their defined objectives. However, as already mentioned the activity of the investees is permanently monitored by the Management Company's management teams in association with qualified investment teams and prestigious external advisers.

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

Dinamia's Board of Directors has approved Dinamia's Risk Management Protocol, at the proposal of the Audit and Appointments Committee. Said Protocol defines Dinamia's risk tolerance level and the scales for assessing risks on the basis of their impact and likelihood of occurrence

In order to adapt to the greatest extent possible to Dinamia's strategy and business conditions, this tolerance and the rating scales must be approved at least annually by the Audit Committee, at the proposal of the Corporate Risk Manager.

The defined risk rating scales take into account the various aspects of the financial impact (on the value of investments and net profits, among other items) and the reputational impact. These scales provide guidelines that enable a consistent assessment of the Company's risks by the Risk Managers. In addition, these rating scales consider the probability of occurrence of each risk, based on expectations of their materialising in the year following the date on which they are rated.

Besides impact and likelihood, for each risk level the degree of preparedness and response capacity of Dinamia, the Management Company and the subsidiaries are assessed, identifying responses and controls for key operational risks.

E.5 Indicate which risks have materialised during the year.

During 2013 some of the risks inherent to Dinamia's business activity emerged, triggered by the development of the operations themselves, the business and the current economic environment in Spain.

The control mechanisms implemented by Dinamia functioned properly, allowing the impact of such risks on the present and annual accounts to be minimised.

E.6 Explain response and supervision plans for all the company's major risks.

Each of Dinamia's Risk Managers defines and prepares the responses and control mechanisms based on each key risk and their area of responsibility. Section E.3 includes a more detailed account of the response plans in place in 2013.

Dinamia has a Risk Management Protocol setting out the response and control plans which have been documented and systemised by each Risk Manager.

The supervision of the effectiveness of the Risk Management System is carried out on various levels within the investees, the Management Company and Dinamia. The investment teams are responsible for supervising risk management in the investee companies. The Corporate Risk Manager supervises risk management by these investment teams and risk management in Dinamia's Management Company. In the last instance, the supervision of the effectiveness of the Risk Management System is carried out by the Audit and Appointments Committee through the regular analysis of reporting by the Management Company and the Corporate Risk Manager.

F INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS FOR THE DISCLOSURE OF FINANCIAL INFORMATION (FIICS)

Describe the mechanisms that comprise the risk control and management systems in relation to the process for the disclosure of financial information in your entity.

F.1 The Company's control environment

Describe, stating the main characteristics, at least, of the following:

F.1.1. The bodies and/or functions which are responsible for: (i) the existence and maintaining of an appropriate and effective FIICS; (ii) its implementation; and (iii) its supervision.

According to Article 5 of the Company's Board of Directors' Regulations, the Board is the Company's most senior decision-making body, and its functions in relation to financial reporting include, most notably, the following: (I) the preparation of the annual accounts and directors' report and the application of the Company's profits; and (ii) the review of the financial information which the company must report regularly as a listed company.

In addition, Article 22 bis of the Company's Bylaws and Article 13 of the Board Regulations indicate the functions and responsibilities of the Audit and Appointments Committee in relation to the system of internal control over financial reporting, which include the following:

- Reviewing the Company's annual accounts and interim financial disclosures, overseeing compliance with legal requirements and the correct application of generally accepted accounting principles;
- Monitoring the preparation and the completeness of the interim financial information that the Board must provide the markets and the market regulators regarding the Company and its Group, checking for compliance with legal provisions, the adequate demarcation of the consolidation scope, and the correct application of accounting principles;
- Supervising the internal audit services, reviewing the Company's accounts and financial information, ensuring compliance with legal requirements and the correct application of generally accepted accounting principles; and
- Supervising and knowing the effectiveness of the Company's internal controls, internal audit, and where applicable, risk management systems, which includes discussing any weaknesses detected in the internal control system in the course of the audit with the statutory auditor.

In addition, the Board of Directors has reviewed and familiarized itself with the FIICS Supervision Protocol drawn up by the Management Company, which establishes that "the supervision of the IRFCS shall be entrusted to the Company's Audit and Appointments Committee, whose supervisory activities shall consist of: supervising the adequate design and efficacy of the FIICS, with the support of the Management Company's Internal Audit function; and (ii) supervising, prior to issue by the Board of Directors, the process for the preparation and reporting of regulated financial information.

The aforementioned Protocol also stipulates that the Audit Committee must adopt a proactive approach in the analysis of areas key to the control and supervision of the FIICS and is to entrust the execution of the work for the supervision and evaluation of the FIICS to the support functions of the Management Company, such as the Internal Audit function or other experts,

as the persons responsible for reviewing valuation reports, maintaining with such persons a communicative relationship favourable to the fulfilment of its supervisory duties.

The Company's Board of Directors has concluded an agreement a management company, N+1 Capital Privado, Sociedad Gestora de Entidades de Capital Riesgo, S.A.U. whereby the latter assumes the management of the company's affairs, including, inter alia, the implementation of the Company's internal financial reporting control system.

F.1.2. Whether the following exist, particularly in relation to the process for the preparation of financial information:

- The departments and/or mechanisms which are responsible for: (i) devising and reviewing the organizational structure; (ii) clearly defining lines of responsibility and authority and a suitable distribution of tasks and functions; and (iii) ensuring that there are sufficient procedures in place for this information to be correctly communicated within the Company.

In view of the special characteristics of the Company, whose management has been delegated to a venture capital entities management company, and which therefore has no management team, the guidelines established by the Management Company are adhered to in relation to its organizational structure and the definition of lines of responsibility and authority and the adequate distribution of tasks and functions, and the correct dissemination of this information within the Company. The Management Company has a Procedures Manual which describes its processes, identifying the bodies, persons and documentation of key importance for its control. This procedures manual includes, among others, references to key processes in Dinamia's activities, such as financing, investment, management and disinvestment in investees.

The Management Company's Procedures Manual is located within a shared network pertaining to the Management Company, access to which is restricted to those employees to whom it is applicable.

- Code of conduct, approving body, degree of distribution and training, principles and values included (indicate whether there is any specific mention of the recognition of transactions and preparation of reporting information), body responsible for analysing breaches and proposing corrective actions and penalties.

The view held by the Board of Directors is that the fundamental aspects capable of affecting the risk of material misstatement in financial information relate primarily to the processes for the valuation of the investments portfolio; this risk is therefore closely monitored through the Audit and Appointments Committee and an independent third party which reviews on a half-yearly basis the portfolio valuation report issued by the Management Company. The Management Company has its own internal Regulations on Conduct which set out the principles and ethical values which its employees are required to adhere to in their conduct and which are applicable, obligatorily, to all persons working within it. There are also strict rules for the management of any conflict of interest that could arise from the company's transactions. In any event, the members of the Audit Committee who supervise financial information are appointed in view of their knowledge and experience in accounting, auditing or risk management, as envisaged in Article 13.1 of the Company's Board of Directors' Regulations, and the directors are informed in general terms of regulatory and legislative changes made in these areas.

Further, as a listed entity, the Company has its own Internal Regulations on Conduct in securities markets ("the Regulations") which have been approved by its Board of Directors and can be accessed via its web site. These Regulations which are applicable not only to the Dinamia Board of Directors, but also to the Management Company itself, its directors, senior managers and shareholders, establish the rules of conduct and supervision to be applied in operations performed by the Company relating to securities markets. Among other rules of conduct, they establish rules in relation to inside and significant information and the recording of operations, situations classed as conflicts of interests, and restrictions upon securities transactions.

The body responsible for monitoring compliance with the aforementioned Regulations is the Audit and Appointments Committee. In the event of detecting any breach of the rules established in the Regulations, this is the body responsible for conducting disciplinary proceedings against the persons subject to such rules.

- Complaints channel that allows the communication to the audit committee of financial and accounting irregularities, as well as breaches of the code of conduct and malpractice within the organisation, reporting whether or not the matters concerned are confidential.

The Company has an internal procedure for reporting irregularities; this takes the form of an e-mail accessible via the Intranet info@dinamia.es which can be used, among other purposes, to report financial irregularities committed by Company shareholders. Such reports are analysed by the person within the Management Company who is in charge of relations with investors and are analysed internally within the Management Company. The Company is currently strengthening and implementing a channel that allows employees of the Management Company to communicate directly with the company's Audit and Appointments Committee.

- Regular training and refresher courses for staff involved in the preparation and review of financial information, as well as in the evaluation of the FIICS, covering, at minimum, accounting standards, auditing, internal control and risk management.

Management Company personnel involved in the preparation and review of financial information, as well as in the evaluation of the FIICS, are kept current with changes and regulatory developments relating to accounting standards, audit, internal control and risk management thanks to agreements between the Management Company and legal advisers, tax advisers and prestigious audit firms.

F.2 Financial information risk assessment

Describe, at least:

F.2.1. The main features of the process for the identification of risks - including the risk of misstatement or fraud - with respect to:

- Whether the process exists and is documented.

The Company's Board of Directors has familiarized itself with the Procedures Manual of the Management Company which documents and describes key processes in financing activities, investment activities and the management of investees, and which, for each of these areas, identifies risks and the control processes which help to mitigate

said risks, particular attention being paid to control processes in relation to risks of material misstatement in the financial information which is presented to the market, the persons involved in such processes, and the supporting documentation.

- Whether the process covers all financial reporting objectives (existence and occurrence; completeness; assessment; presentation, breakdown and comparability; and rights and obligations), and whether it is updated, and with what frequency.

According to the process applied to identify risks of material misstatement in financial reporting, and taking into consideration the activity performed and balance sheet structure of the vehicles managed, the understanding of the Audit and Appointments Committee is that the area of greatest risk is the valuation of the investment portfolio. Other than this risk, no other significant risks have been identified.

- The existence of a process of identifying the scope of consolidation, taking into account, among other issues, the possible existence of complex corporate structures, or special purpose entities.

The Company does not currently form part of a group.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent they affect the annual accounts.

The area of greatest risk in the preparation of the annual accounts is the valuation of the investment portfolio. Other than this risk, no other significant risks have been identified. However, with respect to this point we refer readers to paragraph E above concerning the Risk Management System.

- Which governing body of the entity oversees the process.

The Audit and Appointments Committee is the body responsible for overseeing the process of risk identification, carried out by the Management Company.

F.3 Control activities

Describe, stating the main characteristics, whether the following are available:

F.3.1. Review and authorisation procedures for the financial information and the description of the FIICS to be reported to the stock markets, indicating the persons responsible, and the documentation describing activity and control flows (including those relating to fraud risks) for the different types of transactions that may have a material impact on the annual accounts, including the procedure used for the accounting close and the specific review of relevant judgments, valuations, estimates and projections.

The Management Company has a Procedures Manual applicable to the Company which describes the controls which mitigate the risks of material misstatement in financial information relating to the various processes and activities, and the main judgments and estimates made: (i) Process for the financing and administration of the company: obligations vis-à-vis the regulator/supervisor, obligations regarding information and reporting to investors, obligations vis-à-vis the tax authorities and internal administration and accounting policies, including the process for the closing of accounts, highlighting the obtaining of periodic financial information from investments, and the process for making judgments and estimates in relation, primarily, to the valuation of investments; (ii) Investment process: emergence of opportunities, approval of opportunities, execution of the investment; (iii) Portfolio management process: financial information, monitoring and decision-making mechanisms and disinvestment processes. The financial information and the description of the FIICS prepared by the Management Company is reviewed and approved by the Audit and Appointments Committee and Board of Directors, as well as by independent experts.

F.3.2. Internal control policies and procedures for information systems (including access security, control over changes, implementation of changes, operating continuity and segregation of duties) which support the entity's significant processes in relation to the preparation and publication of financial information.

The relevant processes of the Company in connection with the preparation of its financial information are based on the regulations and procedures of the Management Company. There is a System Security Policy, a Contingency Plan and Business Continuity Plan which constitute the highest regulatory level, in relation to information security. Its content is related to issues such as access security, change control, file management, the acquisition, development and maintenance of information systems, management of business continuity and segregation of duties, primarily.

F.3.3. Internal control policies and procedures for supervising the management of activities outsourced to third parties, as well as aspects of assessment, calculation or measurement entrusted to independent experts, which may have a material impact on the annual accounts.

The Management Company has outsourced its accounting service to the service provider Accentia and the Management Company's Procedures Manual reflects the control mechanisms established by the Management Company to ensure that the accounting entries recorded by Accentia are correct. Specifically, the Management Company CFO is responsible for overseeing all information reported by Accentia, giving evidence of approval by initialling the accounting document drawn up by Accentia.

F.4 Information and communications

Describe, stating the main characteristics, whether the following are available:

F.4.1. A specific function whose task is to define, maintain and update accounting policies (accounting policy area or department), as well as to resolve any queries or conflicts arising from their interpretation, ensuring that there is fluent communication with the persons in charge of operations within the organization, and an accounting policy manual which is kept up to date and distributed among the units through which the entity operates.

This function corresponds to the Management Company, which is responsible for updating accounting standards in accordance with currently applicable legislation.

As has been mentioned above, the Audit and Appointments Committee's function is to supervise internal audit services, and to review the annual accounts and the Company's periodic information, ensuring that legal requirements are met and that generally accepted accounting principles are correctly applied. In view of the Company's characteristics and its activity, the Management Company does not consider it efficient to maintain a formalised manual of accounting policies.

F.4.2. Mechanisms for gathering and preparing financial information using standard formats, which are applied and used by all the company or group units and which support the main annual accounts and the notes thereto, as well as the information on the FIICS mentioned above.

As has been indicated above, the Company is not under the obligation to draw up consolidated annual accounts. In relation to the financial information on investments which is necessary as part of the process for their valuation, the Company has not considered it necessary to establish standardized formats to be used by them.

Accounting tasks in Dinamia have been outsourced to the service provider Accentia which keeps the books of account of the Management Company, it being the Management Company which has access to the systems used by Accentia and which undertakes the preparation of the financial information to be reported to markets. In addition, the Manager is responsible for preparing the financial information to be disclosed to the markets.

F.5 Supervision of the functioning of the system

Describe, stating the main characteristics, at least, of the following:

F.5.1. The supervision of the FIICS carried out by the audit committee and whether the entity has an internal audit function whose competences include supporting the Audit Committee in its supervision of the internal control system, including the FIICS. The scope of the assessment of the FIICS in the year will be described along with the

procedure whereby the manager responsible for implementing the evaluation reports its results, if the entity has an action plan detailing any corrective measures, and whether it has considered its impact on financial reporting.

The Management Company has outsourced the Internal Audit function to the service provider Internal Audit and Financial Control, S.L. ("Interafi") which acts as the Company's Internal Audit Unit, supporting the work of the Company's Audit and Appointments Committee for the supervision and assessment of the FIICS. As provided in the FIICS Supervision Protocol, the Internal Audit Unit prepares an annual FIICS monitoring report on FIICS, which is presented to company's Audit and Appointments Committee. The Management Company's FIICS Supervision Protocol indicates the main tests to be performed by Internal Audit Unit in relation to obligations vis-à-vis the regulator.

F.5.2. Whether there is a discussion process whereby the auditor (as established in the NTA), the internal audit function and other experts can inform senior management and the Audit Committee or the Company's directors of significant internal control weaknesses detected during the processes for the review of the annual accounts, or any other processes entrusted to them. It also reports as to whether there is an action plan to correct or mitigate identified weaknesses.

The Audit and Appointments Committee meets at least once every quarter in order to obtain and analyse the financial information to be reported to markets, which is required to be submitted to the Board of Directors for approval prior to publication in markets.

In addition, there are channels of communication established with the external auditor, and meetings with the external auditor take place once a year at least.

The internal auditor of the Management Company presents to the Company's Audit and Appointments Committee every year the results of the audits performed, and it prepares a report on the supervision of the FIICS which is presented and sent to both the Company's Audit and Appointments Committee and the Board of Directors.

F.6 Other relevant information

See previous sections.

F.7 External auditor's report

State:

F.7.1. Whether the FIICS information reported has been revised by the external auditor, in which case the corresponding report should be attached as an appendix. If it has not, the reasons for this should be indicated.

See attached.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree to which the company is in compliance with the recommendations of the Unified Corporate Governance Code.

In the event that any recommendation is not followed or partially followed, give a detailed explanation of the reasons so that shareholders, investors and the market in general, have sufficient information to evaluate the company's actions. General explanations will not be 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.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Compliant

Explanation

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

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

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

See sections: D.4 and D.7

Compliant

Partially compliant

Explanation

Not applicable

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:

a) **The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;**

b) **Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;**

c) **Operations that effectively add up to the company's liquidation.**

See section: B.6

Compliant

Partially compliant

Explanation

The Company's corporate purpose is to take temporary equity interests in companies other than financial institutions or real estate companies that, at the time of investment, are not listed on any of the stock markets managed by Bolsas de Valores or on any equivalent European Union or OECD market. In accordance with its objects, The Company may grant participating loans and other forms of financing. In this respect, transactions such as subsidiarisation or reallocation to subsidiaries of core activities formerly carried out by the Company in order to transform listed companies into holding companies do not occur and have never been submitted to the shareholders' meeting. By virtue of the Company's business activities and organisational structure, the Company itself is a holding company. Moreover, article 20 of the Company's Bylaws stipulates that the Company delegate its asset management in a private equity management company. Given the nature and structure of Dinamia, the Company does not have fundamental operating assets other than the capital that the Management Company avails of to invest in prospective investment opportunities and its shareholdings in existing investees. The acquisition and disposal of operating assets does not imply a change of corporate purpose as the acquisition and sale of investments in other companies is, precisely, the Company's core business.

4. Detailed proposals of the resolutions to be adopted at the general shareholders' meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the meeting notice.

Compliant

Explanation

5. Separate votes should be taken at the general shareholders' meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

a) **The appointment or ratification of directors, with separate voting on each candidate;**

b) **Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.**

Compliant

Partially compliant

Explanation

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

Compliant

Explanation

7. 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 interests and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

Partially compliant

Explanation

8. The board should see the core component of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

a) **The company's general policies and strategies, and in particular:**

i) **The strategic or business plan, management targets and annual budgets**

ii) **Investment and financing policy**

iii) **Definition of the structure of the corporate group**

iv) **Corporate governance policy**

v) **Corporate social responsibility policy**

vi) **Remuneration and management performance evaluation policies**

vii) Risk control and management, and the regular monitoring of internal information and control systems

viii) Dividend policy, as well as the policies and limits applying to treasury stock

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their indemnity clauses.

ii) Directors' compensation and, in the case of executive directors, the additional consideration for their management duties and other contractual conditions.

iii) The financial information that all listed companies must periodically disclose.

iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval falls within the remit of the general shareholders' meeting;

v) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions").

However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on a general basis to a large number of customers;
2. They are carried out at market rates, generally set by the party supplying the goods or services;
3. Their amount is not more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the audit committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the executive committee in urgent cases and later ratified by the full board.

See sections: D.1 and D.6

Compliant

Partially compliant

Explanation

The power to approve most of the items listed in this recommendation that are applicable to the company is reserved to the Board. In light of the Company's business activities and organisational structure, namely the fact that there are no executive directors or officers

and that, in accordance with article 20 of its Bylaws, the Company's asset management has been entrusted to a private equity management company, some of the Board powers or decisions itemised above do not apply to the Company.

9. In the interests of maximum effectiveness and participation, the board of directors should ideally comprise no fewer than five and no more than fifteen members.

See section: C.1.2

Compliant

Explanation

10. External directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.3 and C.1.3.

Compliant

Partially complain

Explanation

11. Among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

In large cap companies where few or no equity holdings attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.

In companies with a plurality of shareholders represented on the board but not otherwise related.

See sections: A.2, A.3 and C.1.3

Compliant

Explanation

12. The number of independent directors should represent at least one third of all board members.

See section: C.1.3

Compliant

Explanation

13. The nature of each director should be explained by the board at the general shareholder meeting, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the appointments committee. The said report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity interest is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: C.1.3 and C.1.8

Compliant

Partially complain

Explanation

14. When women directors are few or non-existent, the appointments committee should take steps to ensure that when vacancies arise:

a) **The selection processes are not implicitly biased against women candidates;**

b) **The company makes a conscious effort to include women with the target profile among the candidates for board places.**

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Compliant

Partially compliant

Explanation

Not applicable

There is no implicit bias against female director candidates. Article 16 of the Board Regulations stipulates that the Board of Directors - and the Audit and Appointments Committee within its remit - endeavour to select candidates of recognised solvency, competence and experience. Although not expressly stated in Dinamia's in-house rules, in practice the Audit and Appointments Committee is tasked with ensuring that when Board vacancies arise, the selection procedures contain no implicit bias against female candidates.

15. The Chairman, as the person responsible for the proper operation of the board of directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairs of the relevant board committees.

See sections: C.1.19 and C.1.41

Compliant

Partially complain

Explanation

16. When a company's chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the chairman.

See section: C.1.22

Compliant

Partially compliant

Explanation

Not applicable

17. The Board Secretary should take care to ensure that the Board's actions:

a) **Comply with the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;**

b) **Comply with the company bylaws and the regulations of the general shareholders' meeting, the board of directors and others;**

c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the secretary, his or her appointment and removal should be proposed by the appointments committee and approved by a full board meeting, the relevant appointment and removal procedures being spelled out in the board's regulations.

See section: C.1.34

Compliant Partially complain Explanation

18. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: C.1.29

Compliant Partially complain Explanation

19. Director 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.

See sections: C.1.28, C.1.29 y C.1.30

Compliant Partially complain Explanation

20. When directors or the secretary express concerns about some 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 minute book.

Compliant Partially compliant Explanation Not applicable

21. The board in full should evaluate the following points on a yearly basis:

a) The quality and efficiency of the board's operation;

b) Based on a report submitted by the appointments committee, how well the chairman and chief executive have carried out their duties;

c) The performance of its committees on the basis of the reports furnished by the same.

See sections: C.1.19 and C.1.20

Compliant Partially complain Explanation

22. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the chairman or secretary.

See section: C.1.41

Compliant

Explanation

23. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: C.1.40

Compliant

Explanation

24. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Compliant

Partially compliant

Explanation

25. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) **Directors should apprise the appointments Committee of any other professional obligations, in case they might detract from the necessary dedication;**

b) **Companies should lay down rules about the number of directorships their board members can hold.**

See sections: C.1.12, C.1.13 and C.1.17

Compliant

Partially compliant

Explanation

Dinamia's Board Regulations do not contain any specific rules about the number of directorships its Board members can hold. However, the Board Regulations do stipulate that directors must inform the Board of directorships held at other listed companies and of developments or situations that could hinder the dedication required of the post.

26. The proposal for the appointment or renewal of directors which the board submits to the general shareholders' meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

a) **At the proposal of the appointments committee, in the case of independent directors.**

b) **Subject to a report from the appointments committee in all other cases.**

See section: C.1.3

Compliant

Partially compliant

Explanation

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

- a) **Professional experience and background;**
- b) **Directorships held in other companies, listed or otherwise;**
- 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) **The date of their first and subsequent appointments as a company director, and;**
- e) **Shares held in the company and any options on the same.**

Compliant

Partially complaint

Explanation

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

See sections: A.2 , A.3 and C.1.2

Compliant

Partially complaint

Explanation

29. 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 appointments committee. In particular, it is understood that a just cause exists when a director has breached the duties inherent to his position or has become involved in one of the circumstances whereby he is no longer independent, pursuant to Order ECC/461/2103

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 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Compliant

Explanation

30. 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.

If a director is indicted or tried for any of the crimes stated in Article 213 of the Spanish Companies Act 2010,

the board should examine the matter as swiftly as possible and, in view of the particular circumstances decide whether the director concerned should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

Compliant

Partially compliant

Explanation

31. Compliant 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 or 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.

Compliant

Partially compliant

Explanation

Not applicable

32. 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.

See section: C.1.9

Compliant

Partially compliant

Explanation

Not applicable

33. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

Compliant

Partially compliant

Explanation

Not applicable

34. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Compliant

Explanation

Not applicable

35. Remuneration linked to the company's performance must be taken into account any qualifications included in the external auditor's report that might reduce the company's profits.

Compliant

Explanation

Not applicable

36. In the case of variable remuneration, the remuneration policies must include limits and the requisite technical precautions to ensure that the remuneration is commensurate with the professional performance of the

beneficiaries and is not simply derived from the general performance of the markets or sector in which the company operates, or similar circumstances.

Compliant

Explanation

Not applicable

37. When the company has an 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.

See sections: C.2.1 and C.2.6

Compliant

Partially compliant

Explanation

Not applicable

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Compliant

Explanation

Not applicable

39. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, for Appointments and Remuneration.

The rules governing the make-up and operation of the audit committee and the appointments and remuneration committee or committees should be set out in the Board Regulations, and include the following:

- a) **The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;**
- b) **These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the committees' invitation.**
- c) **Committees should be chaired by an independent director.**
- d) **They may engage external advisors, when they feel this is necessary for the discharge of their duties.**
- e) **Meeting proceedings should be minuted and a copy sent to all board members.**

See sections: C.2.1 and C.2.4

Compliant

Partially compliant

Explanation

In light of Dinamia's business structure (specifically the fact that its assets are managed by a Management Company and that it has neither employees or officers), Dinamia's Board of Directors has set up just one Board committee, called the Audit and Appointments Committee, which has assumed the duties ascribed in prevailing corporate government recommendations to both the audit committee and the

appointments and remuneration committee to the extent that they apply to the Company. The rules governing the composition and operation of this committee are contained in the Board Regulations and cover the matters itemised in Recommendation 39 (items a) through e)) above to the extent that they apply to the Company.

40. Supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the audit committee, the appointments committee or, as the case may be, separate compliance or corporate governance committees.

See sections: C.2.3 and C.2.4

Compliant

Explanation

41. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Compliant

Explanation

42. Listed companies should have an internal audit function, under the supervision of the audit committee, to ensure the proper operation of internal reporting and control systems.

See section: C.2.3

Compliant

Explanation

43. 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.

Compliant

Partially compliant

Explanation

44. Control and risk management policy should specify at least:

a) **The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance- sheet risks;**

b) **The determination of the risk level the company sees as acceptable;**

c) **Measures in place to mitigate the impact of risk events should they occur;**

d) **The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance- sheet risks.**

See section: AND

Compliant

Partially compliant

Explanation

45. The audit committee's role should be:

1. With respect to internal control and reporting systems:

- a) To ensure the adequate disclosure and management of the main risks identified as a result of the supervision of the company's internal control efficiency and internal audit function.
- b) To monitor the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; proposing the department's budget; receiving regular feedback on its activities; and verify that senior management is acting on the findings and recommendations of its reports.
- c) To establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.

2. With respect to the company's external auditor:

- a) To receive regular information from the external auditor on the progress and findings of the audit program, and verify that senior management is acting on its recommendations.
- b) To monitor the independence of the external auditor, to which end:
 - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
 - iii) Investigation of the issues giving rise to the resignation of any external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Compliant

Partially compliant

Explanation

In relation to the reporting and internal control functions, the Company's assets are managed by a private equity management company, as stipulated in article 20 of the Bylaws.

As a result it is the Management Company of Dinamia that monitors and supervises the audit and reporting systems, although the internal audit function has been outsourced. The Audit and Appointments Committee supervises the risk management policy devised by the Management Company. In addition the Company has no employees or group, so that confidential staffs reporting channels are not necessary. Likewise, it is not necessary for the committee to urge the group auditor to assume responsibility for the auditing of all the component companies.

46. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant

Explanation

This recommendation is not applicable as the Company has no employees or officers.

47. The audit committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

- a) **The financial information that all listed companies must periodically disclose. The Committee shall ensure that the interim annual accounts are drawn up under the same accounting principles as the annual statements, to which end it may ask the external auditor to conduct a limited review.**

b) **The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.**

c) **Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.**

See sections: C.2.3 and C.2.4

Compliant Partially compliant Explanation

48. The board of directors should seek to present the annual accounts to the general shareholders' meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

See section: C.1.38

Compliant Partially compliant Explanation

49. Most appointments committee members – or appointments and remuneration committee members as the case may be – should be independent directors.

See section: C.2.1

Compliant Explanation Not applicable

50. The appointments committee should have the following functions in addition to those stated in earlier recommendations:

a) **Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.**

b) **Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.**

c) **Report on the senior officer appointments and removals which the chief executive proposes to the board.**

d) **Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.**

See section: C.2.4

Compliant Partially compliant Explanation Not applicable

The Company complies partially with this recommendation as the duty to report on the senior officer appointments and removals proposed by the chief executive to the Board is not applicable: the Company has neither a chief executive nor other senior officers.

51. The appointments 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 appointments committee for its consideration.

Compliant Partially compliant Explanation Not applicable

The first part of this recommendation does not apply to Dinamia, which has no executive directors. The Company does comply with the second part of this recommendation, as any Board member may suggest directorship candidates to the Audit and Appointments Committee for its consideration.

52. The remuneration committee should have the following functions in addition to those stated in earlier recommendations:

a) Make proposals to the board of directors regarding:

- i) The remuneration policy for directors and senior officers;**
- ii) The individual remuneration and other contractual conditions of executive directors.**
- iii) The standard conditions for senior officer employment contracts.**

b) Oversee compliance with the remuneration policy set by the company.

See sections: C.2.4

Compliant Partially compliant Explanation Not applicable

The Company complies partially with this recommendation as the function of making proposals to the Board of Directors regarding the individual remuneration and other contractual conditions of executive directors and the standard conditions for senior officer employment contracts (paragraphs ii) and iii) of point a) are not applicable to the Company, as Dinamia has neither executive directors nor senior officers.

53. The remuneration committee should consult with the chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant Explanation Not applicable

H OTHER INFORMATION OF INTEREST

1. Briefly describe any relevant corporate governance issue in the Company or the Group companies which is not dealt with in this report but which should be included to provide complete and detailed information on the company or group's governance structure and practices.

2. This section may include any other relevant information, clarification or detail related to previous sections of the report.

Specifically, indicate whether the company is subject to the corporate governance legislation of any country other than Spain and, if so, include any mandatory disclosures that are different from those required for this report.

3. The company may also indicate whether it adheres voluntarily to any other codes of ethics or good practice, whether international, sectorial or in any other area. If so, identify the code in question and the date of adhesion.

SECTION A.2: The information contained in this section comes from the registers of direct shareholders furnished to the Company by the central clearinghouse, IBERCLEAR, which is dated 31 December 2013, and is fleshed out from the official register of the Spanish securities markets regulator (the CNMV) tracking significant shareholdings. Specifically, the changes in significant shareholdings in 2013 disclosed in section A.2 correspond to notifications filed with the official register of the CNMV. There are certain discrepancies between the information on file at the CNMV and the information furnished to the Company by the Madrid Stock Exchange and IBERCLEAR. This is partly due to the fact that investors are not always obliged to report share purchases to the CNMV below certain shareholding thresholds established in prevailing legislation. This means that, on occasions, the information provided by the stock exchange (which is that recorded in the Company's share registry) is a little more updated, and that the percentages or number of shares held by certain significant shareholders may differ with respect to the information disclosed on the CNMV website.

SECTION A.3: It is worth highlighting that the percentage of voting shares stated in section A.3 as held by members of the Board of Directors (0.73 represents the sum of the percentages of voting rights held by the members of the Board listed in the table included in section A.3. However, in relation to the percentage of voting rights controlled by the Board, the percentages held by the significant shareholders represented on the Board by proprietary directors should also be taken into consideration (even though the latter are not the ultimate direct holders of those voting rights). Therefore, the total percentage held by Dinamia's Board of Directors stands at 30.119%, taking into account and adding (i) the 3.76% interest held by Sodecar, S.L., represented on the Board by Mr. Emilio de Carvajal y Ballester (director of Sodecar, S.L. and the son of Mr. Emilio de Carvajal y Pérez, who controls said company); (ii) the holding of the companies Aquamágica Inversiones, S.A. and Eletrés, S.L., which jointly account for 3.68% of Dinamia's share capital, both being represented by Mr. Joaquín García-Quirós on Dinamia's Board; and (iii) the interest held by Anpora Patrimonio, S.L. which represents 22.606% of Dinamia's share capital, represented by Mr. Ricardo Portabella Peralta.

SECTION C.1.3 In relation to Dinamia's proprietary directors, in the cases of Joaquín García-Quirós and Rafael Jiménez López, and in the case of the other external director, Alfred Merton Vinton, the committee issuing the report recommending their respective initial appointments was the Company's Audit and Appointments Committee, Dinamia's sole Board committee, which assumed appointment and remuneration related duties following changes in the Company's Board Regulations in July 2007. In the case of the external proprietary director Mr. Emilio de Carvajal y Ballester, he was appointed for the first time before the Audit Committee assumed appointment duties, therefore this Committee was not authorised to report on the appointment at the time, although it did issue a report on his re-election. It is further noted that Mr. Joaquín García-Quirós represents Acquamágica Inversiones, S.A. and Eletrés, S.L. on Dinamia's Board.

SECTION C.1.12: Mr. Joaquín García-Quirós is the representative of Saarema Inversiones S.A. on the Board of Directors of Obrascón Huarte Lain, S.A. (OHL).

SECTION C.1.14: It is noted that some of the general policies and strategies for which the Code recommends approval be reserved to the Board in full do not apply to Dinamia given its organisational structure (there is no consolidated group and the Company has no senior executives since the Company's management and administration are delegated to a private equity management company.) More specifically, the Board of Directors of Dinamia in full has not reserved the authority to define the structure of the corporate group as the Company does not have a consolidated group. Lastly, the Company's Board of Directors cannot approve the performance of senior management as it has no senior executives.

SECTION C.1.16: Dinamia Capital Privado S.C.R., S.A. has no senior management. Under Article 20 of its Bylaws, Dinamia has delegated management of its assets in a private equity management company, namely Nmás1 Capital Privado S.G.E.C.R., S.A. (the Management Company), with which it entered the corresponding management agreement. Under this agreement, the Management Company receives an annual fixed management fee and a success fee:

- An annual fixed management fee of 1.75% of the value of the Company's "valued asset" (in order to determine the "valued asset", the Management Company prepares a quarterly valuation in accordance with generally recognised criteria in international practice, reviewed every six months by an independent third party).
- A 20% success fee on the net capital gain obtained by the Company on the transfer of all shares in companies targeted by its operations in the same year and the return that such shares generate, less a set annual management commission and provided that the capital gain exceeds a minimum return equal to the IRR of Spanish Government Bonds at 3 years during the most recent month of December prior to the commencement of each calendar year. This fee will be paid to the Management Company insofar as all the investments acquired in the same year by the Company have been made.

SECTION C.1.17: In the past Alfred Merton Vinton represented Electra Private Equity Partners 1995 (a significant shareholder of Dinamia) on the Board of Directors of Dinamia, serving at the time as proprietary director. Nonetheless, in June 2007 and after leaving Electra Private Equity Partners 1995, the General Shareholders' Meeting of Dinamia of 28 June 2007 approved, at the proposal of the Company's Board of Directors, the reclassification of Mr Vinton as an external director. Mr. Vinton is a consultant and external advisor to Electra Partners LLP in relation to its investments in several companies in the UK, Spain and Latin America (including Dinamia); however he has no decision-making power and is not a member of any of Electra Partners, LLP's committees or decision-making bodies. Mr. Joaquín García-Quirós is a director of Aquamágica Inversiones, S.A., which holds, together with Eletrés, S.L., an interest of 3.68% in Dinamia's capital.

SECTION C.1.29: As indicated above, Dinamia has an Audit and Appointments Committee, which met on six occasions in 2013. The table in section C.1.29 does not allow us to state the number of meetings held by this single committee (which assumes the duties of audit committee and appointments and compensation committee), which is why it looks as if there were audit committee meetings and appointments and remuneration committee meetings. It is noted that at the end of each year, the Board approves an agenda of Board and Audit and Appointments Committee meetings for the year ahead in an attempt to facilitate director attendance.

SECTION C.1.37: The fees paid to PricewaterhouseCoopers Auditores, S.L. for auditing the Company's annual accounts for 2013 total €47,296 (plus VAT). In 2013, the fees paid to the audit firm or entities related thereto for other complementary services amounted to €64,706 (plus VAT).

SECTION C.1.45: Since Dinamia has no senior management, it has no guarantees or golden parachute clauses benefiting senior managers in the event of layoff or change of control. The management of the Company's assets has been entrusted to the management company Nmas1 Capital Privado SGEGR, S.A. under an indefinite management contract. That management contract lays down that either party may terminate it early although such early termination should be carried out with at least three years' notice or, if such prior notice is not given, through the payment of an indemnity equivalent to the fixed annual commission that would be received by the Management Company in a three year period.

SECTION C.2.1 In 2013, the changes in the composition of the Audit and Appointments Committee were as follows: (i) The Board, at a meeting held in March, appointed Mr. Nicolás Villén Jiménez and Mr. Fernando D'Ornellas Silva to the Audit and Appointments Committee, while Mr. Juan Arena de la Mora resigned his directorship; (ii) at the Committee meeting held in May, in accordance with the rotating chairmanship arrangement, Mr. Nicolás Villén Jiménez replaced Mr. José Javier Carretero Manzano as Committee Chairman.

SECTION C.2.3: Dinamia's Audit and Appointments Committee is vested with the duties referred to in this section which are applicable. By virtue of delegating its asset management to the Management Company, it is the latter that handles the Company's internal audit function which, in turn, it has externalised. However, internal audit submits a report concerning its activities and recommendations to the Audit and Appointments Committee on an annual basis. In relation to channels for employees to communicate irregularities observed, this does not apply to the Company, which has no employees; the same occurs with the obligation to verify that senior management is acting on the recommendations of the Audit and Appointments Committee, since the Company, owing to its organisation, has no senior management. The group audit related functions also do not apply as Dinamia does not have a consolidated group.

SECTION D.2: In relation to significant shareholder Electra Private Equity Partners 1995, a private equity firm managed by Electra Partners LLP, it is hereby noted that Dinamia holds 10% of another private equity vehicle managed by Electra Partners LLP, namely Electra Partners Club 2007 LP. 2013, Dinamia made contributions to this entity totalling €1,889,771.68 under an investment commitment assumed by Dinamia on 17 December 2007.

SECTION D.5: The amount figuring under this heading comprises €8,347 thousand in relation to interest on participating loans granted by Dinamia to subsidiaries, accrued and unpaid during 2013, and €5,622 thousand as principal repayments on participating loans.

This annual Corporate Governance Report was approved by the Company's Board of Directors at a meeting held on 20 March 2014.

State whether any director voted against, or abstained from voting in relation to, the present report.

Yes

No