



Corporate Governance
Annual Report 2007

Solar Energy in Action



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Corporate Governance Annual Report for the year 2007

A) Ownership Structure

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

Date last modified	Share capital (euros)	Number of shares	Number of voting rights
19/06/2007	1,011,467	101,146,667	101,146,667

State if there are any different classes of shares with different rights attaching thereto:

Yes No

Class	Number of shares	Nominal unit	Unitary number of voting rights	Different rights

A.2 State the direct and indirect owners of substantial holdings, of their entity as at the close of the financial year, excluding directors:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Solaria DTL Corporación, S.L.	62,235,544	0	61.53

(*) Through:

Name or company name of shareholder	Number of direct voting rights	% of total voting rights



State any significant modifications in the shareholding structure during the financial year:

Name or company name of shareholder	Transaction date	Transaction description
Solaria DTL Corporación, S.L.	21/06/2007	3 % decrease of the share capital
Solaria DTL Corporación, S.L.	13/11/2007	10 % decrease of the share capital

A.3 Complete the following tables about the members of the Board of Directors of the company who have voting rights on company shares:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr. Manuel Azpilicueta Ferrer	30,000	0	0.030

(*) Through:

Name or company name of shareholder	Number of direct voting rights	% of total voting rights

% of total voting rights held by the Board of Directors	
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Complete the following tables about the members of the Board of Directors of the company who hold rights over company shares:

Name or company name of the Director	Number of direct option rights	Número de derechos de opción indirectos	Número de acciones equivalentes	% sobre el total de derechos de voto

A.4 State, if pertinent, any family, commercial, contractual or corporate relationship between anyone with a substantial holding of shares, if known by the company, unless it is of little relevance or if it arises due to the ordinary trade or commercial business:

Name or company name of related person	Type of relationship	Brief description



A.5 State, if pertinent, whether there is any commercial, contractual or corporate relationship between anyone with a substantial holding of shares and the company and/or its group, unless it is of little importance or it arises due to the ordinary trade or commercial business:

Name or company name of related	Type of relationship	Brief description
Solaria DTL Corporación, S.L.	Corporate and contractual	Solaria DTL Corporación, S.L. is a shareholder of Solaria Energía y Medio Ambiente, S.A. There is also a contractual relationship with respect to a photovoltaic facility (see Section C.5 below).

A.6 State whether any shareholder agreements outside the bylaws that affect the company have been entered into, according to the provisions of Article 112 of the Securities Market Act. If so, briefly describe the same and explain the relationship between the shareholders who are party to any said agreement:

Yes No

Parties to the agreement outside the bylaws	% of share capital affected	Brief description of the agreement

State whether the company knows of any concerted actions among its shareholders. If so, briefly describe them:

Yes No

Parties to the concerted action agreement	% of share capital affected	Brief description of the concerted action agreement

If, during the financial year, any changes to or breaches of said agreements have occurred, expressly describe them:



A.7 State if any private individual or legal person has any authority over the control of the company in accordance with Article 4 of the Securities Market Act. If so, identify the same:

Yes No

Name or company name
Solaria DTL Corporación, S.L.

Remarks

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

As at the closing date of the financial year:

Number of direct shares	Number of indirect shares (*)	% of share capital
0	0	0

(*) Through:

Name or corporate name of direct holder of shares	Number of direct shares
TOTAL:	

State any substantial changes, in accordance with the provisions of Royal Decree 1362/2007, during the financial year:

Date of notice	Total direct shares acquired	Total indirect shares acquired	% of share capital

Gain / (Loss) on treasury shares transferred during the period	
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A.9 State the conditions and term of any authority in force given by the Shareholders in General Meeting to the Board of Directors to acquire or transfer treasury shares.

The Shareholders General Meeting held on the 24th of May 2007, at 5:00 p.m., resolved to authorize the Board of Directors to carry out the derivative acquisition of its own shares, either directly or through other group companies, and to transfer the said shares, after the Company's flotation date.

In the abovementioned General Meeting, the Board of Directors was also authorized to acquire up to 5% of the share capital of Solaria Energía y Medio Ambiente, S.A., within the next 18 months, for valuable consideration, from time to time. The minimum price was to be the nominal value of the shares and the maximum price was to be 100% of the listing price of the shares in the Continuous Market at the time of acquisition.

A.10 State, if pertinent, any legal and bylaw restrictions on the exercise of voting rights and any legal restrictions on the purchase or transfer of shares in the share capital.

State if there are any legal restrictions on the exercise of voting rights:

Yes No

Maximum percentage of voting rights than can be held by a shareholder according to the law	
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State if there are any bylaw restrictions on the right to vote:

Yes No

Maximum percentage of voting rights than can be held by a shareholder according to the bylaws	
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Description of any legal and bylaw restriction on the exercise of voting rights



State if there are any legal restrictions on the acquisition or transfer of shares in the corporate capital:

Yes No

Description of any legal restriction on the acquisition or transfer of shares in the share capital	
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A.11 State if the Shareholders General Meeting has resolved to take any steps to neutralise any takeover bid under the provisions of Act 6/2007.

Yes No

If it has, detail the approved measures and the terms on which any restrictions would not apply:



B) Management structure of the Company

(B.1) Board of Directors

B.1.1. State the maximum and minimum number of Directors allowed under the bylaws:

Maximum number of Directors	12
Minimum number of Directors	4

B.1.2. Complete the following table, detailing the members of the Board:

Name or company name of Director	Title	Type	Date first appointment	Date last appointment	Election procedure
Mr. Enrique Diaz-Tejero Gutiérrez	Chairman	Representative	24/05/07	24/05/07	Shareholders General Meeting
Mr. Enrique Diaz-Tejero Larrañaga	Member	Executive	24/05/07	24/05/07	Shareholders General Meeting
Mr. Arturo Diaz-Tejero Larrañaga	Member	Executive	24/05/07	24/05/07	Shareholders General Meeting
Mr. Miguel Diaz-Tejero Larrañaga	Member	Executive	24/05/07	24/05/07	Shareholders General Meeting
Mr. Manuel Azpilicueta Ferrer	Member	Independent	24/05/07	24/05/07	Shareholders General Meeting
Mr. Inigo Sagardoy de Simón	Member	Independent	24/05/07	24/05/07	Shareholders General Meeting

Total number of Directors	6
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Indicate any Board members who vacated their office during the year:

Name or company name of the Director	Status of the Director at the time of vacating his office	Date vacated office



B.1.3. Complete the following tables about the members of the Board of Directors and their status:

EXECUTIVE DIRECTORS

Name or company name of the Director	Committee proposing appointment	Office in the chart of the Company
Mr. Enrique Diaz-Tejeiro Larrañaga	Shareholders General Meeting	Chief Financial Officer
Mr. Arturo Diaz-Tejeiro Larrañaga	Shareholders General Meeting	Chief Operating Officer
Mr. Miguel Diaz-Tejeiro Larrañaga	Shareholders General Meeting	Chief Information Officer

Total number of executive Directors	3
% of the Board	50

EXTERNAL REPRESENTATIVE DIRECTORS

Name or company name of the Director	Committee proposing appointment	Name or company name of the substantial shareholder represented or proposing appointment
Mr. Enrique Diaz-Tejeiro Gutiérrez	Shareholders General Meeting	Solaria DTL Corporación, S.L.

Total number of representative Directors	1
% of the Board	16,667



EXTERNAL INDEPENDENT DIRECTORS

Name or company name of Director	Profile
Mr. Manuel Azpilicueta Ferrer	<ul style="list-style-type: none"> • Government Economist and Trade Adviser . • From 1976 to 1985 he was Vice President of the Instituto Nacional de Industria (INI), President of Banco Unión and President of Repsol Butano. • He was Chief Executive Officer of Russell Reynolds Associates, one of the most important international human resources consulting companies, for 15 years. • Currently, Chairman of Autopista Madrid Sur and is a member of several Boards of Directors and Advisory Boards. • Honorary Chairman of the Círculo de Empresarios, as former President of the institution.
Mr. Iñigo Sagardoy de Simón	<ul style="list-style-type: none"> • M. A. in Law and Legal Advisory Services for Companies and Ph. D. in Employment Law. • Currently, he is Partner and sole Director of the law firm Sagardoy Abogados since 1992 and 2006, respectively. • Vice Chairman and member of the Executive Committee of the "Iuslaboris" International Employment Law, Pensions, and Employee Benefits Alliance since 2000. • Member of the European Employment Lawyers Association since 2005. • Chairman of the Advisory Board of IRCO, IESE since 2001. • Member of the Advisory Board of Global Strategies, S.L., since 2006. • Member of the management Boards of Directors of Broad Optical Access, since 1998. • Director of Laborpyme, S.L. since 2006. • Chairman of the Spanish Employment Lawyers Association. • Currently, Vice Chairman and member of the Trust of the Sagardoy Foundation, since 2002.

Total number of independent Directors	2
% of the Board	33,333



OTHER EXTERNAL DIRECTORS

Name or company name of Director	Committee proposing appointment

Total number of other external Directors	
% of the Board	

B.1.4. State, if pertinent, the reasons for any appointment as representative director at the instance of shareholders whose shareholding interests are less than 5% of the capital:

Name or company name of the shareholder	Reason
None	Not received

State if there has been any non-compliance with formal requests to attend the Board made by shareholders whose shareholding is equal to or greater than any other interests held when these interests have appointed representative directors. In this case, state the reasons for not attending:

Yes No

Name or company name of the shareholder	Reason

B.1.5. (B.1.5) State if any director has ceased to occupy his/her office before the end of his/her term of office; if he/she has given any reason for this to the Board and if so what method of communication was used, and if written notice was given to all the Board, as follows, state at least the reasons given:

No Yes

Name or company name of the shareholder	Reason for vacating office

B.1.6. (B.1.6) State the delegated powers, if any, given to the managing director/s:

No Yes

Name or company name of the shareholder	Brief description



B.1.7. Identify, if pertinent, those members of the Board who hold office as administrators or managers in other companies that form part of the group of the listed Company:

Name or company name of the Director	Company name of the group entity	Title

B.1.8. State, if pertinent, the Directors of your company who are members of the Board of Directors of another company, not belonging to your group, listed on an official securities market in Spain who have been notified to the company:

Name or company name of the Director	Company name of the group entity	Title

B.1.9. State and if pertinent explain if the company has laid down rules on the number of boards of which your Directors may be members:

No Yes

Explanation of the rules

B.1.10. In regard to recommendation number 8 of the Unified Code, state the policies and general strategies of the company that the Board in full session has reserved for approval:

	Yes	No
Finance and investment policy	x	
Definition of the structure of the group of companies	x	
Corporate governance policy	x	
Corporate social responsibility policy	x	
Strategic business plan, as well as the management targets and annual budget	x	
Remuneration policy and evaluation of senior executives' effort	x	
Risk management and control policy and regular monitoring of internal IT and control systems	x	
Dividend and treasury shares policies and, specially, their limits		x

B.1.11. Complete the following tables relating to aggregate remuneration of Directors accrued during the financial year:

(a) In the Company that is the object of this report

Remuneration item	Data in thousands of Euros
Fixed remuneration	1,816
Variable remuneration	0
Allowances	0
Bylaw perks	0
Share options and/or other financial instruments	0
Other	0
Total:	1,816

Other benefits	Data in thousands of Euros
Advances	0
Loans granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Commitments	0
Life insurance premiums	0
Guarantees given by the company to Directors	0
Total:	0

(b) Due to membership of the Company's Directors of other boards of Directors and/or of the senior management of Group companies

Remuneration item	Data in thousands of Euros
Fixed remuneration	0
Variable remuneration	0
Allowances	0
Bylaw perks	0
Share options and/or other financial instruments	0
Other	0
Total:	0

Other benefits	Data in thousands of Euros
Advances	0
Loans granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Commitments	0
Life insurance premiums	0
Guarantees given by the company to Directors	0
Total:	0

(c) Total remuneration by type of Director

Type of Director	By company	By group
Executive	1,596	0
External representative	120	0
External independent	100	0
Other external		0
Total:	1,816	0

(d) Profit attributed to the controlling company

Total Director remuneration (in thousand of euros)	1,816
Total Directors remuneration / profit attributed to controlling company (%)	3.82

B.1.12. Identify the senior managers who are not also executive directors, and state the total remuneration accrued in their favour during the financial year:

Name or company name	Title

Total remuneration for senior management (in thousand of euros)	
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B.1.13. State in an aggregated manner if there are any guarantee or armour plate clauses for dismissals or changes in control in favour of members of senior management, including executive Directors of the Company or of its group. State whether these contracts must be notified and/or approved by the Company's or its group bodies:

Number of beneficiaries	3
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	Board of Directors	General Meeting
Body authorising the clauses	x	

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

B.1.14. Describe the process for setting the remuneration of the members of the Board of Directors and the relevant bylaw clauses in this regard:

Process for setting the remuneration of the members of the Board of Directors and the bylaw clauses

According to the provisions of Article 46 of the corporate bylaws, every financial year the Directors will be paid a fixed amount that will be determined by the General Meeting and that will not exceed two percent of the net profits of the Company in the previous financial year, after covering the mandatory appropriations for legal and by-law reserves and after the distribution of an initial dividend of four percent. The abovementioned amount determined by the General Meeting, as long as it is not modified by the said General Meeting, will increase annually at the proposal of the Appointments and Remuneration Committee, depending on the Consumer Price Index (Índice de Precios al Consumo).

Every financial year, the Board of Directors will determine the precise amount that will be received by each of its members, according to their participation in committees of the Board, the offices held in the Board or their general dedication to the tasks of management or at the service of the Company.

The Directors with executive roles in the Company will be entitled to additional remuneration from the Company, which will comprise any or all of the following: (a) a fixed amount depending on the tasks and responsibilities of the Director; (b) a variable amount, related to objective indexes agreed with the Company; (c) an assistance allowance including the appropriate assurance; and (d) a compensation in the event of a dismissal not caused by any non-compliance of the Director, as an employee or as a senior manager of the Company.

Executive Directors may also receive shares of the Company or of another company of the group, share options or instruments tied to their price. This remuneration, when it includes shares of the Company or instruments tied to their price, will have to be agreed by the Shareholders General Meeting. The agreement will determine, if necessary, the number of shares to be received, the exercise price for the option rights, the reference value for the shares and the term of this remuneration mode.

State if the Board in full session has reserved the authority to approve the following decisions:

	Yes	No
On a proposal made by the company's first officer, the appointment and dismissal of senior managers, and their indemnity clauses.		x
Director's remuneration and in the case of executive directors, additional remuneration for executive functions and other contractual conditions.		x



B.1.15. State if the Board of Directors approves a detailed remuneration policy and specify the points in question:

Yes No

	Yes	No
Amount of fixed items, with breakdown, if pertinent, of attendance allowances for the Board and its Committees and an estimate of fixed annual remuneration which they give rise to	x	
Variable remuneration items	x	
Main features of welfare systems, with an estimate of their amount or equivalent annual cost.	x	
Conditions that must be contained in contracts for whoever undertakes senior management functions as executive Director.	x	

B.1.16. State if the Board submits for vote by the Shareholders in General Meeting, as a separate point on the Agenda, and for consultation purposes, a report on Directors' remuneration policy. In case it does, describe those aspects of the report relating to remuneration policy approved by the Board for future years, the most significant changes in said policies compared to what has been applied during the financial year, and a global summary of how the remuneration policy was applied in the financial year. Describe the role played by the Remuneration Committee and if it had external assistance, the identity of the external consultants who provided the same:

Yes No

Matters referred to in the report on remuneration policy
--

Role of the Remuneration Committee

	Yes	No
Did it have external advice?		x
Identity of external consultants		



B.1.17. If pertinent, state the identity of the members of the Board of Directors who are also members of the board of directors, managers or employees of companies that have a substantial interest in the listed Company and/or in its group companies:

Nombre o denominación social del Consejero	Denominación social del accionista significativo	Cargo
Mr. Enrique Diaz-Tejeiro Gutiérrez	Solaria DTL Corporación, S.L.	Joint and Several Director
Mr. Enrique Diaz-Tejeiro Larrañaga	Solaria DTL Corporación, S.L.	Attorney-in-fact
Mr. Arturo Diaz-Tejeiro Larrañaga	Solaria DTL Corporación, S.L.	Attorney-in-fact
Mr. Miguel Diaz-Tejeiro Larrañaga	Solaria DTL Corporación, S.L.	Joint and Several Director

If pertinent, state in detail all relevant relationships, other than as referred to in the previous paragraph, of the members of the Board of Directors that link them to the substantial shareholders and/or companies in its group:

Name or company name of the related Director	Name or company name of the related substantial shareholder	Describe the relationship
Mr . Enrique Diaz-Tejeiro Gutiérrez	Solaria DTL Corporación, S.L.	Shareholder with 20% of the share capital
Mr . Enrique Diaz-Tejeiro Larrañaga	Solaria DTL Corporación, S.L.	Shareholder with 20% of the share capital
Mr . Arturo Diaz-Tejeiro Larrañaga	Solaria DTL Corporación, S.L.	Shareholder with 20% of the share capital
Mr. Miguel Diaz-Tejeiro Larrañaga	Solaria DTL Corporación, S.L.	Shareholder with 20% of the share capital

B.1.18. State whether there have been any changes in the Board's regulations during the financial year:

Yes No

Description of the changes

B.1.19. Describe the appointments, re-election, evaluation and removal procedures for directors. State the competent bodies, the steps to be followed and the criteria for each procedure.

Appointment

According to the provisions of Article 17 of the Regulations of the Board of Directors, the Directors will be appointed, after a report from the Appointments and Remuneration Commission and (according to the proposal of that Commission in the case of independent Directors) by the General Shareholders Meeting or by the Board of Directors, in compliance with the provisions of the Spanish Companies Act.



Appointment of external Directors

According to the provisions of Article 18 of the Regulations of the Board of Directors, the Board of Directors will try to appoint prestigious, competent and experienced persons as Directors. The Board of Directors will not be able to nominate or appoint as an independent Director a person that holds an executive position in the Company or who is a relative of an executive Director or of other senior managers of the Company.

Re-election

According to the provisions of Article 19 of the Regulations of the Board of Directors, before proposing a Director for re-election to the General Shareholders Meeting, the Board of Directors will evaluate, with the abstention of any affected persons, the quality of the work and the dedication of the relevant Director during their previous term in office.

Term

According to the provisions of Article 20 of the Regulations of the Board of Directors, Directors will hold their post for four years; they can be re-elected once or more times, for identical terms.

Vacation of office

According to the provisions of Article 21 of the Regulations of the Board of Directors, the Directors will vacate their office once their term is expired, when the General Shareholders Meeting so decides according to its legal or statutory powers or when they voluntarily resign.

If a Director vacates his office untimely, due to his resigning of for any other reason, he should explain the reasons therefore in a letter sent to all the members of the Board.

B.1.20. (B.1.20) State the cases in which a Director must resign.

En virtud del artículo 21 del Reglamento del Consejo de Administración, los Consejeros deberán poner su cargo a disposición de la Junta General y formalizar ante el Consejo de Administración, si éste lo considera conveniente, la correspondiente dimisión en los siguientes casos:

- a) When they are removed from the executive positions related to their appointment as Directors.
- b) Should they become subject to any disqualification or prohibition laid down at law.
- c) If they were seriously remonstrated by the Board of Directors for negligence in their responsibilities as Directors.



- d) If their membership of the Board could endanger the interest of the Company or when the reasons for their appointment have vanished (e.g., when a Director representing substantial shareholders sells his shares).
- e) In the case of external representative Directors, if the shareholder they represent sells all his shares. They should also resign if the said shareholder's stake decreases to the point of demanding a decrease in the number of external representative Directors.

B.1.21. State if the office of CEO of the company rests with the Chairman of the Board. In this case, describe any measures laid down to reduce the risk of an accumulation of authority by one sole person:

Yes No

Measures to reduce risk

State, and if necessary, explain, if any rules are in place that authorise any independent director to request a meeting of the Board to be called or the inclusion of any new point on the Agenda to coordinate and reflect any concerns held by external directors and to address the evaluation thereof by the Board of Directors

Yes No

Explanation of those rules

B.1.22. Are any reinforced majorities required, other than legally-required majorities, for any kind of resolution to be passed?:

Yes No



State how Board of Directors resolutions are passed and indicate, at least, the minimum attendance quorum and the kind of majority required for passing resolutions:

Description of the resolution	Passing of resolutions	
	Quorum	Type of majority
All the resolutions	Personal attendance or representation of at least half plus one of the Directors of the Board.	According to the provisions of Article 16 of the Regulations of the Board of Directors, except when the Law or the bylaws specifically determine otherwise, resolutions will be passed by the affirmative vote of the absolute majority of Directors who attend the meeting. In case of a tie, the Chairman will have a casting vote.

B.1.23.State if any special requirements exist, other than those relating to directors, to be appointed chairman.

Yes No

Description of those requirements

B.1.24.State if the chairman has a casting vote.

Yes No

Circumstances in which a casting vote is possible
In case of a tie in the voting, on any subject, the Chairman will have a casting vote.

B.1.25.State if the Bylaws or the Regulations of the Board of Directors make provision for any age limit for directors:

Yes No

B.1.26.State if the Bylaws or the Regulations of the Board of Directors lay down a fixed term of office for independent Directors:

Yes No

Maximum term, in years



B.1.27. In case there are few or no female directors, describe the reasons why and initiatives in place to remedy this situation.

Description of reasons and initiatives
According to the provisions of Article 17 of the Regulations of the Board of Directors, the Directors will be appointed, after a report from the Appointments and Remuneration Committee and (according to the proposal of that Committee in the case of independent Directors) by the General Shareholders Meeting or by the Board of Directors, in compliance with the provisions of the Spanish Companies Act. According to the provisions of Article 18 of the said Regulations, the Board of Directors will try to appoint prestigious, competent and experienced persons as Directors, and must consider carefully any proposals for the appointment of independent Directors according to Article 6 of the said Regulations.

In particular, state if the Appointments and Remuneration Committee has introduced any procedures so that selection processes do not contain any obstacles against selecting female Directors, but for the direct selection of candidates who have the required profile:

Yes No

Describe the main procedures

B.1.28. State if there are any formal procedures in the Board of Directors to give a proxy to vote. If so, briefly describe them.

According to the provisions of Article 36 of the Regulations of the Board of Directors, any public request for the giving of a proxy to vote in favour of the Board of Directors or of any of its members must detail how the proxy holder should vote when there are no instructions from the shareholder.

B.1.29. State the number of meetings held by the Board of Directors during the financial year. Also, state, if pertinent, how many times the Board has met without the Chairman being present:

Number of Board meetings	4
Number of Board meeting without the Chairman	None



State the number of meetings held by the different Board Committees:

Number of Executive or Delegated Committee meetings	0
Number of Audit Committee meetings	5
Number of the Appointments and Remuneration Committee meetings	2
Number of the Appointments Committee meetings	0
Number of the Remuneration Committee meetings	0

B.1.30. State how many meetings the Board of Directors has held during the financial year without all of the members in attendance. In the calculation, the attendance of proxies without any specific instructions shall not be deemed to amount to an attendance:

Number of Directors that did not attend during the financial year	0
% of absences in relation to the total of votes during the financial year	0

B.1.31. State whether the annual and consolidated accounts submitted for approval to the Board were previously certified:

Yes No

If pertinent, state who certified the individual and consolidated accounts of the company for formulation to the Board:

Name or company name of Director	Title

B.1.32. Describe the mechanisms, if any, laid down by the Board of Directors to prevent the individual and consolidated accounts from being submitted to the General Meeting with a qualified opinion in the audit report.

According to the provisions of Article 39 of the Regulations of the Board of Directors, the Board of Directors will endeavour to formulate the final accounts so that there are no qualifications in the audit report. Nevertheless, when the Board of Directors believes that it must make a stand, it will publicly explain the reasons for the disagreement and its scope.



B.1.33. Is the Secretary to the Board also a board member?

Yes No **X**

B.1.34. Describe the procedure for the appointment and dismissal of the Board Secretary, and state if any appointment and dismissal has been reviewed by the Appointments Committee and approved at a full Board Meeting.

Appointment and vacation of office procedure

According to the provisions of Article 10 of the Regulations of the Board of Directors, the Board of Directors will appoint a Secretary among its members or may also appoint someone who is not a member of the Board but with the necessary skills for that role. If the Secretary Board were not a Director, the said Secretary will be able to participate in the discussions but will have no voting rights.

The Appointments and Remuneration Committee did not make a previous report on the appointment of a Secretary because that Committee had not been created when the Secretary was appointed.

	Yes	No
Does the Appointments Committee make a report on the appointment?	x	
Does the Appointments Committee make a report on the vacation of office?	x	
Does the Board in full approve the appointment?	x	
Does the Board in full approve the vacation of office?	x	

Does the Secretary to the Board have authority to specially oversee the application of the Good Governance Code?

Yes **X** No

Remarks

According to the provisions of Article 10 of the Regulations of the Board of Directors, the Secretary will ensure the lawfulness of any acts of the Board of Directors, both from the formal and substantive standpoints, he will check their conformity to the bylaws and the compliance with any rules of the regulating bodies and he will oversee the application of the good governance criteria of the Company, according to the recommendations of the Unified Good Governance Code or any successor code and according to bylaws.



B.1.35. Describe any measures instated by the company to conserve the auditor's, financial analysts', investment banks' and classification agencies' independence.

The Audit Committee, According to the provisions of Article 48 of the Regulations of the Board of Directors, will conduct any relationship with external auditors, in order to receive information on any matter that could endanger the independence of said auditors and any other matter related to the accounts audit, as well as any other notification according to the accounts audit laws and technical regulations.

B.1.36. State whether, during the financial year, the Company has changed the external auditor. If so, identify the outgoing and incoming auditor:

Yes No

Outgoing auditor	Incoming auditor
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In the event of any disagreement with the outgoing auditor, explain the import thereof:

Yes No

Description of the disagreements

B.1.37. State if the auditing firm provides any services for the company and/or its group other than audit services and if so state the amount of fees paid for such services and the percentage thereof over fees invoiced to the company and/or its group:

Yes No

	Company	Group	Total
Value of services other than audit services (thousand of euros)	0	0	0
Value of services other than audit services / Total amount invoiced by audit firm (%)	0	0	0



B.1.38. State if the audit report regarding the Annual Accounts for the previous financial year is subject to any reservations or exceptions. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of said reservations and exceptions.

Yes No

Reasons

B.1.39. State the number of years the present auditing firm has, on an uninterrupted basis, undertaken the audit of the annual accounts of the company and/or its group. Also, state the percentage the number of years audited by the present auditors represents over the total number of years the annual accounts have been audited:

	Company	Group
Number of consecutive years	4	4

	Company	Group
Number of years audited by the present auditors / Number of year the Company has been audited (%)	100	100

B.1.40. State the size of the shareholding held by the members of the Board of Directors of the Company in the capital of companies that have the same, similar or complementary kind of business as referred to in the corporate objects both of the company and its group and that have been notified to the company. Also, state the offices or functions held or undertaken by the Directors in these companies:

Name of the Director	Company	% shareholding	Title
Mr. Enrique Diaz-Tejeiro Gutiérrez	Solaria DTL Corporación, S.L.	20	Joint and Several Director
Mr. Enrique Diaz-Tejeiro Gutiérrez	Instalaciones Diaz Tejeiro, S.L.	50	Joint and Several Director
Mr. Enrique Diaz-Tejeiro Larrañaga	Solaria DTL Corporación, S.L.	20	Attorney-in-fact
Mr. Arturo Diaz-Tejeiro Larrañaga	Solaria DTL Corporación, S.L.	20	Attorney-in-fact
Mr. Miguel Diaz-Tejeiro Larrañaga	Solaria DTL Corporación, S.L.	20	Joint and Several Director



B.1.41.State, and if pertinent, describe in detail, if there is any procedure that allows directors to have external advice:

Yes No

Describe the procedure

According to the provisions of Article 24 of the Regulations of the Board of Directors, in order to obtain assistance in their role as Directors, external Directors can request the engagement by the Company of legal, accounting, financial or other advisors. Their task must necessarily refer to particular problems of a certain weight and complexity arisen in the course of their role as Directors.

The decision to engage the said advisors must be communicated to the Chairman of the Company and can be vetoed by the Board of Directors, if the Board can show:

- a) that it is not necessary to engage them for the proper fulfilment of the functions assigned to external Directors;
- b) that the cost is not reasonable, in view of the importance of the problem and of the assets and income of the Company; or
- c) that the advice can adequately be provided by the experts and technicians of the Company.

B.1.42.State if there is a procedure in place that enables directors to avail themselves of information necessary to prepare meetings of the management bodies sufficiently in advance and, if pertinent, describe it:

Yes No

Describe the procedure

According to the provisions of Article 8 of the Regulations of the Board of Directors, the Chairman of the Board of Directors will be responsible for the smooth running of the Board of Directors and will ensure that the Directors receive in advance the necessary information to make up their mind on the matters under discussion. According to article 10 of the said Regulations, the Secretary will assist the Chairman in his tasks and will provide for the smooth functioning of the Board of Directors, specially giving any necessary advise and information to the Directors, keeping any documents of the Company, duly and faithfully recording the sessions in the meetings and minute books and giving faith of the resolutions of the Board. In absence of the Secretary, according to the provisions of Article 11 of the Regulations of the Board of Directors, the Vice Secretary of the Board will assist the Chairman and shall provide for the smooth functioning of the Board of Directors, specially giving any necessary advise and information to the Directors, keeping any documents of the Company, duly and faithfully recording the sessions in the meetings and minute books and giving faith of the resolutions of the Board.

According to the provisions of Article 23 of the Regulations of the Board of Directors, a Director may, through the Secretary of the Board, request information on any matter of the Company and the examination of its books, records, documents and other documentation, and the Secretary will forward the said request to the Chairman of the Board and to the appropriate person in the Company. This right will also include the affiliated companies whenever possible.

Describe the procedure (cont.)

The Chairman may deny the request if he determines: (i) that it is not necessary for the proper fulfilment of the functions assigned to the Director or that the cost is not reasonable, in view of the importance of the problem and of the assets and income of the Company.

B.1.43. State and, if pertinent, describe if the company has implemented rules to require directors to provide information and, if pertinent, to resign in circumstances that might harm the reputation and prestige of the Company:

Yes No

Describe the rules

According to the provisions of Article 21 of the Regulations of the Board of Directors, Directors will put their position at the disposal of the General Shareholders Meeting and will formally resign if the Board of Directors so decides, in the following cases:

- a) When they are removed from the executive positions related to their appointment as Directors.
- b) Should they become subject to any disqualification or prohibition laid down at law.
- c) If they were seriously admonished by the Board of Directors for negligence in their responsibilities as Directors.
- d) If their membership of the Board could endanger the interest of the Company or when the reasons for their appointment have vanished (e.g., when a Director representing substantial shareholders sells his shares).
- e) In the case of external representative Directors, if the shareholder they represent sells all his shares. They should also resign if the said shareholder's stake decreases to the point of demanding a decrease in the number of external representative Directors.

B.1.44. State if any member of the Board of Directors has notified the company of any accusation made against him/her or any order has been made regarding the opening of any oral hearing relating to any of those crimes referred to in Article 124 of the Companies Act:

Yes No

Name of the Director	Criminal proceedings	Remarks



State if the Board of Directors has considered the case. In the affirmative, give a reasoned explanation for the decision taken concerning whether or not the director should remain in office.

Yes No

Decision taken	Reasoned explanation

B.2 Committees of the Board of Directors

B.2.1. Set out all the Committees of the Board of Directors and their members:

EXECUTIVE OR DELEGATED COMMITTEE

Name	Title	Type

AUDIT COMMITTEE

Name	Title	Type
Mr. Manuel Azpilicueta Ferrer	Chairman	Independent
Mr. Iñigo Sagardoy de Simón	Member	Independent
Mr. Enrique Diaz-Tejeiro Larrañaga	Member	Executive

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Title	Type
Mr. Iñigo Sagardoy de Simón	Chairman	Independiente
Mr. Manuel Azpilicueta Ferrer	Member	Independiente
Mr Enrique Diaz-Tejeiro Gutiérrez	Member	Dominical

B.2.2. State if the following functions rest with the Audit Committee:

	Yes	No
Supervise the process of preparation and the integrity of the financial information relating to the Company and, if pertinent, the group. Revise compliance with regulations, proper consolidation perimeter and the correct application of accounting criteria	x	
Periodically revise internal control and risk management systems so that main risks are identified, managed and are adequately known	x	
Ensure the independence of the internal audit function; propose the selection, appointment, re-election and retirement of the internal audit department head; propose the budget for such department; obtain information periodically about its activities, and verify that senior management considers the conclusions and recommendations in its reports	x	
Create and monitor a mechanism that allows employees to communicate confidentially and, if deemed appropriate, anonymously, concerning potentially significant irregularities, especially financial and accounting, that may be detected in the company		x
Submit to the Board proposals regarding the selection, appointment, re-election and replacement of the external auditor, and the terms and conditions of the hiring thereof	x	
To regularly be given information by the external auditor about the audit plan and the outcome of its operation, and to verify that senior management consider its recommendations	x	
Ensure the independence of the external auditor	x	
In the case of a group, to ensure that the group auditor is responsible for the audits of the group companies		x

B.2.3. Provide a description of the organisational and functional rules, and the responsibilities of each one of the Board Committees.

Executive or Delegated Committee

Even though to date no Executive Committee has been formed, according to Article 47 of the bylaws, the Board of Administration may create an executive committee or appoint one or more Executive Directors, without prejudice to the powers given to any person, to delegate in them, totally or partially, temporarily or permanently, all the powers whose delegation is not forbidden by law. The delegation and the appointment of Directors for this role will need to be approved by two thirds of the members of the Board and will only take effect after they are entered in the Commerce Registry.

Audit Committee

According to Article 48 of the bylaws, an Audit Committee will be constituted inside the Board of Directors, according to the following rules:

- a) The Audit Committee will be formed by three Directors appointed by the Board, most of them not executive, who will stay in office for four years and can be re-elected.
- b) The Chairman of the Audit Committee will be chosen among those non-executive Directors for a period of four years and can be re-elected one year after the end of his term as Chairman.
- c) One of the members of the Committee will be designated as Secretary.

Without prejudice to other roles that could be decided by the Board of Directors, the Audit Committee will have the following basic roles:

- To report, in the Shareholders General Meeting, on the matters raised by shareholders within its competence.
- To propose to the Board, for the decision of the Shareholders General Meeting, the appointment of external account auditors referred to in Article 204 of the Spanish Companies Act, as well as contracting terms and conditions, the scope of their mandate and, if necessary, the termination or non-renewal of their contract.
- To supervise the internal audit systems.
- To review the Company's accounts, ensure the compliance with statutory requirements and the adequate application of generally accepted accounting principles, with the direct aid of internal and external auditors.
- To know the financial information process and the internal control systems of the Company and to ensure their adequacy and integrity and review the appointment or replacement of the persons in charge.
- To conduct any relationship with external auditors, in order to receive information on any matter that could endanger the independence of said auditors and any other matter related to the accounts audit, as well as any other notification according to the accounts audit laws and technical regulations.
- To monitor the compliance with the auditing contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are clear and precise, as well as to assess the results of every audit.
- To review the financial information that the Board has to provide regularly to the market and its control entities.
- To ensure the compliance with the regulations on related transactions. It will particularly ensure that the information about those operations is communicated to the market, according to the provisions of Order 3050/2004, of the Spanish Ministry of Economy, of 15 of September, 2004.



- To review the compliance with the Internal Conduct Regulations, the Regulations of the Board of Directors and, in general, the governance rules of the Company, as well as to make any proposals for their improvement.
- To receive information and, if necessary, make reports on the disciplinary actions that are to be imposed on members of the senior management of the Company.

The Audit Committee will ordinarily meet every quarter, in order to review the financial information that has to be regularly provided to the stock market authorities, as well as the information that the Board has to approve and include in its public annual documents. It will also meet at the request of any of its members and every time a meeting is called by its Chairman, who should do it whenever the Board or its Chairman request a report or the adoption of proposals and every time it is convenient for the adequate performance of its role.

The Audit Committee will make a report on its work, including, at its discretion, proposals for the improvement of the Company's governance rules.

Appointments and Remuneration Committee

According to the provisions of Article 14 of the Regulations of the Board of Directors, an Appointments and Remuneration Committee will be constituted inside the Board of Directors, according to the following rules:

- a) The Appointments and Remuneration Committee will be formed by three non-executive Directors appointed by the Board, who will stay in office for four years and can be re-elected.
- b) The Chairman of the Appointments and Remuneration Committee will be chosen among those non-executive Directors for a period of four years and can be re-elected one year after the end of his term as Chairman.
- c) One of the members of the Committee will be designated as Secretary.



Without prejudice to any other roles that could be decided by the Board of Directors, the Appointments and Remuneration Committee will have the following basic roles:

- To create and review the criteria for the composition of the Company's senior management and that of its subsidiaries and for the selection of candidates.
- To propose the appointment of the independent Directors as members of the Board.
- To report on the appointment of the other members of the Board who are not independent Directors, as well as on the appointment and vacation of office of the Board Secretary.
- To forward to the Board of Directors the proposals for the appointment of officers, so that the Board can appoint them.
- To analyze, develop and regularly review the proposals for the Company's policies on the engagement and loyalty of new officers.
- To analyze, develop and regularly review the proposals for the Company's policies on the remuneration of officers and of the Board of Directors itself, taking into account its adequacy and the performance observed
- To ensure the transparency of remuneration.
- To report on any transaction that implies or could imply a conflict of interests.

The Appointments and Remuneration Committee will ordinarily meet quarterly. It will also meet every time a meeting is called by its Chairman, who should do it whenever the Board or its Chairman request a report or the adoption of proposals and every time it is convenient for the adequate performance of its role.

The Appointments and Remuneration Committee will validly convene whenever more than half of its members attend, personally or by proxy. The representation of any members who do not attend could be delegated in another member of the Appointments and Remuneration Committee, in a written document addressed to the President. The meetings of the Appointments and Remuneration Committee may be held in different rooms or places, through audio and video systems that allow the recognition and identification of all attending members by the Secretary, the permanent communication among attending members in real time and the exercise of participation and voting rights (the participating members being considered, to all effects, attending members to the meeting of the Appointments and Remuneration Committee).

The Appointments and Remuneration Committee will pass resolutions by the majority voting of attending members, personally or by proxy. In case of a tie, the matter will be forwarded to the full Board of Di-



rectors. The resolutions of the Appointments and Remuneration Committee, on matters within the competence of the Committee, will not require the approval or later ratification of the Board of Directors. Nevertheless, any resolutions must be notified to the Board at the first meeting of the latter.

The Secretary of the Appointments and Remuneration Committee or whoever is acting as such, will take the minutes of every meeting held, which will be approved at that same meeting or at the next one. In any case, the Appointments and Remuneration Committee will keep the Board of Directors well informed of the matters it discusses and the resolutions passed, forwarding to the Board in those cases any minutes taken.

B.2.4. State the powers to advise, to consult and, if any, to delegate held by each of the Committees:

Name of the Committee	Brief description
Audit Committee	Described in the previous section (B.2.3)
Appointments and Remuneration Committee	Described in the previous section (B.2.3)



B.2.5. If pertinent, state if there are any regulations for the Board Committees, where they may be consulted, and any changes made thereto during the financial year. Also, state if any annual report has been voluntarily drawn up covering the activities of each Committee.

The organization and working rules for the Committees are included in the Bylaws and in the Regulations of the Board of Directors of Solaria Energía y Medio Ambiente S.A., which are available at (www.solariaenergía.com).

The Regulations of the Board of Directors was approved on May the 24th, 2007.

B.2.6. State whether the composition of the Executive Committee reflects the participation on the Board of the different directors on the basis of their status:

Yes No

In case it does not, explain the composition of its executive committee

C) Related Transactions

C.1 State whether the Board in full session has reserved the right to approve, following the favourable report of the Audit Committee or any other committee to which the said function has been assigned, any transaction carried out by the company with directors, with substantial shareholders or shareholders represented on the Board, or with persons related thereto:

Yes No

According to the provisions of Article 5.2.c) of the Regulations of the Board of Directors, it belongs to the Board to jointly approve any operations conducted by the Company with Directors, with substantial shareholders (those who hold more than 3% of the Company's share capital), shareholders with representation in the Board or with people related to them ("related transactions").

According to the provisions of Article 13 of the Regulations of the Board of Directors, it belongs to the Audit Committee to ensure the compliance with the laws and regulations of any related transactions. It will particularly ensure that the information about those transactions is communicated to the market, according to the provisions of Order 3050/2004, of the Spanish Ministry of Economy, of 15 of September, 2004.

C.2 (C.2) Set forth in detail those relevant transactions that entail a transfer of resources or duties between the company or other group companies, and the substantial shareholders in the company:

Name or company name of the substantial shareholder	Name or company name of the group company or entity	Nature of the relationship	Type of transaction	Amount (thousand of euros)
Solaria DTL Corporación, S.L.	Solaria Energía y Medio Ambiente, S.A.	Business	Provision of services	26,217

C.3 (C.3) Set forth in detail the relevant transactions that amount to a transfer of resources or duties between the company or other group companies, and the administrators or managers of the company:

Name or company name of the Directors or managers	Name or company name of the group company or entity	Nature of the relationship	Type of transaction	Amount (thousand of euros)



C.4 Set forth in detail the relevant transactions carried out by the Company with other companies belonging to the same group, provided that these are not eliminated during the process of drawing up the consolidated financial statements, and that they do not fall within the Company's normal course of business with regard to the object and conditions thereof:

Company name of the group company	Brief description of the transaction	Amount (thousand of euros)

C.5 (C.5) State whether the members of the Board of Directors have found themselves, during their tenure, in any situation of a conflict of interest, pursuant to the provisions of article 127 ter of the Companies Act.

Yes No

Name or company name of the Director	Description of the situation of conflict of interest
D. Enrique Diaz-Tejeiro Gutiérrez	Agreement for the supply of a photovoltaic facility dated on November the 29th, 2007, between Solaria Energía y Medio Ambiente, S.A. and Solaria DTL Corporación, S.L. The transaction was carried out according to market conditions and according to the provisions of the Internal Relationship Protocol signed by Solaria and Solaria DTL Corporación, S.L. on May the 24th, 2007. The signing of the agreement was approved by the Board of Directors on November the 26th, 2007 after the favourable report of the Audit Committee. As a Director of Solaria Energía y Medio Ambiente, S.A. and shareholder of Solaria DTL Corporación, S.L., Mr. Enrique Diaz-Tejeiro Gutiérrez did not participate in the discussion and voting of that item of the agenda.
D. Enrique Diaz-Tejeiro Larrañaga	Agreement for the supply of a photovoltaic facility dated on November the 29th, 2007, between Solaria Energía y Medio Ambiente, S.A. and Solaria DTL Corporación, S.L. The transaction was carried out according to market conditions and according to the provisions of the Internal Relationship Protocol signed by Solaria and Solaria DTL Corporación, S.L. on May the 24th, 2007. The signing of the agreement was approved by the Board of Directors on November the 26th, 2007 after the favourable report of the Audit Committee. As a Director of Solaria Energía y Medio Ambiente, S.A. and shareholder of Solaria DTL Corporación, S.L., Mr. Enrique Diaz-Tejeiro Larrañaga did not participate in the discussion and voting of that item of the agenda.

Name or company name of the Director	Description of the situation of conflict of interest
Mr. Arturo Diaz-Tejeiro Larrañaga	Agreement for the supply of a photovoltaic facility dated on November the 29th, 2007, between Solaria Energia y Medio Ambiente, S.A. and Solaria DTL Corporación, S.L. The transaction was carried out according to market conditions and according to the provisions of the Internal Relationship Protocol signed by Solaria and Solaria DTL Corporación, S.L. on May the 24th, 2007. The signing of the agreement was approved by the Board of Directors on November the 26th, 2007 after the favourable report of the Audit Committee. As a Director of Solaria Energia y Medio Ambiente, S.A. and shareholder of Solaria DTL Corporación, S.L., Mr. Arturo Diaz-Tejeiro Larrañaga did not participate in the discussion and voting of that item of the agenda.
Mr . Miguel Diaz-Tejeiro Larrañaga	Agreement for the supply of a photovoltaic facility dated on November the 29th, 2007, between Solaria Energia y Medio Ambiente, S.A. and Solaria DTL Corporación, S.L. The transaction was carried out according to market conditions and according to the provisions of the Internal Relationship Protocol signed by Solaria and Solaria DTL Corporación, S.L. on May the 24th, 2007. The signing of the agreement was approved by the Board of Directors on November the 26th, 2007 after the favourable report of the Audit Committee. As a Director of Solaria Energia y Medio Ambiente, S.A. and shareholder of Solaria DTL Corporación, S.L., Mr. Miguel Diaz-Tejeiro Larrañaga did not participate in the discussion and voting of that item of the agenda.

C.6 Set forth in detail the mechanisms established in order to detect, determine, and resolve any possible conflicts of interest between the company and/or its group, and its directors, managers, or substantial shareholders.

According to the provisions of Article 29 of the Regulations of the Board of Directors, the Director must notify the existence of any conflict of interest to the Board of Directors and do not attend nor participate in the discussions related to matters in which he has a personal interest.

The Director will be deemed to have a personal interest when the matter affects any of the following persons:

- the spouse or partner of the Director;
- the ascendants, descendants and brothers or sisters of the Director and their respective spouses or partners;
- the ascendants, descendants and brothers or sisters of the Director's spouse or partner; and
- any societies with respect to which the Director is, directly or indirectly, in one of the situations referred to in Article 4 of the Securities Market Act 24/1988 of the 28 of July.



In the case of Directors who are not individuals, the following will be considered related persons:

- any shareholders or partners who are, with respect to the Director, directly or indirectly, in one of the situations referred to in Article 4 of the Securities Market Act 24/1988 of the 28 of July.
- its own Directors, in fact or in law, liquidators and attorney with general powers in relation to the Director.
- any societies that belong to the same group, as defined in Article 4 of the Securities Market Act 24/1988 of the 28 of July and their respective partners and shareholders.
- anybody who is considered a related person of the representative or the non-individual Director.

The aforementioned Article also specifies that the Director cannot carry out any professional or business transactions, directly or indirectly, with the Company, unless reports the conflict of interest situation in advance to the Board and he obtains the approval of the Board of Directors.

In the case of transactions that are part of the ordinary course of business for the Company and that are usual or recurrent, a generic authorization from the Board of Directors will suffice.

- Additionally, the internal regulations of the Company provide that any person involved in a conflict of interest must comply with the following general rules:
- Independence: any persons involved in a conflict of interest must act freely, with total loyalty to the Company and its shareholders and with complete independence from their own interest or anyone else's. Consequently, they will not let their own interests prevail over the Company's or the interests of some investors over those of others.
- Abstaining: They should not influence or participate in any decision-making process that may affect the people or entities involved in the conflict of interest and they should not access any Relevant Information affecting the said conflict.
- Notification: any persons involved in a conflict of interest must notify the Secretary General of any conflict of interests in which they may be involved due to their activities outside the Company, their family relations, their property or any other reason, with respect to:
 - the Company;
 - significant suppliers or customers of the Company; or
 - entities that carry out activities that are equal or similar to the corporate purpose of the Company.

Any doubt related to a potential conflict of interest should be referred to the Secretary General, the final decision resting with the Audit Committee.



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

Yes No

Identify any subsidiary companies listed.

Subsidiary companies listed

State whether they have publicly and precisely defined their respective areas of activity and any possible business relations between them, as well as those of the dependent listed company with the other group companies.

Yes No

Define the possible business relations between the parent company and the listed subsidiary company and between the listed subsidiary company and the other group companies

Identify the procedures envisaged in order to solve any possible conflicts of interest between the listed subsidiary company and the other group companies:

Yes No

Procedures to solve any possible conflict of interest

D) Risk control systems

D.1 General description of the risk policy of the Company and/or its group, detailing and assessing the risks covered by the system, together with an explanation of the adequacy of the said systems to the features of each kind of risk.

Solaria understands Risk Management not only as a series of corrective measures taken against potential risks, but also as a way to anticipate them in the decision-making process through preventive measures. Consequently, this approach avoids focusing on short-term financial parameters, and tries to understand risk management as a system based on the identification, analysis and management of any circumstances that have an impact on the performance of the Company.

Solaria's activities are exposed to different financial risks. Solaria's global risk management program focuses on uncertainty of the financial markets, in order to minimize any potentially adverse effects on Solaria's return on investment.

1. Market risks

i. Exchange rate risks

The Financial Management has set out certain procedures that make it necessary to cover the exchange rate risks in every transaction carried out by Solaria in any currency but Euros and with a term of more than 30 days, as long as market conditions existing at the time of the transaction make it advisable.

ii. Price risks

Solaria's Financial Management manages the risks related to the prices of raw materials, taking into account market conditions at the time of the transaction, through the signing of closed price agreements for certain periods.

iii. Cash-flow interest rate risks

Solaria's policy provides for the covering of the interest rate risk of loans with a floating interest rate through the contracting of derivatives. Solaria manages the cash-flow interest risks by means of variable-for-fixed interest rate swap.

2. Credit risks

It is not Solaria's policy to grant long-term credit to its customers, except in exceptional circumstances and after an assessment of their credit risk level, taking into account their financial position, past experience and other factors and considering Solaria's liquidity reserve projections according to expected cash-flow.

3. Liquidity risks

Due to the dynamicity of new businesses, Solaria's Financial Management aims to maintain financial flexibility by means of the availability of committed loan facilities.

D.2 State whether any of the various types of risk (operational, technological, financial, legal, reputation, fiscal...) affecting the Company and/or its group have materialised during the financial year:

Yes No

Risks that have materialised during the financial year	Reasons	Performance of control systems

D.3 State whether there is a Committee or other governing body in charge of establishing and supervising these control systems:

Yes No

If yes, set forth in detail what its functions are.

According to the provisions of the Regulations of the Board of Directors, the Board of Directors will approve in a joint decision the risk management and control policy, as well as the regular monitoring of any internal information and control systems.

Name of the Committee or body	Description of its functions
Board of Directors	The Board will approve in a joint decision the risk management and control policy, as well as the regular monitoring of any internal information and control systems.
Audit Committee	This Committee will assess the accounting monitoring system of the Company, preserve the independence of its external auditor and supervise the internal control systems of the Company.

D.4 Identification and description of the processes for compliance with the various regulations affecting the company and/or the group.

Compliance with the different rules and regulations affecting the Company is part of the responsibilities and objectives of every officer of the Company, who are primarily responsible for their control. There are other substantial control systems that ensure correct compliance with the different regulations, based on independent regular control actions.



E) Junta General

E.1 State and, as the case may be, describe in detail if there is any divergence from the minimum requirements laid down in the Spanish Companies Act with regard to the quorum necessary in order to hold the General Meeting

Yes No

E.2 State, and as the case may be, set forth in detail if there is any divergence from the regime laid down in the Companies Act concerning the rules for the approval of corporate resolutions:

Yes No

E.3 List those rights held by the shareholders with regard to general meetings which differ from those laid down in the Spanish Companies Act.

According to the Regulations of the General Shareholders Meeting, the shareholders of Solaria Energía y Medio Ambiente, S.A., have the following rights that are broader than the minimum rights required by the Law:

- Right to attend:
To attend the General Shareholders Meeting, it will be necessary to prove the ownership of at least 700 shares or, if that number of shares exceeded 0.1 % of the share capital, the lesser number of shares that corresponds to the said percentage, as long as they are registered in the relevant accounting book, no less than five days before the Meeting.

Those shareholders who own less than the aforementioned number of shares may delegate the representation of their shares on a shareholder who enjoys the right to attend the meeting or group with other shareholders to attain the required number. The grouping must be done specifically for every General Meeting in writing. Any grouped shareholders must delegate their representation in one of them.

Additionally, to attend the General Meeting, the shareholder will be required to obtain the necessary attendance card, the certification issued by the corresponding entity participating in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad de Sistemas or Iberclear), or any document that legally credits him as a shareholder.

Those shareholders attending the meeting in person or through their representatives will produce their attendance card, according to the present Regulations.

- Representation
Without prejudice to the attendance of legal-entity shareholders represented by individuals appointed by those legal entities, every shareholder who has the right to attend the General Meeting may be represented by another person, even if the latter is not a shareholder.

Any powers of representation are always revocable. As a general rule and if the date can be ascertained, the last document of the shareholder, voting or granting of representation powers, before the General Meeting will be considered valid. If the relative dates cannot be ascertained, any voting of the shareholder will prevail over any delegation. Attendance in person to the General Meeting by the shareholder will always be considered a revocation of the representation.

Any powers of representation must always be granted specifically for every General Meeting, in writing or through telecommunication means mentioned by the Board in the notice of the meeting, complying with any requirements included in the said notice and clearly proving the identity of both the represented person and the proxy.

- Voting:
Shareholders with the right to attend will be able to vote on proposals related to items on the agenda of any General Meeting through any of the following telecommunication means:
 - i. By written mail, sending to the Company their attendance and voting card issued by the organisation(s) responsible for keeping the book entries, duly signed and completed, or other written means that, in the opinion of the Board of Directors in a previous agreement published before the notice of the meeting, allows for the due identification of the identity of the shareholder who exercises his voting rights.
 - ii. By other electronic communication means, as long as the electronic voting document includes an officially recognized digital signature of the shareholder or any other digital signature approved by the Board of Directors in a previous agreement published before the notice of the meeting as one with appropriate authenticity and identification guarantees.

Any voting through the aforementioned means will only be valid when received by the Company before 24:00 hours of the day before the General Meeting's first call. The Board of Directors may set out a shorter term for the reception of distance votes.

Any shareholders who vote from a distance as provided for in this Article will be considered as present with respect to the quorum of the General Meeting in question.



- **Information:**
Information can be requested in person at the registered address of the Company or sending the request to the Company by mail or by any other electronic communication means at the address specified by the call for the meeting or, when nothing is specified in the said call, at the Shareholder's Office.

E.4 State, where appropriate, the measures taken in order to encourage the participation of the shareholders in the general meetings.

As well as the information, attendance, representation and distance voting rights that have been described in the previous section, Solaria Energía y Medio Ambiente, S.A. has adopted the following measures to promote the participation of shareholders in General Meetings, according to the provisions of the General Meeting Regulations.

The General Meeting will take place wherever the call for the meeting provides for, inside the municipality of the Company's registered address. If the call for the meeting does not specify any place for the General Meeting, it will take place in the Company's registered address.

The administration board may decide to provide for the using of means or systems that make it easier to participate in the General Meeting or that promote a broad diffusion of the event. The administration board may:

- i. procure simultaneous translation means;
- ii. carry out any appropriate access control, surveillance, protection and security measures; and
- iii. carry out any measures to make it easier for handicapped shareholders to access the room where the General Meeting is to take place.

As well as the aforementioned systems and measures to promote participation in the General Shareholders Meeting, Solaria Energía y Medio Ambiente has a person responsible for shareholders relations, who answers any queries of the shareholders and provides the necessary information about the Company.

A quarterly presentation of the Company's results can also be obtained on the Internet (in Spanish and in English). This presentation is sent by e-mail to shareholders, institutions and any investments analysts who request it. There is also a corporate presentation which is regularly updated and can be used for presentations to analysts and fund managers.

During the financial year, the Company has programmed several visits to its facilities, for shareholders to receive information about the Company's activities. Visits by fund managers are also encouraged and the Company participates in industry seminars/meetings organised by investment banks and attended by their customers (fund managers).

- E.5 State whether the position of chairman of the General Meeting coincides with the position of chairman of the Board of Directors. Set forth in detail, where appropriate, what measures are implemented in order to ensure the independence and proper functioning of the General Meeting:**

Yes No

Detail those measures

The Presiding Committee of the General Meeting is formed by its Chairman and Secretary and by the members of the administration board of the Company.

The General Meeting is presided over by the Chairman or Vice Chairman of the Board of Directors or, when neither is available, by the Director designated by the General Meeting.

The Chairman will be assisted by a Secretary, a Vice Secretary or both. The Secretary of the Board of Directors will be the Secretary of the General Meeting or, if the former does not attend the Meeting, then the Vice Secretary will take his role. If neither attends the meeting, the attending shareholders will choose a secretary, who might not be a shareholder (in which case he will enjoy speaking but not voting rights).

The Chairman, even when he attends the meeting, may delegate the moderation of the debate to the Secretary or to any member of the administration board he thinks fit.

The Chairman may also require the assistance of any expert he thinks fit.

- E.6 State, where appropriate, the amendments made to the regulations of the General Meeting during the year.**

In the last minutes of the extraordinary and universal General Shareholders Meeting, which took place on May the 24th, 2007 at 17:00, the current Regulations of the General Meeting were approved.

E.7 State the attendance data for the general meetings held during the year to which this report refers:

Date of General Meeting	Attendance data				
	% attendance in person	% by proxy	%distance voting		Total
			electronic voting	other	
01/01/07	100				100
24/05/2007	100				100
24/05/2007	100				100
15/06/07	100				100

E.8 State briefly the resolutions approved at the general meetings held during the year to which this report refers and the percentage of votes with which each resolution has been approved.

The agenda for the General Meeting held on May the 24th at 17:00 was approved unanimously and comprised the following items:

1. Acceptance of the resigning of the sole administrator, change of the administration board of the Company, determination of the number of Directors, appointment of Directors and determination of the nature of Directors.
2. Application of listing admission to trading of the shares of the Company and to grant the Board of Directors the pertinent power of attorney.
3. Modification of the representation system for the shares of the Company, changing the stock certificates into book entries.
4. Delegation to the Board of Directors of the power to increase the share capital, according to Article 153.1 b) of the Spanish Companies Act, relinquishing the pre-emptive right of the shareholders, through a subscription offering of shares of the Company.
5. Decrease of the share capital for redemption of own shares subject to the revocation of the public subscription offering.
6. Approval of the Regulations of the General Shareholders Meeting.
7. Determination of the remuneration of the Board of Directors.
8. Authorization for the Board of Directors' derivative acquisition of the Company's own shares.
9. Delegation to the Board of Directors of the power to increase the share capital and the power to exclude the pre-emptive right.
10. Delegation to the Board of Directors of the power to issue debentures, bonds and other fixed-income securities, simple, exchangeable and/or convertible into shares, notes, warrants and preferred shares and the power to exclude the pre-emptive right and authorization for the Society to underwrite the share issues carried out by subsidiary companies.



11. Approval of a new text for the Company's by-laws.
12. Delegation of powers.
13. Reading and, when appropriate, approval of the minutes of the meeting.

The agenda for the Shareholders Meeting held on May the 24th at 20:00 was approved unanimously and comprised the following items:

1. Report and registration of the General Meeting about the Regulations of the Board of Directors and its internal Committees.
2. Delegation of powers.
3. Reading and, when appropriate, approval of the minutes of the meeting.

E.9 State whether there is any restriction in the by-laws to the effect of a minimum number of shares necessary in order to attend the General Meeting:

Yes No

According to the provisions of the Regulations of Solaria's General Shareholders Meeting, to attend the General Meeting, it will be necessary to prove the ownership of at least 700 shares or, if that number of shares exceeds 0.1 % of the share capital, the lesser number of shares that corresponds to the said percentage, as long as they are registered in the relevant accounting book, no less than five days before the Meeting.

Number of shares required to attend the General Meeting

700



E.10 State and justify the policies pursued by the company with regard to voting by proxy at the General Meeting.

According to the provisions of the Regulations of the General Meeting and in compliance with the provisions of the By-laws and the Spanish Companies Act (Articles 106 to 108), those shareholders who own less than the required number of shares to attend the General Meeting, as provided in the Regulations of the General Meeting, may delegate the representation of their shares on a shareholder who enjoys the right to attend the meeting or group with other shareholders to attain the required number. The grouping must be done specifically for every General Meeting in writing. Any grouped shareholders must delegate their representation in one of them.

Additionally, to attend the General Meeting, the shareholder will be required to obtain the necessary attendance card, the certification issued by the corresponding entity participating in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad de Sistemas or Iberclear), or any document that legally credits him as a shareholder. Those shareholders attending the meeting in person or through their representatives will produce their attendance card, according to the Regulations of the General Meeting.

E.11 State whether the company is aware of the policy of the institutional investors of participating or not in the decisions of the company:

Yes No

E.12 State the address and the form of access to the corporate governance content on the website.

Solaria's website address is: www.solariaenergia.com

Shareholders can find information in the "Shareholders and investors" section, which can be accessed from the main page; in that section they can find all the information about corporate governance, accounting and financial data and general information about the Company.

http://www.solariaenergia.com/v_portal/apartados/pl_basica.asp?te=71

F) Degree of compliance with the recommendations of Corporate Governance

State the level of follow-up by the Company with regard to the recommendations of the Unified Code of Good Governance. Should there be any that are not complied with, explain the recommendations, rules, practices, or criteria applied by the company.

1. That the by-laws of listed companies should not limit the maximum number of votes that may be cast by a single shareholder, or contain other restrictions which hamper the takeover of control of the company by way of the acquisition of its shares on the market.

See sub-sections: A.9, B.1.22, B.1.23 and E.1, E.2

Complies Explain

2. That where both the parent company and a subsidiary company are both listed, they should both define publicly and precisely:
 - a) The respective areas of activity and possible business relations between them, as well as those of the listed subsidiary company with the rest of the group companies;
 - b) Any systems envisaged for resolving the possible conflicts of interest which may arise.

See sub-sections: C.4 and C.7

Complies Partially complies Explain Not applicable

3. That transactions that entail the structural alteration of the Company should be submitted for the approval of the General Meeting, even where this is not expressly required by the provisions of commercial law. In particular the following transactions:
 - a) The transformation of listed companies into holding companies, by way of “conversion into subsidiaries” or the transfer of essential activities carried out up until that time by the Company itself to subsidiary companies, even where the latter maintains absolute ownership of the former;
 - b) The acquisition or disposal of essential operational assets, where this entails an effective modification of the corporate objects;
 - c) Those transactions the effect of which is equivalent to that of liquidation of the Company.

Complies Partially complies Explain



4. That the detailed proposals for the resolutions to be approved at the General Meeting, including the information referred to at recommendation 28, should be made public at the time the announcement calling the Meeting is published.

Complies X Explain

5. That those matters which are substantially independent are voted on separately at the General Meeting, so that the shareholders may exercise their voting preferences separately. And that the said rule is applied, in particular:
- a) To the appointment or ratification of directors, who ought to be voted on separately;
 - b) In the case of amendments to the by-laws, to each article or group of articles which are substantially independent.

See sub-section: E.8

Complies X Partially complies Explain

6. That the companies allow votes to be split so that financial intermediaries who appear on behalf of shareholders, but who act for different clients, can cast their votes in accordance with the instructions given by the said clients.

See sub-section: E.4

Complies X Explain

7. That the Board performs its functions with a unity of purpose and independence of will, that it treats all shareholders alike, and is guided by the interest of the company, which is deemed to be to maximise, on a continuous basis, the economic value of the company. And that it should likewise seek, in its relations with interest groups (stakeholders) compliance by the company with the laws and regulations; performance in good faith of its duties and contracts; respect for the customs and good practice of the sectors and territories where it exercises its activity; and observance of any further principles of social responsibility that it may have accepted voluntarily.

Complies X Partially complies Explain

8. That the Board assumes, as the nucleus of its mission, approval of the company's strategy and the organisation necessary in order to put it into practice, as well as to supervise and monitor that the Management complies with the objectives laid down and respects the corporate interests of the Company. And that, for this purpose, the Board in full session should reserve the power to approve the following:
- a) The general policies and strategies of the Company, and in particular:
- 1°. The strategic or business Plan, as well as the annual management and budget objectives;
 - 2°. The investments and finance policy;
 - 3°. The definition of the structure of the group of companies;
 - 4°. The corporate governance policy;
 - 5°. The company's corporate liability policy;
 - 6°. The policy on remuneration and appraisal of the performance of the senior managers;
 - 7°. The control and management of risks policy, as well as the periodical monitoring of the internal information and control systems.
 - 8°. The dividends policy, as well as that pertaining to its own shares, and in particular the limits thereof.

See sub-sections: B.1.10, B.1.13, B.1.14 and D.3

- b) The following decisions:

- 1°. At the proposal of the company's chief executive, the appointment and eventual retirement of the senior managers, as well as their compensation clauses.

See sub-section: B.1.14.

- 2°. Directors' remuneration, as well as, in the case of executive directors, any additional remuneration for the executive functions and any other conditions that their employment contracts must envisage.

See sub-section: B.1.14.

- 3°. Any financial information which, given its status as a listed company, the company is required to make public on a regular basis.
- 4°. Any investments or transactions of any kind which, on account of their large monetary value or special characteristics, are of a strategic nature, unless the approval thereof corresponds to the General Meeting;
- 5°. The creation or acquisition of participations in companies which have a special purpose or which are domiciled in countries or territories which are deemed to be tax havens, as well as any other transactions or operations of a similar nature which, given their complexity, may reduce the transparency of the group.

- c) Any transactions performed by the company with directors, with substantial shareholders or shareholders who are represented on the Board, or with persons related thereto (“related transactions”). Said authorisation from the Board shall not, however, be deemed to be necessary for those related transactions which simultaneously comply with the three following conditions:
- 1°. That they are carried out in accordance with contracts containing standard conditions and which are applied en masse to many clients;
 - 2°. That they are carried out at prices or tariffs that are established in general terms by the party acting as the supplier of the goods or services in question;
 - 3°. That the value thereof should not exceed 1% of the Company's annual income. It is recommended that the Board should approve related transactions following the favourable report of the Audit Committee or of any other committee to which this function has been transferred, as the case may be; and that the directors affected thereby should, in addition to not exercising or delegating their right to vote, leave the board room whilst the Board is deliberating and voting on it.

It is recommended that the powers hereby conferred on the Board should be made to be non-delegable, except for those referred to at letters b) and c), which may be adopted for reasons of urgency by the Delegated Committee, and subsequently ratified by the Board in full session.

See sub-sections: C.1 and C.6

Complies Partially complies Explain

Article 5 of the Regulations of the Board of Directors sets out the competencies and functions of the Board of Directors, including those specified in this recommendation. Nevertheless, as the Company wishes to attain a higher level of independence for its management bodies, the policies of dividends and treasury stock and, specially, their limits will be approved by the General Meeting. In the same way, the Board of Directors will be responsible for the appointment and eventual vacation of office of the senior management, as well as their indemnification clauses, at the proposal of the Appointments and Remuneration Committee, and not the chief executive of the Company.

9. That the Board should be of the right size in order to operate effectively and with full participation, which makes it advisable for its size to be no less than five and no more than fifteen members.

See sub-section: B.1.1

Complies Explain

10. That the external directors in representation of shareholder interests and independent directors should constitute an ample majority on the Board and that the number of executive directors should be the minimum necessary, taking into account the complexity of the Company group and the percentage participation of the executive directors in the share capital of the Company.

See sub-sections: A.2 , A.3, B.1.3 and B.1.14.

Complies Partially complies Explain

According to the provisions of Article 6 of the Regulations of the Board of Directors, the Board of Directors, when exercising its powers to present proposals to the General Meeting and to fill vacancies by co-optation, will endeavour to preserve a majority of external or non-executive Directors over executive Directors in the composition of this body whenever possible. Currently, external Directors account for 50% of the Board of Directors. Nevertheless, the Company believes that the current composition of the Board of Directors reflects the shareholding structure of the Company and it preserves an appropriate representation of shareholders in the Board of Directors.

11. That, should there be an external board member who may not be considered to be either a representative Director nor an independent Director, the Company should explain this circumstance and his/her links with the Company or its managers or with its shareholders.

See sub-section: B.1.3

Complies Explain Not applicable

12. That, in the group of the external Directors, the ratio between the number of representative Directors and independent Directors should reflect the proportion between the company's share capital represented by shareholders Directors and the rest of the share capital. This principle of strict proportionality may be relaxed, so that the weight of directors in representation of shareholder interests is greater than what would correspond to the total percentage of share capital they represent

1º. At companies with a high level of capitalisation where there are no or hardly any shareholding participations which may be legally deemed to be significant, but there are shareholders who hold share portfolios which have a high absolute value.



2°. In the case of companies where there is a multitude of shareholders represented on the Board, and they have no links between themselves.

See sub-sections: B.1.3, A.2 and A.3

Complies X Explain

13. That the number of independent directors should represent at least one third of the total number of directors.

See sub-section: B.1.3

Complies X Explain

14. That the nature of each board member should be explained by the Board at the Shareholders General Meeting which is to make or ratify the appointment, and that this should be confirmed or, as the case may be, reviewed annually in the Annual Corporate Governance Report, following verification by the Appointments Committee. And that the said Report should also explain the reasons for the appointment of representative Directors at the request of shareholders whose shareholding participation is less than 5% of the share capital; and the reasons for not having acceded to formal requests for presence on the Board made by shareholders whose shareholding participation is equal to or in excess of that of others who have successfully requested the appointment of representative Directors should be explained, where appropriate.

See sub-sections: B.1.3 and B.1.4

Complies X Partially complies Explain

15. That where there are no female Board members or hardly any female Board members, the Board should explain the reasons for this and the initiatives that have been adopted in order to correct this situation; and that, in particular, the Appointments Committee should promote the following actions whenever any vacancies should occur:

- a) Selection procedures should not contain an implicit bias that obstructs the appointment of female Directors;
- b) The company should make a deliberate search, and include women who meet the professional profile required amongst the potential candidates.

See sub-sections: B.1.2, B.1.27 and B.2.3.

Complies Partially complies Explain X Not applicable

According to the provisions of Article 17 of the Regulations of the Board of Directors, the Directors will be appointed, after a report from the Appointments and Remuneration Committee and (according to the proposal of that Committee in the case of independent Directors) by the General Shareholders Meeting or by the Board of Directors, in compliance with the provisions of the Spanish Companies Act. According to the provisions of Article 18 of the said Regulations, the Board of Directors will try to appoint prestigious, competent and experienced persons as Directors, and must consider carefully any proposals for the appointment of independent Directors according to Article 6 of the said Regulations. The Company believes that the said selection procedures for the members of the Board do not contain any bias that could prevent the selection of female Directors.

16. That the Chairman, as the person responsible for the efficient functioning of the Board, should ensure that the directors have received sufficient information in advance; should stimulate debate and the active participation of the directors during Board meetings, safeguarding their right to hold a view and express their opinion freely; and organise and co-ordinate the periodical evaluation of the Board with the chairmen of the relevant Committees, as well as, where appropriate, the evaluation of the Managing Director or Chief Executive.

See sub-section: B.1 42

Complies Partially complies Explain

17. That, where the Chairman of the Board should also be the chief executive of the Company, one of the independent Directors should be given powers to request the holding of a Board meeting or the inclusion of new points on the agenda; to co-ordinate and voice the concerns of the external Directors; and to direct the Board in the evaluation of its Chairman.

See sub-section: B.1.21

Complies Partially complies Explain Not applicable

Even if the independent Directors do not explicitly enjoy the said powers, Solaria Energía y Medio Ambiente S.A. believes that this recommendation is partially complied with, because the Chairman must call a meeting of the Board at the request of any two Directors and include in the agenda the points requested.

18. That the Secretary of the Board should place a special emphasis on ensuring that the activities of the Board:

- a) Are in accordance with the letter and the spirit of the Law and the regulations, including those approved by regulatory bodies;
- b) Are in accordance with the company By-laws and with the Regulations of the Meeting, the Board, and any others in force at the Company;
- c) Take into account the recommendations with regard to good governance contained in this Unified Code as accepted by the Company.

And that, in order to safeguard the independence, impartiality, and professionalism of the Secretary, his appointment and retirement shall be reported on by the Appointments Committee and approved by the full session of the Board; and that the said appointment and retirement procedure should be contained in the Regulations of the Board of Directors.

See sub-section: B.1.34

Complies Partially complies Explain

19. That the Board should meet with the necessary frequency in order to be able to carry out its functions effectively, following the schedule of dates and matters as laid down at the start of the financial year, and every Director may propose other points on the agenda which were not initially envisaged.

See sub-section: B.1.29

Complies Partially complies Explain

20. That absences by Directors should be limited to absolutely unavoidable occasions and that these should be quantified in the Annual Corporate Governance Report. And that, where attendance by proxy is unavoidable, it should be granted with instructions.

See sub-sections: B.1.28 and B.1.30

Complies Partially complies Explain

21. That where the Directors or the Secretary should voice any concerns with regard to any proposal or, in the case of Directors, the company's performance, and these concerns should not be resolved by the Board, this should be recorded in the minutes at the request of the person who voiced the concerns.

Complies Partially complies Explain Not applicable

22. That the Board in full session should assess, once a year, the following:
- a) The quality and effectiveness of the performance of the Board;
 - b) On the basis of the report drawn up by the Appointments Committee, the performance of the Chairman of the Board and the Company's chief executive;
 - c) The functioning of the Committees, on the basis of the reports they draw up and submit to the Board.

See sub-section: B.1.19

Complies X Partially complies Explain

23. That all Directors may exercise the right to receive any additional information that they should consider necessary with regard to the competence of the Board. And that, save where the Company By-laws or the Board Regulations should provide otherwise, their request should be addressed to the Chairman or the Secretary of the Board.

See sub-section: B.1.42

Complies X Explain

24. That all Directors should have the right to obtain the advice they require from the Company in order to perform their functions. And that the Company should monitor the suitable channels for the exercise of this right, which in special circumstances may include external advice chargeable to the Company.

See sub-section: B.1.41

Complies X Explain

25. That the companies should establish a guidance programme providing new Directors with a fast and adequate knowledge of the Company, as well as of its rules on corporate governance. And that they should also offer Directors skills refreshment programmes where the circumstances should make this advisable.

See sub-section: B.1.41

Complies X Partially complies Explain

26. That the companies should require that the directors dedicate the necessary time and effort to their duties in order to perform them effectively, and as a result:
- That the Directors should report to the Appointments Committee their other professional duties, in case these should interfere with the dedication required;
 - That the companies should lay down rules with regard to the number of Boards that their directors may sit on.

See sub-sections: B.1.8, B.1.9 and B.1.17

Complies Partially complies Explain

According to Article 26 of the Regulations of the Board of Directors, a Director must act with the diligence of a good businessman and loyal representative. Their conduct must be guided solely by the corporate interest, and they will ensure that the interests of the shareholders as a whole, from whom their authority originates and to whom they are accountable, are best defended and protected. The Director should specifically:

- Gather information and adequately prepare for the meetings of the Board of Directors and, as the case may be, of any committees he belongs to;
- Attend the meetings of the Board of Directors and actively participate in the discussions, in order to effectively contribute to the decision-making process. In case he cannot reasonably attend a meeting, he should instruct the Director who is to represent him.
- Contribute (especially in the case of independent Directors) his strategic vision, as well as innovative concepts, criteria and measures for the optimum development and progress of the Company's business.
- Carry out any specific task given by the Board of Directors or any delegated and/or consultative bodies that are reasonably included in his duties.
- Investigate any irregularity in the management of the Company that comes to his attention and monitor any risk situation.
- Request an extraordinary meeting of the Board of Directors from the persons with the power to call such a meeting and the inclusion in the agenda of any items he thinks fit.
- Oppose any agreements that violate the Law, the By-laws or that are contrary to the interest of the Company and request that their position is recorded in the minutes when appropriate for the preservation of the interest of the Company.

For all these reasons, it was not deemed convenient to set out rules on the number of boards the Directors can sit on.

27. That the proposal for the appointment or re-election of Directors submitted by the Board to the Shareholders General Meeting, as well as their provisional appointment on an interim basis, should be approved by the Board:

- a) At the proposal of the Appointments Committee, in the case of independent Directors.
- b) Following a report by the Appointments Committee, in the case of other Directors.

See sub-section: B.1.2

Complies X Partially complies Explain

28. That the companies should publish via their website, and keep up to date, the following information with regard to their Directors:

- a) Professional and biographical profile;
- b) Other Boards of Directors of which they are members, whether or not they are listed companies;
- c) Indication of the category of board members into which they fall, with an indication, in the case of representative Directors, of the shareholder they represent or with whom they are related.
- d) The date of their first appointment as board member at the Company, as well as of all subsequent re-appointments, and;
- e) What shares in the company or share options they may hold.

Complies X Partially complies Explain

29. That independent Directors should not remain as such for a continuous period of more than 12 years.

See sub-section: B.1.2

Complies X Explain

30. That the representative Directors should resign when the shareholder they represent sells its shareholding participation in full. And that they should also do so, in the corresponding number, when the said shareholder reduces its shareholding participation to a level that requires a reduction in the number of its representative Directors.

See sub-sections: A.2, A.3 and B.1.2

Complies X Partially complies Explain

31. That the Board of Directors should not propose the retirement of any independent board member prior to the expiry of the period laid down in the by-laws for which he was appointed, except where there should be just cause, acknowledged by the Board following a report by the Appointments Committee. In particular, just cause shall be deemed to exist where the board member should have breached the duties that are inherent to his/her position or incurred in any of the circumstances described at sub-section 5 of section III of the definitions of this Code.

The retirement of independent Directors may also be proposed as a result of Public Takeover Bids, mergers, or any other similar corporate transactions that amount to a change in the company's share capital structure, where these changes in the structure of the Board are propitiated by the proportionality criterion set forth at Recommendation 12.

See sub-sections: B.1.2, B.1.5 and B.1.26

Complies Explain

32. That the companies should establish rules which compel directors to report on, and as the case may be, resign in those cases that may affect the credit and reputation of the company, and in particular, compel them to inform the Board of any criminal proceedings where they appear as suspects, as well as of any subsequent procedural vicissitudes.

That should a board member be prosecuted, or should he be served with a writ for the commencement of oral proceedings for any of the criminal offences set forth at article 124 of the Companies Act, the Board should examine the case as soon as possible, and in view of the specific circumstances, decide whether or not it is appropriate for the board member to continue in his position. And that the Board should

See sub-sections: B.1.43, B.1.44

Complies Partially complies Explain

33. That all Directors should clearly express their opposition where they should consider that a proposed decision submitted to the Board may be contrary to the interest of the company. And that independent and all other directors who are not affected by the potential conflict of interest should do likewise in the case of decisions which may prejudice those shareholders who are not represented on the Board.

And that where the Board should take significant or repeated decisions with regard to which the board members have formulated serious reservations, the relevant conclusions should be drawn and should any board members choose to resign, they should explain the reasons in the letter referred to in the following recommendation.

This Recommendation also applies to the Secretary of the Board, even if he is not a board member

Complies Partially complies Explain Not applicable X

34. That where a board member should retire from his position prior to the expiry of his/her term, whether due to resignation or to any other reason, he should explain the reasons in a letter to be sent to all members of the Board. And that, without prejudice to the said retirement being reported as a significant event, the reason for the retirement should be stated in the Annual Corporate Governance Report.

See sub-section: B.1.5

Complies X Partially complies Explain Not applicable

35. That the remuneration policy approved by the Board should set forth its position at least on the following questions:

- a) The sum of the fixed items, with a breakdown, as the case may be, of the allowances for participation on the Board and its Committees, and an estimate of the fixed annual remuneration they give rise to;
- b) Variable remuneration items, including in particular:
 - i. Classes of Directors to which they apply, as well as an explanation of the relative importance of the variable remuneration items with regard to the fixed ones.
 - ii. Criteria for the evaluation of results which form the basis of any right to receive remuneration in shares, share options, or any variable component;
 - iii. Fundamental parameters and the basis of any annual system of bonuses or any other benefits not paid in cash; and
 - iv. An estimate of the absolute sum of the variable remuneration that the proposed remuneration plan will give rise to, in accordance with the level of compliance with the hypotheses or objectives taken as a reference.

- c) Main characteristics of the welfare-provision systems (for example, complementary pensions, life insurance, and similar items), with an estimate of its value or of the equivalent annual cost.
- d) Conditions that ought to be contained in the contracts of those persons exercising the functions of senior management as executive directors, which shall include:
 - i. Duration;
 - ii. Notice periods; and
 - iii. Any other clauses relating to contract premiums, as well as indemnities or amou-rlating for reasons of early termination or termination of the contractual relationship between the company and the executive board member

See sub-section: B.1.15

Complies X Partially complies Explain

36. That remuneration by way of payment in shares in the company or in group companies, share options, instruments referenced to the value of shares, variable remuneration referenced to the performance of the Company, or welfare-provision systems should be circumscribed to executive Directors.

This recommendation shall not apply to payment in shares where this is made conditional on the Directors holding the shares until such time as they retire as board members.

See sub-sections: A.3, B.1.3

Complies X Explain

37. That the remuneration of external Directors should be sufficient to remunerate their dedication, qualifications, and responsibilities as required by the position; but not so high as to compromise their independence.

Complies X Explain

38. That the remuneration referenced to the company's results should take into account any possible reservations set forth in the external Auditor's report and reduce the said results.

Complies Explain Not applicable X

39. That in the case of variable remuneration, the remuneration policies should include the technical precautions required in order to ensure that such remuneration maintains its relationship with the professional performance of the beneficiaries and should not simply derive from the general performance of the markets or of the company's sector of activity or other similar circumstances.

Complies X Explain Not applicable

40. That the Board should submit a report on the remuneration policy for directors to be voted on at the Shareholders General Meeting as a separate point on the agenda, for consultation purposes. And that the said report should be made available to the shareholders, either separately or in any other form that the Company may consider appropriate.

The said report shall concentrate especially on the remuneration policy approved by the Board for the current year, as well as, where appropriate, that envisaged for future years. It shall cover all matters referred to at Recommendation 35, except for those points that could entail the disclosure commercially-sensitive information. It shall emphasise the most significant changes in the said policies with regard to the policy of the previous year to which the General Meeting refers. It shall also include an overall summary of how the remuneration policy has been applied over the said previous financial year.

That the Board should likewise report on the role performed by the Remuneration Committee in drawing up the remuneration policy, and where there has been external appraisal, the identity of the external consultants that have participated.

Ver epigrafe: B.1.16

Complies Partially complies Explain X

According to the provisions of Article 25.1 of the Regulations of the Board of Directors, Directors will have the right to perceive remuneration determined according to the provisions of the bylaws. Specifically, every financial year the Directors will be paid a fixed amount that will be determined by the General Meeting and that will not exceed two percent of the net profits of the Company in the previous financial year, after covering the mandatory appropriations for legal and by-law reserves and after the distribution of an initial dividend of four percent. Additionally, paragraph 6 of the aforementioned Article provides that Executive Directors may also receive shares of the Company or of another company of the group, share options or instruments tied to their price. This remuneration, when it includes shares of the Company or instruments tied to their price, will have to be agreed by the Shareholders General Meeting.

Nevertheless, throughout the year 2007 the Board of Directors did not have the chance to submit the remuneration policy to voting, as no General Meeting was held since the constitution date of the Board of Directors (in which two General Meetings were held) until the end of the financial year no other General Meeting was held. In the General Meeting of May the 24th, 2007, at 17:00 hours, the shareholders approved a maximum remuneration for the Board of Directors of 370.000 euros for the year 2007.

41. That the Annual Report sets out in detail the individual remuneration for Directors during the financial year and should include:

- a) An individual breakdown of the remuneration of each board member, which shall include, as the case may be:
 - i. The attendance allowances or other fixed remuneration as a board member;
 - ii. The additional remuneration for the chairman or members of a Board Committee;
 - iii. Any remuneration under the heading of profit sharing or bonuses, and the reason these were conferred;
 - iv. Contributions to pension plans with defined contributions in favour of board members; or the increase of the consolidated rights of the board members, in the case of contributions to defined provision plans;
 - v. Any indemnities agreed or paid in the event their functions are terminated;
 - vi. The remuneration received as a board member from other group companies;
 - vii. Remuneration for the performance of senior management functions by executive directors;
 - viii. Any other remunerative items distinct from the above, whatever the nature thereof and irrespective of the group company paying them, especially where this is deemed to be a related transaction, or the omission thereof should distort the true and fair image of the total remuneration received by the board member.

- b) The individual breakdown of the eventual payment of directors in shares, share options, or any other instrument referenced to share values, setting out the following information in detail:
 - i. Number of shares or options granted in the year, and the conditions for the exercise thereof;
 - ii. Number of options exercised during the year, with an indication of the number of shares affected and the exercise price;
 - iii. Number of options pending being exercised at the end of the year, with an indication of their price, date, and any other requirements attached to their execution;
 - iv. Any modification during the year to the conditions for the exercise of the options that have already been granted.

- c) **Information on the relationship, in the said previous year, between the remuneration obtained by the executive directors and the results or other measures of the Company's performance.**

Complies Partially complies Explain X

As mentioned in the previous paragraphs, the agenda of the General Meeting of May 24th, 2007, at 17:00 hours, was unanimously accepted and included, in point 7, the determination of the remuneration for the Board of Directors. The said General Meeting resolved that every financial year the Directors will be paid a fixed amount that will be determined by the General Meeting and that will not exceed two percent of the net profits of the Company in the previous financial year, after covering the mandatory appropriations for legal and by-law reserves and after the distribution of an initial dividend of four percent. The abovementioned amount determined by the General Meeting, as long as it is not modified by the said General Meeting, will increase annually at the proposal of the Appointments and Remuneration Committee, depending on the Consumer Price Index (*Índice de Precios al Consumo*).

Additionally, it was resolved to propose as remuneration for the Board of Directors of the Company for the year 2007 a maximum amount of 370.000 euros. The precise remuneration, not exceeding that limit, will be determined by the Board of Directors, at the proposal of the Appointments and Remuneration Committee.

42. **That where there should be a Delegated or Executive Committee (hereinafter, "Delegated Committee"), the participation structure for the different categories of Directors should be similar to that on the Board itself, and its secretary should be the same as for the Board.**

See sub-sections: B.2.1 and B.2.6

Complies Partially complies Explain Not applicable X

43. **That the Board should always be informed of the matters dealt with and the decisions taken by the Delegated Committee and that all members of the Board should receive a copy of the minutes of the sessions of the Delegated Committee.**

Complies Explain Not applicable X

44. That the Board of Directors should set up, in addition to the Audit Committee required by the Securities Market Act, a Committee, or two separate Committees, for Appointments and Remuneration.

That the rules for the make-up and functioning of the Audit Committee and of the Appointments and Remuneration Committee or committees should be set forth in the Board Regulations, and include the following:

- a. That the Board should designate the members of these Committees, taking into consideration the know-how, aptitudes, and experience of the directors and the scope of each Committee; that it should deliberate on its proposals and reports; and that they should report to it on their activity, at the first full session of the Board subsequent to their meetings, and answer for the work performed;
- b. That the said Committees should be composed exclusively of external directors, with a minimum of three. The foregoing shall be deemed to be without prejudice to the attendance of executive Directors or senior managers, where this should be expressly agreed by the members of the Committee.
- c. That the Chairmen thereof should be independent directors.
- d. That they may seek external advice, where they should consider this necessary for the performance of their functions.
- e. That minutes should be kept of their meetings, of which a copy shall be sent to all members of the Board.

See sub-sections: B.2.1 and B.2.3

Complies Partially complies Explain

Both the Appointments and Remuneration Committee and the Audit and Control Committee are formed by three Directors, the majority of which are non-executive, as provided for by Articles 13 and 14 of the Regulations of the Board of Directors. The Chairman of both Committees is an independent Director with sufficient prestige and qualifications for his role.

According to the provisions of Articles 13 and 14, the Secretary of each Committee or whoever is acting as secretary, will take the minutes of every meeting held, which will be approved in that same meeting or in the next one. Each Committee will notify regularly to the Board of Directors any matters it deals with and any decisions made, forwarding to the said Board the relevant minutes.

45. That supervision of compliance with the internal codes of conduct and the rules on corporate governance should be attributed to the Audit Committee, to the Appointments Committee, or, should they exist in separate form, to the Compliance or Corporate Governance Committees.

Complies Explain

46. That the members of the Audit Committee, and in particular the Chairman, should be appointed taking into account their know-how and experience in accounting, auditing, or risks-management matters.

Complies X Explain

47. That listed companies should have an Internal Auditing function which, under the supervision of the Audit Committee, should promote the proper functioning of the information and internal control systems.

Complies X Explain

48. That the person responsible for the Internal Auditing function should submit his annual work plan to the Audit Committee; report directly on any incidents arising in the performance thereof; and submit an activities report at the end of each financial year.

Complies X Partially complies Explain

49. That the control and management of risks policy should identify at least the following:

- a. The different types of risk (operational, technological, financial, legal, reputation...) the Company faces, including amongst the financial or economic risks, any contingent liabilities and other risks off the balance sheet;
- b. The setting of the level of risk that the Company considers acceptable;
- c. The measures envisaged in order to mitigate the impact of the risks that have been identified, in the event that these should occur;
- d. The information and internal control systems that are to be used in order to control and manage the said risks, including any contingent liabilities and other risks off the balance sheet.

See sub-section: D

Complies Partially complies X Explain

According to the provisions of Article 13.2 or the Regulations of the Board of Directors, the Audit Committee should supervise the internal audit systems of the Company and the internal control systems. The risk management policy of the Company provides for the revision of those critical procedures of the Company that are linked to the most significant risks, all of which is described in Section D of the present report, which deals with "Risks Control Systems".

50. That the following should be the responsibility of the Audit Committee:

1^o With regard to the information and internal control systems:

- a. To supervise the process for drawing up the financial information relating to the company and, as the case may be, to the group, as well as the integrity of the said information, and to also supervise the process for reviewing compliance with the normative requirements, the adequate delimitation of the consolidation perimeter, and the correct application of the accounting criteria.
- b. To periodically review the internal control and risks-management systems so that the main risks may be identified, managed, and made known adequately.
- c. To promote the independence and effectiveness of the Internal Auditing function; to propose the selection, appointment, re-election, and retirement of the person responsible for the Internal Auditing service; to propose the budget for this service; to receive periodical information on its activities; and to verify that the senior management takes the conclusions and recommendations of its reports into account.
- d. To establish and supervise a mechanism that will allow the employees to communicate, in a confidential and, where appropriate, anonymous way, any potentially-significant irregularities, especially of a financial and accounting nature, which they may detect within the Company.

2^o With regard to the external auditor:

- a) To submit to the Board any proposals for the selection, appointment, re-election, and replacement of the external Auditor, as well as the conditions under which the Auditor is contracted.
- b) To receive information with regard to the auditing plan and the results of the execution thereof from the external Auditor, and to verify that the senior management is taking its recommendations into account.
- c) To ensure the independence of the external Auditor, and to this effect:
 - i. That the company should notify the National Securities Market Commission, in the form of a significant event, of any change to the auditor, and that this should be accompanied by a declaration with regard to the possible existence of disagreements with the outgoing auditor, and should any have existed, the nature thereof.
 - ii. That it should ensure that the company and the auditor respect the rules in force with regard to the provision of services other than auditing services, the restrictions on the concentration of the Auditor's business, and in general, any other rules laid down in order to ensure the independence of the auditors;
 - iii. That in the event the external Auditor should resign, the circumstances that have led his resigning should be examined.

d) In the case of groups, to encourage the auditor of the group to take responsibility for auditing the companies that make it up.

See sub-sections: B.1.35, B.2.2, B.2.3 and D.3

Complies Partially complies Explain

According to the provisions of Article 13.2 of the Regulations of the Board of Directors and without prejudice to any other tasks that could be assigned by the Board of Directors, the Audit Committee will be responsible for the following basic tasks:

- To report, in the Shareholders General Meeting, on the matters raised by shareholders within its competence.
- To propose to the Board, for the decision of the Shareholders General Meeting, the appointment of external account auditors referred to in Article 204 of the Spanish Companies Act, as well as contracting terms and conditions, the scope of their mandate and, if necessary, the termination or non-renewal of their contract.
- To supervise the internal audit systems.
- To review the Company's accounts, ensure the compliance with statutory requirements and the adequate application of generally accepted accounting principles, with the direct aid of internal and external auditors.
- To know the financial information process and the internal control systems of the Company and to ensure their adequacy and integrity and review the appointment or replacement of the persons in charge.
- To conduct any relationship with external auditors, in order to receive information on any matter that could endanger the independence of said auditors and any other matter related to the accounts audit, as well as any other notification according to the accounts audit laws and technical regulations.
- To monitor the compliance with the auditing contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are clear and precise, as well as to assess the results of every audit.
- To review the financial information that the Board has to provide regularly to the market and its control entities.
- To ensure the compliance with the regulations on related transactions. It will particularly ensure that the information about those operations is communicated to the market, according to the provisions of Order 3050/2004, of the Spanish Ministry of Economy, of 15 of September, 2004.
- To review the compliance with the Internal Conduct Regulations, the Regulations of the Board of Directors and, in general, the governance rules of the Company, as well as to make any proposals for their improvement.
- To receive information and, if necessary, make reports on the disciplinary actions that are to be imposed on members of the senior management of the Company.

Even though currently there is no formal system for the employees to report confidentially and anonymously on potentially important irregularities, especially financial and accounting ones, they may find in the Company, Solaria Energía y Medio Ambiente, S.A. believes that its current procedures are enough to ensure that the Audit Committee supervises such possibilities.

51. That the Audit Committee may summon any employee or officer of the Company, and even order their attendance without the presence of any other Officer.

Complies X Explain

52. That the Audit Committee should report to the Board, prior to the approval by the latter of the corresponding resolutions, with regard to the following matters set forth at Recommendation 8:

- a. Any financial information which the Company, given its listed status, ought to make public on a regular basis. The Committee should ensure that the intermediate accounts are formulated in accordance with the same accounting criteria as the annual accounts, and for this purpose, consider the possibility of a limited review of the external Auditor.
- b. The creation or acquisition of participations in companies with a special purpose or which have their registered office in tax havens or territories which are considered to be tax havens, as well as any other transactions or operations of a similar nature which, given their complexity, may erode the transparency of the group.
- c. Any related transactions, except where this function of prior report has been attributed to another supervision and control Committee.

See sub-sections: B.2.2 y B.2.3

Complies Partially complies X Explain

According to the provisions of Article 13 of the Regulations of the Board of Directors and without prejudice to any other tasks that could be assigned by the Board of Directors, the Audit Committee will be responsible for the following basic tasks, among others:

- o To supervise the internal audit systems.
- o To review the Company's accounts, ensure the compliance with statutory requirements and the adequate application of generally accepted accounting principles, with the direct aid of internal and external auditors.
- o To know the financial information process and the internal control systems of the Company and to ensure their adequacy and integrity and review the appointment or replacement of the persons in charge.
- o To review the financial information that the Board has to provide regularly to the market and its control entities.
- o To ensure the compliance with the regulations on related transactions. It will

particularly ensure that the information about those operations is communicated to the market, according to the provisions of Order 3050/2004, of the Spanish Ministry of Economy, of 15 of September, 2004.

According to the provisions of Article 5.2 of the Regulations of the Board of Directors, the Board of Directors has reserved the powers relative to the creation or acquisition of shares in special purpose entities or entities with a registered address in countries or territories considered as tax havens, and any other transactions or operations of a similar nature which, given their complexity, may erode the transparency of the group.

53. That the Board of Directors should seek to present the accounts to the General Meeting without reservations in the audit report and that, in those exceptional circumstances where such should exist, both the Chairman of the Audit Committee and the auditors should clearly explain to the shareholders the content and scope of the said reservations.

See sub-section: B.1.38

Complies X Partially complies Explain

54. That the majority of the members of the Appointments Committee -or of the Appointments and Remuneration Committee, should they be one and the same- should be independent Directors.

See sub-section: B.2.1

Complies X Explain Not applicable

55. That the Appointments Committee should have the following functions, in addition to those set forth in the above Recommendations:
- To assess the powers, know-how, and experience necessary on the Board, to define, as a result, the functions and aptitudes necessary in the candidates who are to fill each vacancy, and to assess the time and dedication required so that they may properly perform their function.
 - To examine or organise, in the manner deemed to be appropriate, the succession of the Chairman and of the chief executive, and as the case may be, to make proposals to the Board so that the said succession may take place in an ordered and well-planned manner.
 - To report on the appointments and retirements of senior managers proposed by the chief executive to the Board.
 - To report to the Board on matters of gender diversity set forth at Recommendation 14 of this Code.



See sub-section: B.2.3

Complies Partially complies Explain Not applicable

While the current Regulations of Solaria's Board of Directors do not explicitly include reporting to the Board on matters of gender diversity referred to in Recommendation 14 as one of the roles of the Appointments and Remuneration Committee, the Company believes that the procedures used to select the members of the Board of Directors do not contain any bias that could prevent the selection of female Directors.

56. That the Appointments Committee should consult the Chairman and the chief executive of the company, especially in those matters concerning the executive directors.

And that any board member may request the Appointments Committee to take into consideration potential candidates who may be deemed to be adequate, in order to cover vacancies on the Board.

Complies Partially complies Explain Not applicable

57. That the Remunerations Committee should be responsible for the following functions, in addition to those set forth in the above Recommendations:

- a) **To propose to the Board of Directors:**
 - i. **The remuneration policy for Directors and senior managers;**
 - ii. **The individual remuneration of executive directors and any other contractual conditions.**
 - iii. **The basic conditions of the contracts for senior managers.**
- b) **To monitor the compliance with the remunerative policy laid down by the company.**

See sub-sections: B.1.14, B.2.3

Complies Partially complies Explain Not applicable

According to the provisions of Article 14 of the Regulations of the Board of Directors, without prejudice to any other roles that could be decided by the Board of Directors, the Appointments and Remuneration Committee will have the following basic roles:

- To create and review the criteria for the composition of the Company's senior management and that of its subsidiaries and for the selection of candidates.



- To forward to the Board of Directors the proposals for the appointment of officers, so that the Board can appoint them.
- To analyze, develop and regularly review the proposals for the Company's policies on the engagement and loyalty of new officers.
- To analyze, develop and regularly review the proposals for the Company's policies on the remuneration of officers and of the Board of Directors itself, taking into account its adequacy and the performance observed
- To ensure the transparency of remuneration.
- To report on any transaction that implies or could imply a conflict of interests.

58. Que la Comisión de Retribuciones consulte al Presidente y al primer ejecutivo de la sociedad, especialmente cuando se trate de materias relativas a los Consejeros ejecutivos y altos directivos.

Complies X Explain Not applicable



G. Other information

If you consider that there is some relevant principle or aspect relating to the corporate governance practices applied by your company which have not been covered by this Report, please state and explain the content of this below.

¿Any relevant principle or aspect not covered by this Report?

You may include any other information, clarification, or refinement related to the previous sections of the report in this section.

¿Any clarification related to the previous sections?

Specifically, state whether the company is subject to any law other than Spanish law in matters of corporate governance and, where appropriate, include any information that it is under a duty to supply and which is different from that required in this report.

This section is not applicable.

Binding definition of an independent Director:

State whether any of the independent directors has or has had any relation with the company, its substantial shareholders, or its managers, which had it been sufficiently significant or important, would have led to the board member being ineligible for independent status pursuant to the definition contained at section 5 of the Unified Code of Good Governance:

Yes No

Name of the Director	Type of relationship	Explanation

This annual corporate governance report has been approved by the Board of Directors of the company, at its meeting held on May the 21st, 2008.

State whether there have been Directors who have voted against or abstained with regard to the approval of this Report.

Yes No

Name or company name of the Director who did not vote in favour of the approval of this report	Reasons (against, abstention, non attendance)	Explain the reasons