



Barcelona, 14 February 2019

Dear Client,

Law 11/2018 was published in the Official State Gazette on 28 December 2018. This Law amends various regulations concerning non-financial information and diversity, and introduces a new obligation for certain companies, namely the preparation of a **Non-financial information statement (NFIS)**. This statement must be prepared for financial years commencing in 2018.

Which companies are required to prepare this statement?

Companies meeting the following two conditions are required to draw up the NFIS. These conditions will change as from FY 2021:

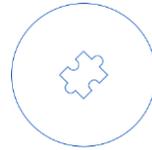
	2018	2021
1	Average number of workers in the year > 500	Average number of workers in the year > 250
	+	+
2	- Public interest entities, or - Two of the following conditions are fulfilled at the end of two successive years (*):	- Public interest entities, or - One of the following conditions is fulfilled at the end of two successive years:
	Assets > €20,000,000 Revenue > €40,000,000 Average No. employees > 250	Assets > €20,000,000 Revenue > €40,000,000

(*) For FY 2018, the figures taken into account will be those for the year itself and the preceding year.

In the case of companies that file consolidated annual accounts, the above thresholds will refer to the consolidated figures and the companies obliged to file the statement will be the parent companies or subsidiaries which are also the dominant company of a subgroup and whose information has not been included in the parent company's management report.

The NFIS must include the following information:

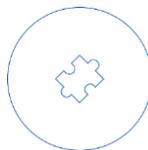
- Brief description of the business model (environment, organisation, structure, markets, objectives and strategies, factors and trends).



- Description of the policies followed in each area:
 - Procedures applied to identify, assess, prevent and mitigate risks.
 - Verification and control procedures.
 - Measures adopted.
 - Results of policies (with key indicators and progress evaluation).
- Main risks related to the different areas: business relations, products or services that could have negative effects and how those risks are managed.
- Breakdown of impacts detected with respect to short, medium and long term risks.
- Application, in each area, of pertinent key indicators in accordance with the business activity (following EC guidelines and Global Reporting Initiative standards).

Which areas should we report on in the NFIS?

Environment	<ul style="list-style-type: none"> - Pollution - Circular economy and waste prevention and management - Sustainable use of resources - Climate change - Protection of biodiversity
Social and personnel matters	<ul style="list-style-type: none"> - Employment - Work organisation - Health and safety - Social relationships - Training - Universal accessibility for disabled persons - Equality
Human Rights	<ul style="list-style-type: none"> - Prevention of risks of human rights violations - Freedom of association and right to collective bargaining - Elimination of discrimination - Elimination of forced labour and child labour
Struggle against corruption and bribery	<ul style="list-style-type: none"> - Prevention of corruption and bribery - Money laundering - Contributions to non-profit entities
Society	<ul style="list-style-type: none"> - Commitments to sustainable development - Subcontracting and suppliers - Consumers - Tax-related information

**Other relevant aspects of the NFIS:**

Lifting of obligation	If two of the conditions under which a company was obliged to file the statement cease to be fulfilled for two consecutive financial years.
Preparation	The statement must be prepared within the first three months following the year-end date.
Approval	It must be approved by the general shareholders' meeting, appearing as a separate item on the agenda.
Verification	Mandatory review by an independent provider of assurance services.
Audit	Only its preparation or mention in the management report is verified.
Presentation format	- Included in the management report (consolidated, if applicable), or - Presented separately with a mention in the management report.
Public disclosure	It will be posted on the company's website on a freely accessible basis within six months of the year end, for five years.

The professionals that regularly work with your company are entirely at your disposal for any clarification or additional information you may require in relation to the content of this Circular Letter.

Yours faithfully,

AUDICONSULTORES

The sole aim of this Circular Letter is to provide its recipients with a selection of general information items about novelties or issues of a labour, tax or legal nature, without this constituting professional advice of any kind or being sufficient for the making of personal or business decisions.

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