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Nº Registro Dirección General de Seguros J-203

Note on Social / Employee Benefits

Madrid, april 2015



vida SR began its operations as an insurance agency in 1940, becoming a Public Limited Company in 1982. We are registered under number J-203 in the Ministry of Economy and Finance Directorate of Insurance and Pensions Register. We are a member of ADECOSE (Spanish Association of Insurance Brokers), one of Spain's leading brokerage business associations, and we accept and comply with its Code of Conduct.

Our brokerage is completely independent and has no links with any other financial organization. We are endorsed by over 60 years' experience. We represent customer's interests with insurance companies, placing our resources and services at their disposal.

vida SR complies with Law 9/1992 of 30 April on Private Insurance Mediation (OSG of 2 May) and is registered in the Special Register of the General Insurance Directorate (Spanish Ministry of Economy and Finance) under number J-203. Our offices are located in Madrid and we operate throughout Spain. We also offer services in UK, Portugal and North/Central America by means of correspondent agreements with local brokers.

With more than €6 million in premiums and over 2000 customers, we are amongst Spain's 5% of largest brokers. We are independent brokers and risk management consultants offering insurance services.

vida SR will provide account development at the end of each one-year term, requesting any modifications that need to be made and at the beginning of the one-year term will describe the service which will be provided. A feature of our customer relations is clear, straightforward and constant communication. We advise customers on implementation of risk management techniques to minimize possible financial and personal losses. The experience we have acquired through our customer quality and quantity enables us to offer them the most up-to-the-minute products, systems and methods for risk management.

vida SR offers its staff ongoing training to ensure that they have up-to-date knowledge of covers and new products, and improved customer communication and relations skills. We are committed to finding the solutions which best meet customer requirements as quickly as possible and keep them informed at all times of any developments.

vida SR will not receive any economic payment which differs from that agreed with any insurer for customer risk placement.

vida SR appreciates information from customers for improving our services. You may make claims or complaints regarding the services offered for both insurance policy brokerage advice and services for the aforementioned brokerage, in accordance with article 44 of Law 26/2006 of 17 July, by calling our Customer Services Department on telephone number (+34) 914 237 093.

Employee Benefits and Pensions

We mention below some aspects of common market practice in Spain:

- Retirement benefits: The background in Spain is that Social Security offers a pension, depending on social security earnings over many years until retirement, and the maximum annual Social Security Pension is in 2015, 35.852 €. So in the labor market it is common to provide benefits in companies with a significant proportion of higher paid employees, and/or to provide benefits principally for higher-paid employees.

The market practice is defined contribution plans. The contribution formula is very varied, so there is no typical contribution formula. However, we observe that a contribution formula that could be considered representative would be for the total contribution to be 2% of social security earning plus 12% of the salary that exceeds social security earnings.

The contribution is most frequently paid 100% by the employer, because employee contributions are only tax-deductible in certain kinds of plans.

- Death and permanent disablement: The most common benefit in Spain is for the sum insured to be a capital sum of two times the annual salary. Sometimes additional benefits are provided in the case of higher-paid employees. Spouse's pensions on death in service exist in some plans, but are not the majority practice in Spain.

We can work with you on all aspects of employee benefits and pensions. Usually the best solution is for these benefits to be insured, as the external funding regulations in Spain require that all these benefits are financed through suitable funding vehicles, and the suitable funding vehicles are insurance policies and qualified pension plans.

Qualified pension plans are not popular with employers for new plans, as there are insurance policies which can attain the same tax treatment as a qualified pension plan, but without the employee participation feature in company qualified pension plans.

Actuarial and Financial Consulting

In collaboration with ARM CONSULTORES (www.armconsultores.com), we offer full consulting services in all aspects of company pension plans.

1. ACTUARIAL CONSULTING

- Pension Commitments: calculations and plan management.
- Retirements and pre-retirements. Workforce reductions. Restructurings.
- Labor negotiations. Flexible remuneration. Mergers and acquisitions.

- National and international pensions accounting. Spanish National Accounting Plan, IAS 19, FAS 87, FRS 17. Valuations of employee benefits plans and pension plans for determination of contribution for Spanish external funding and for liability/accounting according to PGC, IAS 19, US GAAP, IFRS 17. Compliance with HQ procedures and information requirements.
- Independent expert: Reports. Expert witness.

International business: Life, accident, pre-retirement, qualified non-insured, qualified insured plans and non-qualified plans

Human Resource Departments: Support in all employee benefits areas

- Analysis of the employee group
 - Plan design taking into account market practice, legislation and company philosophy. Methods and assumptions.
 - Costs of plan designs.
 - Plan implementation. Communication of plan to employees.
 - Investment strategy and financing vehicle options.
 - Tax aspects.
 - Selection of plan vehicle and plan provider company (bank or insurance company or subsidiary).
 - Continuous monitoring and annual regularizations.
2. PLAN MANAGEMENT (Administration and Support)
- Pension plans and pension commitments.
 - Personal insurances: Life, Health, Disability, Accidents.
3. INSURANCE MANAGEMENT
- Qualified insured and non-insured pension plans.
 - Non-qualified insured and non-insured plans.
 - Life insurance, Health, Disability, Accidents
 - External funding requirement for company commitments.
 - Analysis of the employee group and the employee benefits / pension plan
 - Monitoring of the pension vehicle or insurance policy and communications with the providing company.
 - Annual determination of amounts to be insured and negotiation of the premiums and conditions of the insurance.
 - Communications to employees.
 - Monitoring of investment policy and suggestions for changes, if appropriate.
 - Claims handling.

We also have a long standing relationship as significant shareholders and partners with PROFIM (www.profim.es), one of the most important INDEPENDENT FINANCIAL ADVISORS (EAFI) in Spain, with more than 1.000 clients and over 340.000.000 € of investment and pension funds advised.

Confidentiality

We will not disclose any information on your activity which is considered confidential. However, on the occasions when information is considered essential for covering the necessary risks, we shall be obliged to submit insurers or other acting parties with certain information on your activity. Any sensitive information will be treated in the correct manner and shall not be disclosed without your consent.

Our remuneration

In accordance with normal market practice, our fees are received from the insurers unless otherwise agreed with you.