1. REAL MADRID C.F.

1.1 INSTITUTIONAL PROFILE

Real Madrid Football Club is a sporting entity whose objective and purpose is primarily that of dedicating its activity and assets to the promotion of football in all its different categories and age groups and, generally, the practice of all the sports specified by its governing bodies. Likewise, as a complementary activity, it may promote the development of the physical, moral and intellectual culture of its affiliates by facilitating social relations and a spirit of unity amongst them.

Real Madrid Football Club, which was founded in March 1902 and whose first foundation charter is dated 18 April of the same year, has full legal capacity in accordance with the legislation currently in effect and is registered with the Spanish Football Federation, as well as with those federations required for the different sports in which the club competes throughout any given season.

1.1.1 MISSION

To be an open and multicultural club that is both appreciated and respected throughout the world for its sporting successes and for the values it disseminates which, based on the search for excellence both on and off the field of play, contribute towards fulfilling the expectations of its members and followers.

1.1.2 VISION

A leading football and basketball club which, by way of its sporting triumphs, fulfills the hopes and expectations of all of its followers in Spain and abroad, sustains its significant historical legacy, manages its assets rigorously and transparently to the benefit of its members and acts in accordance with social responsibility and good corporate governance criteria.

1.1.3 VALUES

WILL TO WIN

Real Madrid’s main objective is to strive, to the best of its abilities, to win all of the competitions it enters while showing its commitment, its belief in hard work and its loyalty to its supporters at all times.

SPORTSMANSHIP

Real Madrid is a worthy and fair opponent on the field of play, upon which it competes with goodwill and respect towards all rival teams and their respective supporters. Away from the field of play it is Real Madrid’s overriding desire to maintain relations with other clubs based on fraternity and solidarity and to collaborate with them and with the Spanish and international sports authorities on an on-going basis.

EXCELLENCE AND QUALITY

Real Madrid aspires to have the best Spanish and foreign players within its ranks, to imbue them with the values to which the club aspires, and to repay the support of its fans with a sporting project based on quality, discipline and sacrifice for the common cause. With respect to the management of its activities, the club adheres to the principles of good governance and transparency and strives for excellence at all times.

TEAM PHILOSOPHY

All those who form part of Real Madrid, be they sportspeople or other professionals, make a commitment to working as part of a team and to give the best they have to offer for the good of the whole without putting their personal or professional aspirations first.

TRAINING

Real Madrid constantly devotes a great deal of effort to discovering and instilling new sporting values. This involves channeling the necessary attention and resources into the youth teams of all its sporting disciplines and nurturing not only the sporting development of its youth players, but also their social, ethical and civic education.

SOCIAL RESPONSIBILITY

Real Madrid is aware of the high social repercussion of its activities. It therefore dedicates all the resources within its power to complying with the very highest standards of good corporate governance and the promotion of the best sporting values, to strengthening its relations with its members, former players, fan clubs and supporters, and to the development and implementation of solidarity projects in favor of the needy both within Spain and beyond its borders.

ECONOMIC RESPONSIBILITY

Real Madrid is aware that it manages tangible and intangible assets of exceptional value and importance, and it is for this reason that it pledges to administer them responsibly, transparently, efficiently and honestly in benefit of its members.
1.1.4 REAL MADRID FOUNDATION

The Real Madrid Foundation is the instrument via which Real Madrid exercises its social responsibility and implements its social and educational activities. In order to enable it to do so, every year Real Madrid makes a donation to the Foundation.

The Foundation’s primary purpose is to promote, both in Spain and abroad, basic sporting values and the practice of sport itself to serve not only as an educational instrument capable of contributing towards the full development of the personality of those who practice it, but also as a social integration tool in benefit of those who are in any way marginalized and to promote and disseminate all the cultural aspects linked with sport.

The Real Madrid Foundation is made possible by the collaboration, in addition to Real Madrid C.F., of the different Public Administration Bodies and thanks to the generous support which, in the form of patronage and sponsorships, it receives from the relevant Spanish and foreign companies and, above all, thanks to the individual contributions of thousands of Real Madrid supporters who choose to thus express and strengthen their association with the club.

The Foundation implements its activities’ programs within five major areas, namely the promotion of sport as a whole, the development of values through sports education, social projects, international cooperation and institutional activities, in addition to the documentation center.

The Foundation is audited on an annual basis and presents the results of the audit to its Board, to the Foundations Commission of the Ministry for Education and Sport and, furthermore, they are published in both the Foundation’s Report and Magazine.

1.1.5 REAL MADRID GRADUATE SCHOOL

Following a period of in-depth internal reflection regarding the way in which the world of sports was developing, the club decided to extend its experience and knowledge to the higher education sector, and with this purpose in mind, in 2005 Real Madrid Football Club reached an agreement with the European University of Madrid to set up the Real Madrid Graduate School. The School offers, both in Spain and overseas, higher education courses designed to provide students with specialist sports management training of the highest quality, not only with respect to sporting facilities and equipment, but also to the training and practice of the sport or the conversion thereof into a spectator event, and including every aspect related with communication, health and leisure, and all with official university qualifications. This makes Real Madrid the first club of its kind anywhere in the world to be involved in the creation of a graduate school for transmitting the legacy of knowledge accumulated over its 115 years of history to future generations of sports managers.

1.2 SUSTAINABILITY AT REAL MADRID

Founded in 1902, the Real Madrid Football Club is an institution with over one hundred years of history. Its corporate purpose and the unerring will of its membership endow it with a permanent and perpetual character.

It is for this reason that sustainability with respect to all of its decision-taking processes is considered with a view to the long-term future. This sustainability manifests itself in the strict compliance with the principles of good governance and transparency, in a responsible economic management process that enables the indefinite continuity of its activities, in minimizing the environmental impact thereof and in maximizing the contribution made by the club to society in economic terms and as regards employment, sports development and community activities.
1.3 REAL MADRID CORPORATE GOVERNANCE AND TRANSPARENCY POLICY

1.3.1 CORPORATE STRUCTURE

Real Madrid Football Club is a nonprofit private sports entity formed by its members in order to promote and practice the sports established in its Articles of Association.

1.3.2 ADMINISTRATION OF THE CLUB

The management and representation of the entity corresponds to the General Assembly, the President and the Board of Directors. These three bodies are democratically elected by the members, whose wishes are represented in the way that the club is administered. The principles of accountability and transparency are systematically applied in all the areas of the club in accordance with the standards of good governance.

Good corporate governance manifests itself in the administration of the club by way of cross-cutting policies and procedures that ensure the control of key decisions such as appointments, remunerations, purchases and investments. As far as all critical processes are concerned, the procedures to be followed have been defined in such a way that their implementation is fully verifiable, traceable and auditable. The application of good corporate governance principles ensures that key decisions are endorsed and are firstly subjected to the scrutiny of the director of the corresponding area, secondly to the validation of the operational management structure that acts across the entire organization (Human Resources, Legal Services, Procurement, Expenditure Control, etc.), and thirdly to the approval of committees formed by senior club executives and members of the Board of Directors. A Procurement Committee and an Economic Committee have been established and meet periodically to take decisions regarding the purchases of goods and services, investments, remaining within budget, and risk minimization actions.

Decisions regarding the recruitment or promotion of staff and appointments, staff redundancies and remunerations are taken by the Executive Committee, which is made up of the club’s senior executives and members of the Board of Directors. Likewise, the Board of Directors receives regular reports from the Procurement Committee and the Economic Committee, draws up the action plans and implements the operating decisions in order to meet the established objectives. It also supervises and heads up the administration and management of the club in the broadest sense of the word. Finally, the correct implementation of all the processes is supervised by the Department of Compliance and Internal Auditing. All these steps ensure that the correct decisions are taken, that these concur with the strategy and do not exceed the approved budget.

Mandatory and auditable procedures exist with the same objective as regards the approval of invoices received, the settlement of expenses and attentions to protocol so as to prevent abuses from occurring in sensitive areas.

This exhaustive operational control is not limited to expenditure. The follow-up of the collection of invoices issued is also systematically performed to keep arrears and non-payments under strict control in all of the club’s revenue areas, with this being initially supervised by administration and, ultimately, by the Economic Committee.

1.3.3 THE CLUB’S TRANSPARENCY POLICY

Real Madrid fully assumes its obligations of accountability and transparency, publication of relevant data and disclosure of its corporate activities. It has therefore implemented an integrated transparency policy in recent years that culminated in the website (http://wwwrealmadrid.com/sobre-el-real-madrid/el-club/transparencia) which publishes all institutional, financial, organizational and contractual data according to national and international standards, such as Law 19/2013 on transparency, public information and good governance, as well as International Transparency INFUT indicators. The transparency policy forms part of the broader obligations of corporate responsibility and good governance, is supplemented by the Code of Ethics and control programs that guarantee the prevention of non-compliance and culminates in the quality and stakeholder participation systems.

1.3.4 MEMBERS’ RIGHTS

All members have the right to enjoy the club’s activities in accordance with the rules established for doing so, and to choose not only the bodies that represent and govern the club, but also the most senior bodies which monitor and control the corporate governance of Real Madrid in a democratic manner.

1.3.5 GENERAL ASSEMBLY

The General Assembly is the most senior of the club’s governance bodies and its duties include the approval and ratification or the censure of the President and of the Board of Directors.

The General Assembly consists of all the members who are eligible to vote in accordance with the system of democratic representation established in the club’s bylaws.

The General Assembly examines and, where appropriate, approves the Annual Report, Balance Sheet and Profit and Loss Account of each financial year, as well as the following year’s budget.

The General Assembly is the top institutional body which systematically applies the principle of accountability and guarantees good governance for how Real Madrid is managed.

Other exclusive powers of the General Assembly include the amendment of articles of association, taking the most important economic decisions, passing a motion of no confidence in the President or in the Board of Directors, and the calling of a referendum among the members in order to decide upon matters of extreme importance. All the foregoing endows the General Assembly with an extremely wide range of powers, all of which go towards guaranteeing the sound corporate governance of the club.
1.3.6 ELECTION OF THE PRESIDENT AND BOARD OF DIRECTORS

The Board of Directors is the body directly responsible for the administration, governance, management and representation of the club. The Board of Directors oversees the actions of the club’s executive managers and in turn reports its findings to the General Assembly, thereby ensuring the principles of good corporate governance are applied to the management of Real Madrid at all times.

The President and the Board of Directors are democratically voted in as a result of the corresponding elections for which those members who are in compliance with that established in the articles of association put themselves forward as candidates.

Elections to choose a new President and Board of Directors are called under the following circumstances:

- Due to the term of office of the former President and Board of Directors having expired.
- Upon the decision of the President or of the Board of Directors.
- When so agreed by the General Assembly due to the resignation or disqualification of the Board of Directors, or whenever the number of Board members falls below a total of five due to resignations, abandonments, deaths or physical disabilities.
- Due to a vote of no confidence approved in accordance with that stipulated in the articles of association - bodies, and with the control procedures implemented by the General Assembly to ensure the good governance practices of the club.

The Board of Directors remains in office for a period of four years as of its announcement, and its members can put themselves forward for re-election, either as a single unit or separately as parts of other candidacies.

The Board of Directors is endowed with the widest range of powers with which to govern, administer and represent the entity as the maximum body for expressing the will of its members, with the only limit upon these being those matters that can only be decided upon by the General Assembly.

1.3.7 CONTROL SYSTEMS

As mentioned above, Real Madrid is a transparent institution that is committed to the principles of good corporate governance and, above all, with the principle of accountability being systematically applied at all levels of club management. The control activity is the result of the workings of the club coming under constant scrutiny by its internal executive bodies, by all of its members, by the authorities, and even by public opinion via the communication media. The internal executive body is the Department of Compliance, which in reporting directly to the President of the club, defines and approves the control procedures and systems necessary for ensuring a maximum degree of institutional rigor. This compliance is audited periodically by Internal Auditing. The membership exercises control via the Delegate Members’ Meeting and the Board of Directors. The sports authorities (national and international federations, national leagues and the (Spanish) National Sports Council) permanently supervise the club’s activities too, which are also under the constant scrutiny of the different communication media, further proof of the club’s transparency with respect to the management of all its activities.

As a whole, the control systems implemented by Real Madrid ensure that the way in which it is run is permanently adapted to the principles of good governance and transparency to which the club unreservedly adheres. The control, the degree of consultation with respect to decision taking and the policy of accountability are rigorously applied to prevent the taking of arbitrary decisions and ensure that nobody can take decisions that compromise the good name and administration of the Club.

Real Madrid implemented an Organization and Management Model to Prevent Criminal Activities on 1 April 2014, which is shown on the club’s intranet and is therefore known by all the club’s employees.


The Organization and Management Model includes a system of decision-making and delegating of powers under the principles of good corporate governance, control procedures and surveillance bodies which, together with its Code of Ethics and reporting mechanisms provide the club with the necessary means to suitably prevent and sanction its responsibility in the fight against all types of irregularities, both of a generic nature such as fraud and embezzlement, as well as specific types in the area of sport, such as illegal betting, match-fixing, doping, competition fraud, racism, xenophobia, harassment and violence in sport. Real Madrid maintains a firm position in the fight against all such scourges that threaten sport.

The Organization and Management Model defines how the Club reaches and makes its decisions through its collegiate bodies to ensure analysis, debate and
consideration as part of a team before the decisions are made. Management processes are meticulously defined, with explanations on the necessary steps and authorization by the managers involved. These processes are also present in the computerized workflows that include final authorization and approval for each type of task, meaning that decisions are validated at different authorized levels of management and that the processes are fully traceable and documented for the purposes of registry, control and auditing. Similarly, the signing of documents follows strict procedures of validation and registration to ensure permanent compliance with the club’s authorization policy and the traceability of all transactions.

An essential part of the Real Madrid Organization and Management Model is the identification of the club’s risk of criminal liability which, in addition to the analysis of the likelihood of occurrence and impact of each such risk and the relevant prevention and action plans, constitute the Real Madrid Criminal Activities Risk Matrix. Said analysis also gives rise to the club’s Criminal Activities Risk Map in which each risk is measured by its probability of occurring (very low, low, medium, high) and its impact (slight, moderate, medium, high). The Department of Compliance and Internal Auditing of the club systematically monitor the established action plans to minimize the probability of occurrence and impact of each risk identified.

During the 2016-17 season, Real Madrid continued with the project it had begun last season with Deloitte to implement a new data security framework to establish clear policies on how to handle data and the necessary security controls, as an efficient preventive measure to facilitate the reduction of risks for the club.

The project has increased the efficiency of the prevention/detection of possible computer crime, as well as incorporating new mechanisms of compliance with the data security policy.

Another significant step forward in relation to control systems has been the culmination of the transparency policy, which has aimed at going further than the legal requirements established by the Law 19/2013 on transparency, by publishing all the data and indicators required by INFUT, the football club transparency index, established by International Transparency Spain. This enables and activates an ongoing corporate control based on the permanent and updated publication of the club’s relevant information, increasing its own level of demands and promoting the excellence of its control systems.

Procurement management and service contracting are regulated by internal rules, control systems and procedures in order to achieve the best possible supply option, optimizing the investment made.

2. REAL MADRID CORPORATE SOCIAL RESPONSIBILITY

2.1 STAKEHOLDERS SERVED BY REAL MADRID

2.1.1 MEMBERS

The Members of Real Madrid Football Club are individuals who, upon meeting the regulations approved by the General Assembly, join the entity and are bestowed with the rights and obligations contained in the statutes. The members are the owners of the club and, as such, its most important stakeholders.

2.1.2 PLAYERS AND REFEREES

Real Madrid’s corporate purpose is to promote sport. Therefore, all the players and referees are a group of great importance to the club.

2.1.3 EMPLOYEES

In order to carry out its various activities, Real Madrid not only depends on its athletes, but also on the other employees that offer the entity their professional services.

2.1.4 SPORTING AND PUBLIC ADMINISTRATIONS

Our sporting activity entails a continuous relationship with sporting administrations: national and international federations, the professional leagues in which we participate and the National Sports Council. Our economic activity also entails a continuous relationship with Public Administrations at all levels: national (Tax Authorities, Social Security), regional (Region of Madrid) and municipal (Madrid City Council).

2.1.5 OTHER CLUBS

Real Madrid’s sporting activity inevitably entails participation in local, national and international competitions. The other clubs we compete with are another of our priority interest groups with whom we aim to establish and fulfill firm commitments.

2.1.6 CLIENTS

Our activity requires economic income that originates from our clients. Our clients are both companies and individuals. These companies include television channels, sponsors, licensees, and lessees that rent boxes and facilities for all kinds of events. The club’s individual clients are those that purchase a ticket for any of the sporting events that we organize, a ticket to visit our facilities and exhibitions or buy the products with our brand.

2.1.7 FANS

The fans are those that support our teams in the various competitions in which we participate. Real Madrid is a club that is open to everyone. Among fans, fan club members and those that maintain a direct relationship with the club through the Madridería's loyalty programme are groups of particular interest to Real Madrid.

2.1.8 SUPPLIERS

Suppliers are also a group of strategic interest in our value chain, as essential partners in order to offer goods and services that comply with set parameters and assist in achieving the club’s overall objectives.
2.1.9 SOCIETY

We also feel a great responsibility that we look to articulate in the form of commitments made with society at large. Real Madrid is the institution it is because of the community it belongs to, which offers it considerable support. In response, Real Madrid commits itself to helping the needy and assisting community projects in which its values and sporting experience may be useful.

Real Madrid is also committed to training new generations of sports managers that will contribute to improving their communities’ health, recreation and economies.

Our present and future vocation leads us to work with youngsters and commit ourselves to their future. We are therefore careful that our impact on the environment does not prevent future generations being able to enjoy it.

2.1.10 THE MEDIA

The club is aware of the interest it attracts from society and public opinion. The club is aware that social media fulfills an essential role and is committed to it as a relevant stakeholder.

2.2 REAL MADRID’S COMMITMENTS TO ITS STAKEHOLDERS

2.2.1 MEMBERS

Real Madrid promises its members that it will maintain and foster the club’s values, fulfil the strictest standards of good corporate governance and transparency, encourage members’ participation through the means established in the statutes and, above all, strive constantly for sporting achievements. The club commits to maintaining healthy finances with on-going supervision in a transparent process of auditory systems and controls under the general principle of continuous and systematic accountability.

2.2.2 ATHLETES

Real Madrid promises athletes and referees that it will embrace the sporting values of fair play, respect and competition. The club maintains the on-going commitment with its players of all levels to develop the academy, foster athletes’ physical well-being, adhere strictly to their contracts, maintain competitiveness in order to aspire to the highest sporting achievements, offer the athletes good facilities, excellent coaching professionals and visibility through media presence. These commitments extend to those who have left professional competitive sport at the club and belong to its Veterans Association.

2.2.3 EMPLOYEES

Real Madrid aspires to be an excellent place to work, offering its workers permanent paid employment at market conditions, adherence to the strictest principles of equality and the promotion of diversity, opportunities to reconcile their professional and personal lives, training opportunities and emphasis on work health and safety.

2.2.4 SPORTING AND PUBLIC ADMINISTRATIONS

Real Madrid promises sporting administrations that it will adhere strictly to the principles of fair play, institutional cooperation, respect for authority and participation in all sports organization authorities. With regards to public administrations, Real Madrid’s commitment is to fulfill its fiscal, social, good corporate governance and transparency and environmental obligations, working closely with authorities on community projects and especially with respect to order and security at the sporting events we organize.

2.2.5 OTHER CLUBS

As a sports competitor, Real Madrid upholds fair play, competitive spirit and respect in all its performances, and participates in common initiatives and projects for good causes.

2.2.6 CLIENTS

Real Madrid promises its clients that it will maintain and promote high standards in quality and innovation, promote customer satisfaction and maintain professional processes of claims management and the assessment of on-going improvement of its services.
2.2.7 FANS

Real Madrid promises all sports fans that it will adhere to the principles of fair play, always endeavor to promote sporting values, reporting transparency, respect and maximum safety at the events it organizes. Real Madrid maintains a closer relationship with those fans signed up to the Madridista programme, offering them first-hand information, advantages in purchasing the club's products and services as well as various promotions with recreation companies. Real Madrid has agreements with. The club also commits to maintaining a close relationship with the Real Madrid fan clubs set up around the world, in their shared objective of defending the Real Madrid colors and supporting the entity.

2.2.8 SUPPLIERS

Real Madrid C.F. is firmly committed to developing responsible procurement policies that include suppliers in compliance with applicable standards of human rights, ethics and environmental care.

The policy overseeing supplier selection and the assigning of orders and contracts is based on the principles of professional ethics, advertising and competition and is carried out in a transparent, fair and responsible manner under the supervision of the Procurement Committee. Collaborative relationships are established with suppliers, avoiding payment conditions that put their solvency at risk. Communication channels are set up that favor transparent commercial relations and the understanding of mutual needs. The purpose of this procurement policy is to comply with the club’s objectives, in accordance with established rules and procedures. Furthermore, purchasing from local suppliers is encouraged as far as possible, fostering the creation of wealth in the surroundings.

2.2.9 SOCIETY

Real Madrid carries out its social commitment through the activity undertaken by the Real Madrid Foundation, especially in the creation and management of integration academies and sporting academies, as well as its support of charity initiatives, dedicated in particular to children, active and veteran athletes, and disadvantaged groups.

The Real Madrid Graduate School is another vehicle of social action through its work training future sports managers.

Real Madrid is also committed to giving its best efforts on environmental issues in order to achieve resources by recycling materials and waste, using energy efficiently and saving water, as well as applying ecological and sustainable principles to the care of lawns and garden areas.

The club gives an account of its compliance, amongst other means, via its Transparency Portal which, in addition to a great deal of other information, reports on its ethical commitments and values and how they are managed.

2.2.10 THE MEDIA

Real Madrid undertakes a relationship of collaboration based on the professionalism and reporting transparency with the social Media, notwithstanding its compliance with data and information protection regulations and the recognition of the important work carried out by media organizations.
3. MEMBERS

The membership of Real Madrid is made up of a total of 92,830 members, of whom 65,188 are adults, 19,002 junior members and 7,740 are persons with more than 65 years of age or with more than 50 years of membership. Of these members 73,663 are men and 19,167 are women.

The number of football season ticket holders amounts to 61,817, all of them members, and there are 7,647 season ticket holders for basketball, of which 3,891 are members, 1,991 holders of the Madrid Supporters Card or Carnet Madridista and 1,765 are members of the general public.

The delegate members are those that make up the General Assembly, which is the supreme governing body of the club. This currently comprises 2,097 members, among them the Board of Directors, honorary members and the first hundred members of the club.

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The Membership Disciplinary Commission is elected by the General Assembly of Members, in response to proposals by the Board and is in charge of studying and qualifying any acts committed by club members or attitudes adopted by them that are reported and referred to it for consideration. The commission meets twice a week to study and decide on matters inherent to its functions. During the 2016-17 season, 1,684 disciplinary proceedings were initiated and a total of 343 cases ratified.

3.1. INSTITUTIONAL ACTS WITH MEMBERS

Ordinary and Extraordinary General Assemblies were held on 23 October 2016 and included approval of the following:

- The Budget, Annual Report, Balance Sheet and Profit and Loss Accounts of Real Madrid C.F., as well as the Annual Consolidated Accounts with companies in which the club has a holding, all the above corresponding to Financial Year 2015/2016.
- The Consolidated budget of Revenue and Expenses and the Activities Report for the Year 2016-17.
- Taxable base of membership fees for the 2017-18 season.
- Appointment of Francisco Gento López as Honorary President.
- The President of the club, Florentino Pérez, presided the event along with the Honorary President Francisco Gento López and representatives of the Board of Directors, accompanied by the club’s living legends.

On June 8, pursuant to the provisions of Article 38 of the club’s Bylaws, the Electoral Board agreed to call Elections for President and Board of Directors of the club.

On June 19, 2017, with only candidacy presented, the Electoral Board, under Article 40, paragraph E, point 2 of the current Bylaws of the club, declared Florentino Pérez Rodriguez president of Real Madrid and the Board of Directors made up of the following candidates:

- President: Florentino Pérez Rodríguez (MEMBER Nº. 2,486)
- Vice Presidents: Fernando Fernández Tapia (MEMBER Nº. 30,031), Eduardo Fernández de Blas (MEMBER Nº. 5,471), Pedro López Jiménez (MEMBER Nº. 12,787)
- Secretary: Enrique Sánchez González (MEMBER Nº. 14,344)
- Spokespersons: Ángel Luis Heras Aguado (MEMBER Nº. 1,807), Santiago Aguado García (MEMBER Nº. 1,982), Jerónimo Farré Munchazar (MEMBER Nº. 2,896), Enrique Pérez Rodríguez (MEMBER Nº. 6,962), Manuel Cerezo Velázquez (MEMBER Nº. 11,488), José Sánchez Bernal (MEMBER Nº. 12,841), Gumersindo Santamaría Gil (MEMBER Nº. 17,764), Raúl Ronda Ortiz (MEMBER Nº. 18,579), José Manuel Otero Lastres (MEMBER Nº. 19,149), Nicolás Martín-Sanz García (MEMBER Nº. 21,210), José Luis del Valle Pérez (MEMBER Nº. 46,101), Catalina Miñarro Brugarolas (MEMBER Nº. 53,469)

ELECTION OF THE PRESIDENT AND BOARD OF DIRECTORS

AWARDING OF INSIGNIAS

On 26 November 2016, a ceremony was held to award insignias to members of 25, 50 and 60 years affiliation to the club. A total of 1,691 insignias were awarded, of which 165 were gold and diamond, 442 gold and 1,084 silver.

The Board of Directors of Real Madrid during the ceremony proclaiming Florentino Pérez as President of the club.
3.1.2. ACTIVITIES RELATING TO CORPORATE GOVERNANCE AND TRANSPARENCY

Real Madrid is firmly committed to the highest and most demanding standards of good corporate governance and transparency. The Board of Directors is the body directly responsible for the administration, governance, management and representation of the club. The Board of Directors held eight meetings during the 2016-17 season.

The Board of Directors is assisted by an Economic Committee and a Procurement Committee, both made up of members of the Board and executives of the club. The Economic Committee held seven meetings to monitor economic progress during the year, introduce corrective measures and perform a quarterly review of partial closures of accounts and updating of the year on year forecasts regarding compliance with the club’s annual budget. The Procurement Committee held seven meetings to supervise and, where appropriate, approve the acquisition of the goods and services required for the performance of the activities described in the club’s annual budget.

All the different stages of the budgeting cycle fulfill the strictest standards of good corporate governance. The annual budget is drawn up with the participation of all the club’s divisions, with strategic measures and performance of the Board of Directors held eight meetings for final approval at the beginning of each season.

The budgeting cycle was once again adhered to strictly during the 2016-17 season. The degree of compliance with the budget, with the logical influence of the sporting successes achieved this season, has been very satisfactory, achieving a healthy profit. The club’s economic objective is to maintain the financial balance and solvency of the club in the long term, in order to address all the obligations deriving from the development and achievement of its sporting objectives, in all cases in strict adherence to the applicable standards. All the above is confirmed by the annual accounts of the club, which show significant growth in turnover and high efficiency, profitability and solvency.

The annual accounts of the club for the 2016-17 season were audited externally by the firm Ernst & Young and its report, without reservations, is attached to the Economic Report of the club for the year. Once approved by the Board, the annual accounts of the club are subjected to scrutiny and final approval by the General Assembly Meeting.

Furthermore, the auditing function is strengthened within Real Madrid by the work carried out by Internal Auditing. As a result of the efforts of Internal Auditing, a Procedures Manual was established with currently 54 internal procedures that determine the operations of the club in relation to its most important internal processes. Compliance with these procedures is ensured by the supervision carried out by Internal Auditing, which every season draws up an audit plan contemplating the work to be performed during the season.

Specifically, during the 2016-17 season, the auditing of the expenses clearance procedures of several club divisions has been completed and as a result of the audit and the club’s activities, two procedures of the Procedures Manual were updated.

In addition to the audit mentioned above, Internal Auditing carried out other tasks, such as reports required by different club divisions, the developing and implementing of new procedures, control of defaulting debts and measures to be taken, the study of new information systems to facilitate the management of different processes, as well as special reports relating to internal organization, the code of ethics, management of warehousing and inventories of sports apparel, corporate responsibility, etc. Lastly, it has participated in activities for the supervision and continuous improvement of the Model to Prevent Criminal Activities implemented in the 2013-14 season, in such a way that a comprehensive review of the model has been carried out, automating it within a software platform and establishing a cycle of continuous maintenance. As a result of this review, the club has designed and implemented the prevention actions defined by experts as best practices to prevent criminal liability of legal persons in the management of their professional duties through regulatory measures established by sports authorities to ensure that their employees in the exercise of their functions are in place to manage criminal risks. That is why, during this season, the club has carried out the supervision and continuous evaluation of the Model to Prevent Criminal Activities.

This season the Data Protection Act Compliance Office set up in the 2012-13 season, continued its on-going monitoring, follow up, maintenance and upgrading of Data Protection Act compliance. In addition, as a result of the entry into force of the new European data protection regulation as of May 2018, work has been carried out to adapt to the new regulations, establishing action plans for compliance with these regulations, as well as training and awareness on this subject.

In the 2016-17 season, the club has continued its activities in matters of good corporate governance and transparency aimed at employees. Legislative developments that introduce criminal liability of legal persons for irregularities committed by their employees in the exercise of their professional duties have been complemented by regulatory measures established by sports authorities to ensure that their employees in the exercise of their functions are in place to manage criminal risks. That is why, during this season, the club has carried out the supervision and continuous evaluation of the Model to Prevent Criminal Activities implemented in the 2013-14 season, in such a way that a comprehensive review of the model has been carried out, automating it within a software platform and establishing a cycle of continuous maintenance. As a result of this review, the club has designed and implemented the prevention actions defined by experts as best practices to prevent criminal liability of legal persons in the exercise of their functions through regulatory measures established by sports authorities to ensure that their employees in the exercise of their functions are in place to manage criminal risks. That is why, during this season, the club has carried out the supervision and continuous evaluation of the Model to Prevent Criminal Activities implemented in the 2013-14 season, in such a way that a comprehensive review of the model has been carried out, automating it within a software platform and establishing a cycle of continuous maintenance. As a result of this review, the club has designed and implemented the prevention actions defined by experts as best practices to prevent criminal liability of legal persons in the exercise of their functions through regulatory measures established by sports authorities to ensure that their employees in the exercise of their functions are in place to manage criminal risks.
of Ethics, the Organization and Management Model, the Whistleblower Channel, the Criminal Activities Risk Management System Manual and assigning action plans regarding certain potential risks to the club in this area.

Continuous evaluation of the model has been completed with an independent audit with satisfactory results and a training and awareness programme has finally been carried out in this area for the entire staff.

With respect to continuous compliance with the Transparency Act, during the season the club continued to permanently review and update its transparency website to enable accountability in the most sensitive areas of public scrutiny, as determined by the Transparency Act and the strictest international standards. The website provides extensive and detailed economic and financial information, as well as data on contracts, remuneration, ethical commitments and values and management and services, going much further than the legal provisions and requirements.

Real Madrid reached a very high position, with an outstanding score of 95.8 from 100 points in the latest audit performed in March 2017 by the entity International Transparency Spain, which evaluated all the 42 clubs in the First and Second Divisions using 60 indicators to assess the publication of the club’s most relevant data on organization, corporate management, relations with members and fans, finances and contracts. It should be noted that this score is well above the 71.8 points which is the average score of the 20 first division clubs. It is also worth noting that in the areas of Information about the club, Relations with Members, Fans and the General Public and Indicators for the Transparency Act, the score obtained by Real Madrid was 100 out of 100, i.e. the maximum possible score.

3.1.3. MEMBER SERVICES AND INFORMATION

Member Services Office

The Office provides an integrated customized attention service and has attended to more than 12,000 visits and more than 11,000 telephone calls; more than 14,000 requests for information and miscellaneous arrangements have been performed and resolved by e-mail. Likewise, more than 4,000 telephone calls were made to delegate members and others in relation to different events, such as the presentation of insignia, signings, etc.

The Members Service Office houses the Delegate Members’ Office, which deals with requests by representative members: information, ticket requests, attendance to institutional events, basketball and Real Madrid Castilla tickets, documentation for the General Assembly, office matters, etc.

The Online Member Services Office

The online Member Services Office enables members to make enquiries and perform transactions at any time and without having to visit the club, with total security and confidentiality.

During the 2016-17 season, the online office recorded more than 617,348 visits by members who were able to comfortably resolve their arrangements with the office.

Real Madrid City

All Real Madrid members and fans can visit the Real Madrid City facilities, upon request. In the 2016-17 season, it was host to more than 3,500 people.

Ticket incident office

This service is provided on match days, mainly to assist members who have forgotten or lost their season ticket or have had it stolen. Once the member has been duly identified, the ticket assigned to the season ticket is issued. During the 2016-17 season, 5,700 members have been served.

Member Hotline 91 344 54 45

Exclusive hotline for members. Accessing it requires prior identification with membership number and PIN code. The call to this number may be free of charge since practically no operator charges as the call is included in their usual tariff. You can also communicate with the club from anywhere in the world, dialing 0034 91 344 54 45, without being restricted by any telephone company. The 902 21 2002 member hotline is also still available. In the 2016-17 season, 52,427 calls have been answered.

Exclusive e-newsletters for members

Weekly electronic magazine for Real Madrid members, offering exclusive videos, dates of ticket sales, etc. More than 70,000 members currently receive the electronic newsletter by e-mail, making a total volume of approximately 2,500,000 e-mails sent.

Member notifications

As a supplement to the e-newsletter, the Members Department also sends notifications to members by e-mail, the frequency of which depends on the information needs of the club and its members. During the 2016-17 season, more than 4,500,000 e-mails were sent with information of great use and interest to members, making communications more flexible and efficient.

SMS messages

During the 2016-17 season, the club intensified the sending of SMS messages to mobile phones with the latest club news relating to ticket sale dates, assignment of seats and other relevant information. A total of 766,991 SMS messages were sent.

Hala Madrid Magazine

Sent to all members on a quarterly basis, containing the latest club news.
The 2016-17 season will go down in the history of Real Madrid C.F. as one of the greatest years ever. Since 1958 our club hadn’t managed to win the League and the UEFA Champions League — the former European Cup, in the same season. In addition, our team was the first to achieve two consecutive Champions League titles since the current format was established in the 1992-93 season. The city of Cardiff witnessed victory over the powerful Italian team of Juventus, who had just won the Scudetto and the Italian Cup. The Welsh capital, along with Milan and Lisbon, will forever be a lucky city for Real Madrid, the city of its 12th European Cup. Three titles of the maximum continental competition achieved in 4 years will be very difficult to beat in the future. A separate mention must go to Cristiano Ronaldo, who has the honor of having scored the 500th goal of the club in this competition, as well as being the first player to score in three consecutive Champions League finals. The team increased its trophy haul by winning the Puskas Cup in Hungary and the European Super Cup, by beating Japan’s Kashima Antlers and Japan’s Kashima Antlers and beating Sevilla FC.

In our trophy cabinet since the League Championship trophy We hadn’t had the National Scudetto and the Italian Cup. The presence of Academy players in foreign leagues. The Under-18 A and Under-16 B teams were also champions of their respective leagues. The Under-10 A and Under-8 teams were champions in their respective groups in 7-a-side football. The Under-10 A team also won the Final Phase of the Madrid Under-10 Championship.

During this season, 79 different players have been added to the different lower categories of the club, of which 16 correspond to the Under-8 team. Through its policy of cooperation with other clubs, Real Madrid continues to promote the development of sport. The club has now signed cooperation agreements with up to 39 other clubs.

Football - the Academy Real Madrid Castilla continued with its player training process, ending the season in eleventh position in Group 2 of the Second Division B.

The Under-18 A team enjoyed an excellent season and won the League, Champions’ Cup and the Copa del Rey for that category. In the UEFA Youth League, the team qualified for its third Final Four of the four editions played, with an excellent tournament in which it reached the semi-final.

The Under-18 B and C teams won their respective national competitions. The latter also won the Puskas Cup in Hungary and the Al Kaas Tournament in Qatar.

in Real Madrid City and the Hospital Universitario Sanitas La Moraleja.

This season, the Medical Service has taken on a nutritionist. The work of nutritional and education this season has been extended to the family environment and beyond, with the aim of giving a more effective form of control over something that is of increasing relevance in the life of the players.

In the same way, and with the aim of promoting fair play and the fight against all types of fraud, Real Madrid taught the LFP and UEFA course on integrity to its Academy and related staff, also providing course content on its corporate intranet for all personnel. Posters and brochures were also printed supporting football without violence and with fair play.

Players from Real Madrid’s Youth Academy In the 2016-17 season, 92 players were trained by the Real Madrid Academy and playing in the First and Second Division of the League. Of these, 52 played in the First Division, belonging to 19 clubs: Real Madrid (9), Atlético Madrid (3), Deportivo (4), Betis (2), Leganés (1), Ñu (1), Getafe C.F. (1) and Cádiz (1).

In addition, outside Spain, 46 players were trained at the club and playing for teams in foreign leagues.

The presence of Academy players in the different national teams is noteworthy, contributing the following number of players: in Under-20s (3), Under-19s (8), Under-17s (9), and Under-16s (4).
We also contributed players from our Academy to other national teams like Austria, Paraguay, Norway, France, China, Greece, Morocco, Argentina and others.

We want to highlight the performance of Federico Valverde who received the Silver Ball in the Under-20 World Cup held in Korea. The national team won the Under-17 European Championship with great input of the Under-17 team. The Under-16 team also did well, winning the Under-16 European Championship. At the World Cup, the Under-17 team had a good performance, reaching the third place.

Wolfsburg and Marcos Llorente should also highlight the roles they played in other important teams.

3.2.2. BASKETBALL

Real Madrid started 2016-17 with a total of three pre-season friendly matches, two in the 6th Costa del Sol Tournament and one against Oklahoma City Thunder in the 2016 NBA Global Games. The team prevailed 142-137, claiming their second ever win against an NBA team.

The Endesa Super Cup played in Vitoria was the first competition of the season. Real Madrid was eliminated in the semi-finals after losing to F.C. Barcelona Lassa.

The one title win of the season came in the Copa del Rey also played in Vitoria. Real Madrid faced MoraBanc Andorra first and in the semifinals beat Baskonia. The final against Valencia Basket was won with a score of 97-95. In this way, the team won its 27th title in this competition. Sergio Llull won the MVP award for the 2017 Copa del Rey in Vitoria.

In the Endesa League, Real Madrid ended the regular season in first place, with 25 wins and seven losses in 32 games.

In the quarter-finals of the playoffs for the title, Real Madrid beat MoraBanc Andorra 2-1 and in the semi-final beat Unicaja 3-0. In their sixth consecutive final, the team lost to Valencia Basket by 1-3.

In the new 16-team EuroLeague, Real Madrid came first in the regular league with a balance of 23 victories and seven defeats and faced the eighth placed team, Darussafaka Dogus, in the quarterfinal playoffs. The whites prevailed 3-1 over the Turkish team, qualifying in this way to play in the Final Four in Istanbul.

In the Final Four semi-final match, Real Madrid played the finals of the Copa del Rey and the Endesa League, and played in the Final Four of the EuroLeague, several members of the first team received individual awards:

- Sergio Llull was named MVP of the King’s Cup.
- Sergio Llull was named MVP of the Endesa League and chosen in the All-Liga ACB Team.
- Luka Doncic was chosen as best young player of the Endesa League and included in the best young players’ team.
- Sergio Llull was named MVP of the EuroLeague and chosen in the All-EuroLeague Team.
- Luka Doncic received the Rising Star award as the best young player in the EuroLeague.

New signings

This season Real Madrid acquired the rights of two players for the first team (Anthony Randolph and Othello Hunter). Álex Suárez joined Real Madrid after remaining on loan for a season at Dominion Bilbao Basket.

The Academy

The Academy bought the rights to 21 players, distributed in the following way: 9 players in the Under-14 B, 4 in the Under-14 A, none in the Under-16 B, 3 in the Under-16 A, 2 in the Junior and 3 in the Real Madrid EBA League squad.

The basketball second team, who played in the EBA League, finished third in Group B of the regular league.

The Junior team was proclaimed champion of the Community of Madrid and also won the Spanish Championship in Lleida. The team also won the 19th Villa de la Orotava Basketball Tournament, the 8th Villa de la Laguna Under-16 National Tournament, the Under-16 Sant István Basketball Cup in Hungary, the Novipiu Europe Cup 2017 in Turin and the Bar Basketball Cup played in Montenegro.

Mario Nakic was named MVP of the Villa de la Orotava Basketball Tournament. Usman Garuba was the MVP of the Villa de la Laguna Tournament. Golden Dike received the MVP award of the Szent István Basketball Cup and Rubén López was included in the ideal team of the tournament. Mario Nakic won the MVP award for the Novipiu Europe Cup 2017 and was chosen to be a part of the ideal team along with Usman Garuba. In the Bar Basketball Cup, Usman Garuba was the MVP of the tournament and Amar Sylia was the MVP of the final. Dino Radonic was awarded the MVP in Tenerife and along with Acoydan McCarthy, Francisco Salvador and Khadim Sow was included in the ideal team of the tournament. Also, Francisco Salvador was named MVP of the Spanish Championship final and Dino Radonic was chosen as MVP of the Adidas Next Generation in Coin and was part of the ideal team of both this tournament and the EuroLeague International Junior tournament.

The Under-16 A team was champion of the Community of Madrid and also won the Spanish Championship in Lleida.
Real Madrid won the second Santiago del Teide International Tournament. Kostas Kostadinov was appointed MVP of the Mini Cup and repeated his MVP award in the final of the Spanish Championship. Juan Núñez was chosen as MVP of the Santiago del Teide International Tournament and Miguel Ángel López-Palacios won the best coach award in the 27th Ciutat de L’Hospitalet Under-14 Tournament.

The Under-16 B and Under-14 B teams reached their objectives established at the beginning of the season. Under-16 B finished top of the A2 division during the regular phase, finishing 13th at the end of the competition. In addition, the team won the 7th Leukemia and Lymphoma Foundation Basketball Tournament and the 4th edition of the Torneo de Famiers.

Usman Garuba was awarded MVP of the Leukemia and Lymphoma Foundation Tournament and was included in the ideal team along with Boris Tisma.

The Under-14 B team also finished in top position in the A2 division, finishing the season in the same way, as did the Under-16 B team, finishing in seventeenth position overall. In addition, Real Madrid was proclaimed champion of the FYM Rincón de la Victoria tournament and of the 3rd Under-12 Tournament in Castelldefels. Sediq Garuba was awarded MVP in Castelldefels and Juan Vaquero was MVP in the Under-12 Unilever Valdecañas Tournament and included in the ideal team of the tournament.

3.3 EMPLOYEES

During the 2016-17 season, Real Madrid had an average staff of 673 contributors to the social security system, of which 294 were athletes. Of the club’s employees, 0.60% have temporary contracts and 99.4% indefinite-term contracts.

It should be highlighted that the club complies strictly with the Public Administration criteria on Social Security Contribution by players receiving remuneration and all football players over the age of 16 who play in Real Madrid teams are registered with Social Security.

38% of the club’s contracted employees are female (128 women and 207 men in total) of which 52 hold positions of responsibility.

In the 2016-17 season, Real Madrid’s academy maintained its collaboration agreement with C. B. Las Rozas, with the results of this agreement proving very satisfactory so far.

During the 2016-17 season the club awarded scholarships to 17 players from other regions and countries. All of them were offered boarding in the Real City Madrid and schooling in the SEK, one of the most prestigious academic centers in Spain.

The agreement that the club has with Sanitas has progressed satisfactorily.

In the 2016-17 season, the club has continued its activities in matters of good corporate governance and transparency aimed at employees. Legislative developments that introduce criminal liability of legal persons for irregularities committed by their employees in the exercise of their professional duties have been complemented by regulatory measures established by sports authorities to ensure that crime prevention models are in place to manage criminal risks. The club has designed and put in place preventive action defined by experts, such as best practice to prevent criminal liability in any possible situation. The analysis of potential risks to the club in this area, the assigning of action plans and work teams to maintain the highest standards of prevention, has been completed with the independent audit of our comprehensive system of prevention of criminal risks and with the training plan on this matter directed to the entire staff. Similarly, following recommendations by experts in the prevention of each risk, the club has designed and implemented the Real Madrid Model of Organization and Management, a guide for employees, as well as implementing control mechanisms to prevent irregular activity, such as the whistleblowing system and corporate portal.

Real Madrid has also continued to invest in the ongoing training of its staff. This investment has surpassed €350,000 and 11,500 hours of training this season. The main efforts in training have been aimed at contributing to strategy, supporting plans for the internationalization of the business and the operations of the club and driving the digital transformation of our entire organization. In this regard, of note is the research project for the diagnosis of digital competences and detection of digital training needs in the workforce.
This study, conducted with the European University, involved the participation of 239 employees of the club, and has revealed high levels of knowledge and digital competence of employees, above the average levels of the comparable population both in our country and the rest of the European Union. As a continuation of this study, an ambitious plan is being designed for the development of digital competences based on active learning communities through gamification and other new knowledge management techniques.

Special mention must also go to the training programs on integrity, good practice and the prevention of fraud in sports competition, given in partnership with the Professional Football League to spread the code of conduct developed for sporting bodies to all levels of the club.

Training has also included occupational risk prevention, with courses being given on first aid, evacuation of facilities, fire suppression and prevention of occupational hazards.

The academy coaches have been trained to identify and prevent harassment situations, and club coaches and executives have obtained the title of Professional Coach through the advanced program in executive and organizational coaching, which has enabled the introduction of coaching programs to support the personal and sporting development of the academy players.

In collaboration with the Madrid Football Federation, a national course for level 3 football coaches was held, attended by 8 coaches from the club’s football academy, among others.

In collaboration with our academic partner the European University, seven scholarships have been awarded to club employees to attend master’s programs at the Real Madrid Graduate School. These postgraduate programmes included an MBA in Sports Management, a University Master’s in Sports Physiotherapy, a University Master’s in Sports Training and Nutrition and a Master’s in Football Management.

Another development of the 2016-17 season has been the introduction in the academy of nutritional training given by a specialist in nutrition for high performance athletes, aimed at coaches and physiotherapists as well as the players themselves.

In addition to training activities, a special mention should be made of the internal communications campaigns carried out to teach the club’s values in the fight against violence and all forms of intolerance or discrimination in sport. These campaigns have focused this season on awareness of good practices in sport, respect and promotion of the Real Madrid Code of Ethics. Occupational risk prevention plans have also continued. This season, they have benefited significantly from the introduction of the club’s own prevention service, as well as the on-going external prevention services already contracted by the club for its different areas.

Actions in the area of prevention and occupational medicine included employee medical examinations, enhanced by new diagnostic techniques for early detection of diseases, which have been carried out on a total of 217 ordinary employees and 12 permanent, discontinuous employees. A voluntary flu vaccine campaign has also been carried out, in which 57 employees were vaccinated.

With regard to Occupational Risk Prevention, the club has continued to monitor and supervise facilities and processes, carrying out the necessary preventive measures and proceeding with the preparation, updating, improvement and adaptation of the documentation to changes in the facilities, jobs and tasks performed. Monitoring and follow-up of the delivery and use of Personal Protective Equipment for workers has continued, and special emphasis has been placed on workplace information and training, as well as on the dissemination of action procedures in the event of emergency.

The relevant Occupational Risk Assessments and Preventive Action Plans have also been carried out for the new facilities of the club such as the Basketball Pavilion and Football Pitches 11 and 12 of Real Madrid City. All of them have their corresponding Self-Protection Plan, implemented through the provision of training to people working there and to entities which use the facility (Real Madrid Foundation) and put to the test with an evacuation drill in December 2016.
In addition, training and refresher courses have been given to the people with responsibilities in case of emergency, and evacuation drills were carried out at the Academy Residence in November 2016, in the pitches and stands of Real Madrid City in February 2017, in the Bernabéu Tour in June 2017, and the Emergency Measures of the Multipurpose Building have been updated.

The Health and Safety Committee, comprised of club worker and management representatives, continued its activities, making notable progress in the occupational risk prevention plans for all areas. With regard to the coordination of the business activities carried out at our facilities, in the 2016-17 season, there were 377 coordinated occupational risk prevention actions.

As part of the digital transformation of the club’s organization to obtain all the benefits of information and communications technology, the employment virtualization project which enables the optimization of our contingency and on-going business plans in the event of an emergency has been extended to new divisions of the club. The project provides us with a tool that allows each employee remote access from any location and terminal to a corporate desktop in order to operate the same applications and resources as if they were at the club. In this way, both in cases of mobility as well as in any emergency situation that prevents employees from being present at the club offices, they can continue working from any location with Internet access and the club can continue to function. In addition, the club is able to obtain immediate response from its employees, wherever they are located, if required urgently outside business hours, without them having to travel to its facilities. The use of this new environment will also enable us to provide the benefits of working from home, with respect to modernization, efficiency, productivity and conciliation between work and family life, as well as to society by reducing travel.

To support the digital transformation of the club, agreements have been reached with workers’ legal representatives regarding teleworking and digital disconnection for rest at night, as well as flexibility of schedules that allow compatibility between the operational needs of the club—which include working at weekends, on bank holidays, and evening hours—with greater opportunities for improving the work-life balance of employees.

3.4 SPORTING AND PUBLIC ADMINISTRATIONS

This season, Real Madrid continued to adhere to its policy of timely compliance with tax obligations and social security contributions and at all times has been up to date in its payments to the public administrations, as shown in the Transparency Portal. Likewise, it has continued its institutional collaboration with the local and autonomous community administrations.

TAX BALANCE

The direct contribution by Real Madrid to state and local tax authorities and Social Security for the 2016-17 financial year was €244.9 million. The breakdown by items is as follows:

- €167.5 million for the payment of taxes to the state and local tax authorities as well as Social Security contributions, which represents 25% of the club’s operating income; i.e. of every 100 euros the club earned, 25 euros went to taxes and Social Security contributions.
- €77.5 million in VAT, which, as a result of its economic activity, Real Madrid has paid to the tax authorities (difference between VAT charged to customers and VAT paid to suppliers).

As of June 30, 2017, Real Madrid had no outstanding unrecognized tax obligations.

<table>
<thead>
<tr>
<th>AMOUNTS PAID DURING THE 2016-17 FINANCIAL YEAR</th>
<th>€ THOUSAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax and non-resident income tax (deductions from staff remuneration and image rights)</td>
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</tr>
<tr>
<td>CORPORATE TAX</td>
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</tr>
<tr>
<td>Property tax and other local taxes</td>
<td>2,648</td>
</tr>
<tr>
<td>SOCIAL SECURITY QUOTAS (company quota)</td>
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</tr>
<tr>
<td>SOCIAL SECURITY QUOTAS (staff quota)</td>
<td>1,298</td>
</tr>
<tr>
<td>TOTAL COST OF TAXES AND SOCIAL SECURITY PAID</td>
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</tr>
<tr>
<td>% OPERATING INCOME</td>
<td>25%</td>
</tr>
<tr>
<td>VAT NET BALANCE PAID</td>
<td>77,463</td>
</tr>
<tr>
<td>REAL MADRID TOTAL CONTRIBUTION TO TAX REVENUES AND SOCIAL SECURITY</td>
<td>244,928</td>
</tr>
</tbody>
</table>
Football
Real Madrid has a presence in the most important football national and international organizations. The most important organizations we participate in are as follows:

UEFA: this season, Real Madrid has been very active in the various committees and bodies of the European organization, particularly in UEFA Events S.A., in which the president serves as a representative. In addition, our vice-president is a member of the UEFA Club Competitions Committee and vice-president of the Board of Directors of the Club Competitions Committee SA.

ECA: the ECA is an organization that brings together the main European clubs and at whose General Assembly and the activities, especially in the Football Stakeholders Committee.

FIFA: our club is represented at the highest tier of football by the vice-president on both the FIFA Player’s Status Committee on the Football Stakeholders Committee.

RFEF: this season, the club had a very active presence, most notably the president’s participation on the Board of Directors.

FFM: this season, the club had a very active presence in the Madrid Football Federation.

Basketball
Real Madrid is present in all the major national (ACB) and international (EuroLeague) basketball bodies.

COMMUNITY OF MADRID: The club continues to maintain excellent relations with the Community of Madrid. Its collaboration with this institution is more active than ever, as shown by the success of the assignment by the regional government of the WiZink Center for Real Madrid’s Endesa League and EuroLeague games.

BASKETBALL FEDERATIONS: The Mangers of Real Madrid’s Academy actively participated in the General Assembly of the Spanish Basketball Federation (FEB) and of the Madrid Basketball Federation (FBM), thus improving communications between the club and these federations and creating a more fluid work dynamic.

3.5 OTHER CLUBS
Real Madrid’s relations with other clubs is demonstrated by its participation in tournaments and friendly games.

Football
The different club teams took part in a total of 78 tournaments and 153 friendly matches.

These tournaments include the Weifang Cup International Tournament in China (Under-18 B), the AI Kass International Cup in Qatar, the Puskás Cup and the Generation Adidas Cup in Dallas (Under-18 C), the Verona International Tournament (Under-16 A), the Marveld Tournament and the Miguel Balbo Tournament (Under-16 B), the Francisco de Goya Tournament and Reino de León Tournament (Under-14 A), the Dubai Intercontinental Football Cup (Under-14 B), the MIC and LaLiga Promises (Under-12 A), and the Poderade Cup (Under-12 B), among others.

Basketball
Real Madrid’s relations with other clubs is demonstrated by its participation in different tournaments and friendly games. In pre-season, the first team played a total of three friendly matches.

In the VI Edition of the Costa del Sol Tournament, Real Madrid played against Fenérbahce and Unicaja before playing the NBA Global Games 2016 in which they faced Oklahoma City Thunder.

The Basketball Academy teams played several friendly games and took part in prestigious tournaments at a national and international level, playing a total of 19 games.

Highlights were the Real Madrid Junior victory in the Adidas Next Generation tournament in Coin, the Under-16A victory in the U16 Szent István Basketball Cup 2017 and the Under-14 team win in the Endesa Mini Cup.

3.6 CLIENTS
In the 2016-17 season the club’s commercial activity has intensified with the consolidation of a portfolio of more than 300 national and international clients that operate in more than 50 sectors and with which a continuous relationship has been established.

The club either directly or through its Master licensee, has managed a portfolio of 241 license agreements in order to be able to offer official products and services that use Real Madrid’s intellectual property rights. Among them is the line of textile products that includes the replicas of match day shirts and licenses in the digital environment that have generated a catalogue of games and services for the mobile environment that have been accessed by more than 5 million users worldwide.

The club collaborates with Relevent to promote its friendly matches, an activity that forms part of the team’s pre-season preparations. This season the team participated in the International Champions Cup, playing three matches in the
US which produced a record total attendance of 274,500 spectators and proclaimed us as the football club that has sold more tickets in the US.

The Events Department has firmly established itself within the Business Tourism industry, occupying a privileged position due to the number of events carried out throughout the year. Our facilities, their extraordinary location and the versatility of their spaces allow us to create events tailored to each company, to break with seasonality and maintain a competitive offer 365 days a year. The number of corporate events increases every year, with 160 this season.

The Bernabéu Tour has once again beaten its record of visitors and this year ended with more than 1,100,000 visitors. It is one of the main tourist attractions of the city and therefore, one of the most in-demand products for national and international tourists. The commitment to technology, interactivity and content enrichment, makes the Bernabéu Tour one of the best rated products with the highest customer satisfaction rate. It’s worth noting the importance of the complementary services we offer during the visit and the desire for continuous improvement to adapt to the needs of the market with high level products and services. Of note is the implementation of the new, pioneering system of latest generation audio guides in 5 languages.

The food served at our four stadium restaurants continues to occupy a privileged position within the city’s gastronomic offering. The food services associated with match days continue to improve and special mention should be made of the international development of the Real Madrid Café brand. We have already announced our first opening in Dubai and there is an ambitious development plan for the next few years that will allow us to continue opening such establishments and reach all our fans and supporters in the main cities of the American continent.

Real Madrid develops its official store business through its licensees Adidas which, at the end of the 2016-17 season operated in official stores located on Gran Via, Arenal and Carmen streets and at the Las Rozas Village Shopping Center, at Barajas Airport (terminal 4 and terminal 4 satellite), in Palma de Mallorca, Barcelona (Las Ramblas and Ferrán street), Mexico City (Carranza and Polanco streets) and Doha (Qatar). These outlets are in addition to the store at the Santiago Bernabéu stadium, which has an annual flow of nearly 5 million visitors.

The Real Madrid VIP Area has 4,729 seats distributed on all sides of the Bernabéu stadium and 553 VIP seats for basketball at the Palacio de Deportes de Madrid (Wizink Center). The VIP Area at the Bernabéu Stadium is distributed amongst 243 boxes, with a capacity for 2,985 people and 1,744 individual armchairs. In addition, the four restaurants at the Bernabéu (Puerta 57, Asador de la Esquina, Real Café and Zen Market) become hospitality areas during every match.

The 586 VIP Area clients are companies from a wide range of sectors—multinationals, IBEX-35 firms, SMEs and private individuals. Also during the 2016-17 season, more than 16,000 additional VIP seats were sold for individual games.

Once again this season, work was carried out to promote our VIP Products internationally and thus expand market share. To do so, the VIP Area has been permanently present at IFEMA, taking part in the most important national and international trade fairs and agreements have been signed with travel agencies and tour operators. An advertising campaign was also carried out in major national and international online and offline media, with presence in business management, luxury, finance, premium lifestyle, tourism and catering industries. All of this helped the VIP Area to achieve a 96% occupancy rate in 2016-17.

As a supplement to the activities carried out by the club’s different departments for their clients, Real Madrid TV is broadcast in more than 50 countries, thanks to collaboration with 10 leading global TV operators. In line with the aim of promoting contact with the club’s supporters, both the content and the services of the official Real Madrid App for mobile phones have been increased, with more than 5 million downloads worldwide.

3.7 FANS

Public Service Office / Services for fans

The office provides specific services to our fans that do not belong to other club groups, such as members, Madridista card holders and fan clubs. It managed a total of more than 55,000 enquiries through different contact channels, a 10% increase compared to last season.

Through the hotline service 902321809, by both automatic and personalized operator services, almost 30,000 calls were dealt with, 15,000 using the automatic information system and 15,000 by an operator. Through its email, atencionpublico@corp.realmadrid.com, over 25,000 emails were answered this year.

In addition, on first team and Real Madrid Castilla match days and at major events held at the stadium, an office for the general public provides personalized service, at which more than 5,000 inquiries from spectators were received.

 Victory celebrations at the Santiago Bernabéu stadium
Madridistas
Real Madrid has 247,000 active fans registered in its Madridistas Loyalty Program. These Madridistas receive an official supporter’s card that enables them to have a direct and ongoing relationship with Real Madrid.

The club also maintains a permanent relationship with Madridistas through regular electronic communications, having sent more than 16 million e-mails and 150,000 SMS messages to fans’ mobiles during the 2016-17 season.

The Madridista Line has managed 170,000 telephone calls. Likewise, more than 25,000 emails have been received at the Madridista Line address and attended to.

Finally, more than 810,000 Hala Madrid magazines have been sent to the homes of members and Madridistas and more than 200,000 Hala Madrid Junior magazines to junior members and Junior Madridistas.

Registered users
The club also maintains contact through regular electronic communications with registered users that are not members or Madridistas, currently comprising almost 7 million fans. With regard to registered users, more than 121 million e-mails were sent.

Fan clubs
Real Madrid C.F. currently has 2,351 fan clubs throughout the world, of which 170 are international. At present, we have more than 65 (national and international) fan clubs that are in the process of creation and we hope will shortly belong to the Real Madrid family.

Throughout the season, the fan clubs celebrated anniversaries, at which the club was present and sent institutional representatives. We attended 263 acts, almost all of the acts held. Six clubs celebrated their 25th anniversary, two their 50th and one its 66th anniversary.

The Board of Directors of Real Madrid C.F., on July 14, 2016, approved the Real Madrid Fan Club Regulations, which mentions the fan club card in article 6.

In addition, at each first team away match, we call the local fan clubs to meetings to discuss the club and how it functions. In total, and at the end of the season, we have maintained contact with over 650 clubs for whom we have been able to resolve all their doubts and concerns.

This season, all the clubs that so requested, were also able to visit Real Madrid City and get to see its facilities.

With regard to games played at the Santiago Bernabéu stadium, the Fan Club Department works in conjunction with the Members Department of the visiting team to invite a group of its fans to a lunch to promote relations between the fans.

At the end of the season, the Fan Club Department organized a 7-a-side football tournament for the Under-8, Under-10 and Under-12 divisions. More than 10,000 supporters belonging to 131 teams representing over 100 Real Madrid fan clubs took part at Real Madrid City to enjoy a true Real Madrid weekend. The elimination phase was played on the first day and the finals on the second. The trophies were presented at Real Madrid City.

3.8 Suppliers
During the 2016-17 season, 3,700 goods and service purchases took place, including those listed under operating and investment costs. Total supplier turnover was spread amongst approximately 1,038 different suppliers.

The Procurement Committee held seven meetings, which approved and supervised major purchases of the goods and services and investments made by the club during the season, as well as checking the evolution of the budget and its compliance by the different departments.

Summarizing the actions taken in the area of risk prevention during the 2016-17 season, a legal audit of the management system for the prevention of occupational hazards was carried out, 377 coordinated business activities were developed, and evacuation drills for different types of emergencies at Real Madrid City have continued, which have affected the training grounds, the basketball pavilion and the players’ residences. Work has also been completed on job position risk profiles for all staff and the risk assessment documents, self-protection plans and emergency measures of the facilities have been reviewed. Advice was also given on occupational risk prevention to all the suppliers used by the different divisions of the club whose employees, for reasons of work, carry out functions in the club’s facilities. All these activities are intended to ensure that the employees and suppliers of Real Madrid meet the occupational health & safety policies laid out in the Workers’ Statute and, fundamentally, the Occupational Risk Prevention Act 31/1995 and Royal Decree 171/2004.
3.9 SOCIETY

During the 2016-17 season, Real Madrid’s social activities, channeled through its Foundation, were focused on the following areas:

3.9.1 REAL MADRID FOUNDATION
SOCIAL SPORTS SCHOOLS

Education in values through sport continues to be the main tool of social action to achieve the integration of groups at risk of exclusion and those not at risk (around 70% of the students attend with scholarships or half-scholarships). We use football and basketball social sports schools as the main activity to promote healthy living habits, sport as an appropriate use of leisure time for children and to collaborate with families in the comprehensive training of students with and without a disability, without distinction. The basketball social sports school tournament also included wheelchair basketball days.

At the end of the season, in the months of July and August, the summer camps took place. With regards to basketball, they were the 9th Inclusive Basketball Campus for boys and girls and without a wheelchair, the 8th Summer Basketball Campus and the 3rd Adapted Basketball Campus for young people with a severe mental disability.

For the football side, the Campus Experience was held in 5 venues in Spain and 6 international venues during the summer season with special importance placed on the Campus Experience of Madrid which has more than 3,000 participants from more than 80 different countries.

The recreational-educational agenda of the Campus is based on the methodology of educating in the Foundation’s values, although it adapts to each period of stay of the students. The sessions are taught using the methodology of the social sports schools, with special emphasis on the values of respect, self-esteem, companionship and effort. This season, these activities were expanded to include matches with teams of volunteers on weekends in some of the centers. Children in shelters and in hospitals are also beneficiaries of the ‘En Navidad, ningún niño sin regalo’ campaign. We have increased our attention to seriously ill children this season by extending the children’s basketball programme in hospitals to the Hospital Puerta de Hierro of Majadahonda and the Iñigo Álvarez Renal Foundation of Toledo. This means that the Foundation now has coaches in 11 hospitals who contribute to improving children’s emotional state with recreational-educational activities based around basketball and values. More than 2,000 people have benefited from these activities directly. This season, an Intervention Manual for coaches participating in this programme has been published.

At national level, it is important to highlight the participation of more than one thousand children in the programme for schools in shelters and juvenile detention centers developed by the Real Madrid Foundation to help children in especially difficult circumstances, due to abandonment or delinquency, to play sport every week. The sessions are taught using the methodology of the social sports schools, with special emphasis on the values of respect, self-esteem, companionship and effort. This season, these activities were expanded to include matches with teams of volunteers on weekends in some of the centers. Children in shelters and in hospitals are also beneficiaries of the ‘En Navidad, ningún niño sin regalo’ campaign. We have increased our attention to seriously ill children this season by extending the children’s basketball programme in hospitals to the Hospital Puerta de Hierro of Majadahonda and the Iñigo Álvarez Renal Foundation of Toledo. This means that the Foundation now has coaches in 11 hospitals who contribute to improving children’s emotional state with recreational-educational activities based around basketball and values. More than 2,000 people have benefited from these activities directly. This season, an Intervention Manual for coaches participating in this programme has been published.
In another line of action, the Foundation has continued to support seriously ill children by arranging visits to the players at Real Madrid City during the season for children from foundations such as Make a Wish, Petit Princess, Pequeño Deseo, Juagaterapia and the Aladdín Foundation, amongst others. Almost 200 children have been able to meet their idols and receive encouragement in such difficult circumstances.

Finally, in the area of health, the sports physiotherapy programme for neurological disorders, in conjunction with the UEM, Sanitas, COFRM and the Madrid Multiple Sclerosis Foundation, has treated more than 50 low-income patients in Madrid.

And in the area of detention centers, this year we have organized 22 football and 21 basketball projects in prisons involving 2,100 inmates to contribute to their re-education for reintegration into society. Real Madrid Castilla visited the Alcalá Meco prison to motivate the inmates. In a similar vein, various complementary activities such as string orchestra concerts and visits from veteran players have been organized.

Senior citizens have continued to enjoy the physical activity programme for the elderly, which has been implemented over a decade with the open project at the Canal de Isabel II facilities and at the three Sanyres and Sanquavitae homes for the elderly. Almost half a thousand adults participate every week in this programme, which this year also included hearing tests carried out by GAES.

The unemployed people in Madrid who participated in the “Emprendeportes” programme of the Foundation were able to take part in two new special sessions on job searches and motivational techniques through sport, aimed at improving the quality of life of the long-term unemployed.

3.9.3. The International Area of the Real Madrid Foundation

A score of new social and sports schools and more than 2,000 new beneficiaries of the Real Madrid Foundation is the balance of activity in the international area. The Foundation already reaches 279 schools in 74 countries with more than 36,000 children and young people who, in addition to an education in values through sport, also have medical services, food and schooling provided, since the Foundation schools are part of comprehensive programmes.

In order to apply the Real Madrid Foundation methodology throughout the world, we have trained almost a thousand coaches, thus complementing their preparation to carry out sessions on training and values for the beneficiaries.

The presence of the Real Madrid Foundation on the American continent is of note, with 15 new social sports schools now bringing the total up to 160 projects. These include five new schools in Bolivia, in collaboration with F. Alalay, inaugurated by Evo Morales with Emilio Butragueño; three new schools in the US (Seattle, in collaboration with Central Washington University), three schools in Mexico (Acapulco, Campeche and Chiapas); two new projects in Guatemala with World Vision; a school in Argentina in collaboration with the Valores y Deporte civil association, which will benefit more than 200 vulnerable children in Buenos Aires; and of special importance is the case of Colombia where the first adapted school in the Americas has been opened, in collaboration with the NGO Fides, implementing the methodologies of adapted and inclusive schools in Spain. Of particular note is the alliance between the Foundation and the Inter-American Development Bank. All these projects provide support to 21,000 children in the Americas.

In Europe of particular note this year is the founding of the first social sports school in the United Kingdom, the birthplace of football, in collaboration with the Cedars School in Croydon and the Kinetic Foundation for the benefit of children in vulnerable areas of South London. A special mention should go to the work with refugees in collaboration with Mercy Corps in Serbia. Also, work on the consolidation plan continues at the ten existing schools from Portugal to Hungary, Romania, Bulgaria, Italy, Azerbaijan and Morocco; a coexistence that rewards the application of values during the competition, seen as an educational tool, while promoting the coexistence between European and Moroccan students and coaches.

Africa and the Middle East have suffered a tumultuous year and among the Foundation's
activities we should highlight the launch of the first social sports school adapted for children with different abilities in Hanan, Morocco, in collaboration with Manos Unidas to serve 80 children with disabilities. The project applies the same methodology already tested in Spain over the last six years. Also noteworthy was the opening of the first school in Juzesar, Iran, with a hundred students from the Niroo and Nehsat school in Mahshahr. With this opening, more than 2,300 children are now served by the Foundation in the Middle East. The schools currently operating in Saudi Arabia, Kuwait, UAE, Bahrain, Palestine and Israel have been consolidated. Africa continues to stand out for the number of social sport aid projects.

The basketball initiative 3rd Seminar in Values Training was held under Whico control from the international schools stayed in Madrid for a week to experience the training courses for national area coaches, as well as the 1st International Football Training Seminar.

3.9.4. COMMUNICATION, EVENTS AND INSTITUTIONAL ACTIVITIES OF THE REAL MADRID FOUNDATION

The 25th anniversary of the death of Juan Gómez Juanito, has been the focus of part of the activity of the Historical Heritage Centre and the Events Department this season. The exhibition and special edition of the Luis de Carlos Forum were held in Madrid and were replicated in Fuengirola with a fantastic turnout. In a year like this, the Luis de Carlos Forum also held debates on the great comebacks and The 33 Leagues, meetings that the fans and collaborating members of the Foundation were especially enthusiastic about. It is worth mentioning the exhibition held on the occasion of the appointment of Pedro Ferrándiz as honorary member of the club.

Also, the Heritage Center and the Events Department presented the book The Eleven, an event that brought together Sergio Ramos, Marcelo, Nacho, Lucas Vázquez and Keylor Navas.

The Corazón Classic Match 2017, under the motto “Heartbeats for Africa”, was attended by Ronald Nazario, Raúl, Illgner, Butragueño, Solari, Roberto Carlos and Karembeu and added the finishing touch to the season. These Real Madrid legends faced those of A.S. Roma, in front of a Bernabéu filled to the brim with children and families who were able to enjoy a great match that has now already become a tradition. Especially noteworthy during this edition was the support shown by all the players of the first team squad using social media to send messages of affection towards the initiative and the support of other great stars like Richard Gere, Julio Iglesias and David Summers. This year the Real Madrid Foundation has collaborated with the Spanish Red Cross in the traditional Sorteo de Oro lottery and the money from tickets that began at €20 was donated to a joint project for homeless people.

3.9.5 PRESENCE OF VETERANS

Once again, veterans continued to support the charitable activities of the club through the Foundation, with the presence of Roberto Carlos in the social sports schools of Andalucía, Albacete and Tenerife, as well as in different presentations of projects in China, Singapore, Malaysia and Tangier. Ronaldo Nazario participated in the presentation of clinics in Hong Kong and in the promotion of the Corazón Classic Match 2017 charity game; Fernando Morientes visited the Singapore school; Savio Bortolini visited the Niterói project (Brazil); Hugo Sanchez participated in the tournament in Mexico; Ángel Pérez was at the Puerto Lumbreras social sports school; Ricardo Gallego supported the solidarity race in Madrid; Antonio Paniagua supported the action of the Foundation on World Kidney Day; Pepe Sala went to the Churriana Tournament for India... Especially relevant were the visits of the Real Madrid Legends team to the social sports school of the Foundation in Lebanon, with Karembeu at the head, and its participation in the Corazón Classic Match 2017 “Heartbeats for Africa”, and as speakers sharing their memories in the Luis de Carlos Forum and other institutional events of the Foundation.

3.9.6 PRESENCE OF PLAYERS

The generosity of the first team players was demonstrated each week when attending the visits of seriously ill or incapacitated children whose biggest wish was to meet their idols. The pinnacle of this action occurs every year during the visit that both squads make to the main hospitals of Madrid in collaboration with the Foundation. Likewise, the Foundation has had the support of players in the recording of different messages to support its projects and schools. We can highlight the visit of Dani Carvajal to the social sports school of Leganés; of Mariano to the social sports school of Guadalajara; of Keylor Navas in the clinic of Costa Rica and in the social sports school of Orcasitas; of Rubén Yáñez in the social sports school of Tarancon; and the visit of the students of the adapted basketball schools to meet the basketball first team after winning the King’s Cup. Hunter also visited the adapted school of Majadahonda and many players received more than 200 students from social sports schools around the world at Real Madrid City.

Marcelo was present in many different activities carried out in collaboration with Microsoft. He engaged with the children of the social sports schools of Morocco and Colombia, together with Isco and Sergio Ramos, and via teleconference with projects from Peru. The motivation and enthusiasm to continue playing sport and accessing technologies was the main message the player transmitted to the children.
Also worthy of special mention is the presence and support of the Foundation programmes by the President, the Board and especially Emilio Butragueño who, as the great ambassador of the Foundation, has been involved in countless events during the whole season.

3.9.7 Real Madrid Graduate School

European University Activities

The school is present in twelve countries: Spain, Cyprus, Costa Rica, Ecuador, Mexico, Chile, Germany, Portugal, the United States, Australia, Honduras and Thailand.

Focusing on the areas of health, sport, management and communications, our school offers 12 master’s degrees: A University MBA in Sports Organizations Management, MBA in Sports Organizations Management Online, MBA in Sports Management, MBA in Sports Management Online, University Master’s Degree in Sports Law, University Master’s Degree in Sports Marketing, Master’s Degree in Sports Marketing, University Master’s Degree in Sports Communications and Journalism, University Master’s Degree in Sports Coaching and Nutrition, Master’s Degree in Football Management, University Master’s Degree in Physical Education and Health and a University Master’s Degree in Sports Physiotherapy. Almost 8,000 students have studied at the school.

There are five values that identify and set the school apart: entrepreneurial spirit, teamwork, integrity, leadership and excellence. Our objective is to transmit and share them with our students, always bearing in mind that our obligation is not only to train students, but also develop them as human beings that behave in a certain way according to the historic values of Real Madrid.

Our goal of becoming the best international university sports school led us to launch the Sports Trend Lab in December 2015, a long-term initiative that seeks to position the School as a leader in the sports industry, ensuring that the knowledge and professional experience of the entire community of our alumni and associates has an impact on the development and growth of the sector.

Under this umbrella, the School has organized two events with major media coverage dedicated to two of the largest sports competitions in the world: Olympic Games: a 360° vision of the biggest sporting competition in the world and Keys to the Business of Top-Level Competition: the case of the Champions League. These sessions have been attended by the most important personalities of the Spanish sports industry: Alejandro Blanco (president of the Spanish Olympic Committee), Cristian Toro (Olympic medalist athlete), Leticia Iglesias (Coca-Cola Communications Director) and Juan Ignacio Gallardo (director ofMarca), among others, who have analyzed competitions under different points of view of its participants: federations, athletes, sponsors and journalists.

During the 2016-17 academic year, the School taught master’s degrees to 422 students at its headquarters in Madrid and to 1,002 students at its 12 international locations. At the Madrid School, 65% of students came from 49 different countries, the highest number since the School was founded in 2006. The multicultural nature of our classrooms makes us a truly international school.

In this international context, renowned professors from the United States, South Africa, Germany, the United Kingdom, Belgium, Australia and France, amongst others, gave classes this year.

Following the consolidation of the programme offer in English in the management area which resulted in a 30% increase in the number of students compared to the previous year, this year we have seen how the school also consolidated the area of health and fitness, following one of the great world trends. Its programmes in the area of health and training have doubled the number of students in 3 years.

As for academic trips, our MBA in Sport Organization Management students travelled to London and New York, accompanied on this second trip by students from the Master’s Degree in Sports Management and Sports Management Online. In both cities, they visited the most representative sports facilities and met with the heads of the most prestigious sports organizations. In addition, our Football Management Master’s students were met on their trip to the Netherlands by the Directors of the academies at Ajax of Amsterdam, AZ Alkmaar academy and PSV Eindhoven.

Students studying the Master’s Degree in Sports Marketing also travelled overseas, specifically to Germany. There they were received by the persons in charge of the Bayern Munich and Borussia Dortmund Marketing Departments and had the opportunity of visiting the head office of Adidas and attending the most prestigious sports congress in Europe.

Another activity of great importance is the White Week. The event takes place at the Santiago Bernabéu stadium, where this year the programme was mainly focused on the development of skills in entrepreneurship, communications and leadership, as well as on the impact of technology on the development of the sector. In this edition it is worth mentioning the participation, among others, of José Ángel Sánchez, general manager of Real Madrid; Giorgio Marchetti, UEFA Deputy General Secretary and Director of Competitions; Jesús Bueno, Vice President of Basketball Business Operations of the NBA in the EMEA region; and José Luis López de Ayala, general manager of Twitter in Spain.

Also worthy of special mention is the presence of the coaches of our first teams, Zinedine Zidane and Pablo Laso, and the round table in which our former players and current coaches of the lower categories of football participated: Santiago Solari, José María Gutiérrez Guía and Álvaro Benito.
Each of the programmes has involved a club executive as co-director. Moreover, 65 professionals from Real Madrid formed part of the teaching staff of the different master’s degrees, which was highly rated by students as a way of directly facilitating information on the internal management of the club. Moreover we should highlight the fact that more than 75 students carried out internships in different departments of the club.

The School, in its mission to prepare the most qualified professionals to lead the sports industry, has obtained employability rates of 85% and has contributed to enabling more than 86% of its students to achieve their goal of working in this industry. It has also implemented a Monitoring and Relational Plan, career plans, events and training to continue to provide maximum value to its students.

In its 9th edition, the Real Madrid Chair, led by the winner of the Nobel Prize for Literature, Mario Vargas Llosa, witnessed the graduation ceremony, presided over by Florentino Pérez on July 3 at the Santiago Bernabéu stadium, was attended by Gianni Infantino, president of FIFA, as sponsor of the eleventh promotion. This graduation is the best reflection of the now eleven years in which the School has grown with respect to the number of students, but also in recognition and prestige, with over 8,000 alumni as a guarantee of the influence we want to continue having on the professionalization of sport.

3.9.8 ENVIRONMENTAL ACTION

During the 2016-17 season, Real Madrid has been a pioneer in playing an official game with a shirt made entirely from recycled plastic bottles, in a project in collaboration with Adidas and Parley for the Oceans to increase awareness about the importance or the fight against marine pollution caused by man-made waste, especially plastic packaging, which ends up in the oceans.

In compliance with its policy of sustainability and energy efficiency, has been strengthened by action aimed at reducing consumption and responsibly managing resources.

We have carried out an analysis of the consumption of paper and energy derived from the handling of communications and information. As a result of this analysis, communications using paper have been replaced by digital media, which will save 9.6 tonnes of paper annually. This saving of paper and energy consumption associated with its complete life cycle means reducing the club’s carbon footprint by 37,500 kg CO2e.

The maintenance of the club facilities, in compliance with its policy of sustainability and energy efficiency, has been strengthened by action aimed at reducing consumption and responsibly managing resources. In compliance with Royal Decree 56/2016, Real Madrid C.F. has carried out (and successfully passed) an Energy Audit of all its buildings.

Within this framework, improvements were made to existing building installations which have led to significant savings in electricity consumption, such as:

- LED technology in emergency lighting for stands and buildings of Real Madrid City and the stadium.
- Installation of motion sensors in public toilets in the stadium and Real Madrid City.
- Installation of capacitor banks in transformer stations that allow adjustment of the power factor and reduce consumption.
- Replacement of existing lighting with LED types in access road lighting leading to Real Madrid City and in its car parks.
- Installation of chargers for electric vehicles in Real Madrid City.
- Implementation of energy saving measures recommended in the energy audit.
- Improved thermal insulation to prevent heat loss or condensation in heat exchangers and heat and cold distribution networks.

Of this amount, 89.4% constitutes recyclable lightweight containers, paper and cardboard and only 10.6% unfit waste which, compared to the usual figures throughout the country, shows that waste is being correctly separated.

During the ten years of the agreement with Ecoembes, more than 4,222 tonnes of light containers and 1,242 tonnes of paper and cardboard have been recycled, with the resulting environmental benefits in reducing CO2 emissions and consumption of water and electricity.
• Improvements in the remote management and monitoring of equipment that optimizes the hours of operation.

• Installation of frequency inverters in both pumping groups and in air conditioning fans.

As far as the rest of consumption is concerned we promote the internal awareness of our employees, service companies and partners. As a preliminary step to a General Internal Awareness Plan, during the 2016-17 season a new energy management tool, Metasys Energy Dashboard (MED) has been implemented which allows the detection of losses and the identifying of the groups and activities that consume the most energy, in order to find alternatives.

All actions are supported by the obligation of our comprehensive maintenance company (during operative and conductive work) to carry out efficient energy management in all our facilities.

Complying with the ANM 2006/50 Municipal Ordinance, we have updated the Sustainable Water Management Plans of the Santiago Bernabéu Stadium and Real Madrid City, which feature our supplies and propose corrective measures intended to reduce the consumption of water. The entire annual water consumption of our football pitches and ornamental gardening of the Real Madrid City comes from the recycled water network of the Madrid City Council. In order to optimize the irrigation and sanitation network this season, improvements have been implemented in the sanitation network of Real Madrid City through the installation of more than 450 metres of collectors to increase the system’s capacity in the recovery of irrigation waters and lead them to new water tanks with a capacity of 1,200 m³. The water accumulated in these tanks will be treated with a new system for treating and improving its quality—reverse osmosis, which reduces saline concentration and allows the water to be reused in the irrigation cycle thus producing savings in water consumption. In the same way and as part of the refurbishing works of the front west side, a new water tank has been built with a capacity of 160 m³ for the irrigation of the new gardens.

All these sustainability and energy efficiency criteria, in addition to implementing them in existing facilities, will be used as a starting point for the development of new infrastructures:

As part of the design and construction of Real Madrid City’s new corporate office building, in addition to the environmental criteria already established for the rest of our City, employees will be made aware of the implementation of the “paperless” concept. Another aspect that has been taken into consideration during the design phase has been to create rooms with a great deal of natural light and to restrict closed spaces by allocating common service areas, which will generate environmental efficiency right from the start. In parallel, the club is studying the possibility of obtaining certifications for the building which will provide endorsements from independent entities on sustainability, accessibility, air quality and environmental criteria.

Fundamental to the priority objective of the comprehensive renovation of the Santiago Bernabéu stadium, was the final approval given on May 31, 2017, by the Plenary of the Madrid City Council, to the Special Plan for the Improvement of the Urban Environment and Management of the Santiago Bernabéu stadium, which includes all actions to ensure environmental sustainability, highlighting all interventions to improve its urban environment and the complete renovation of stadium facilities.

In the area of maintenance of the football pitches and ornamental gardening in our facilities at the Santiago Bernabéu stadium and Real Madrid City, we have implemented a series of actions to reduce environmental impact, as part of a sustainability plan that includes:

• Progressive replacement of internal combustion engine vehicles and tools with electric models.

• Replacement of granulated fertilizers with organic fertilizers.

• Progressive elimination of the use of insecticides, fungicides and herbicides. This has been achieved almost completely and we are the first high-level sports facility to do so through measures such as:

  - Use of UV radiation technology for the prevention of lawn diseases.

  - Application of beneficial microorganisms to achieve the natural balance of soils.

  - Release of insects and nematodes to control pests and diseases.

  - Staff training on pest and disease control in an environmentally responsible manner.
• Reduction of water consumption through:
  - Use of grass varieties and rooting layers with lower water requirements.
  - Optimization of irrigation to maximize its efficiency, including the use of sensors and audits to identify more efficient ways.
  - Modification of qutting in gardens to increase moisture retention.
  - Construction of a tank for the collection and reuse of drainage water.
• Other measures with a positive environmental impact, such as:
  - Reduction of the cultivation time of the turf to be installed in the stadium from 18 to 4 months with a consequent reduction of water consumption needs.
  - Locating the turf farm at a shorter distance from our facilities, reducing transport times and therefore CO2 emissions and other pollutants.
  - Development, together with our suppliers, of the feasibility of replacing the current sodium vapor lamps for turf care with LED ones, and a consequent energy saving.

All these measures have come to the attention of the STMA - Sports Turf Management Association, which we hope will shortly award us its environmental certification.

3.10 THE MEDIA
The Communications Department has the objective of ensuring ongoing and fluid communications with the members of Real Madrid and acting as a link between the club and the Media. To achieve these objectives, it provides the following communications channels:

3.10.1 REALMADRID.COM
Realmadrid.com provides all the club’s institutional, social and sports information in real time. In order to ensure news about Real Madrid reaches the greatest number of fans across the world, the website publishes its content in eight languages: Spanish, English, French, Portuguese, Chinese, Indonesian, Japanese and Arabic.

Real Madrid’s official website was the most visited football club website in the world in 2016. In April, Real Madrid.com broke its historic record by exceeding eight million unique browsers in a month. But it has not only surpassed its best audience record, it has also done so for different visits (12.4 million) and for the average time that each user dedicates to each visit on the website (3.1 minutes).

Throughout 2017, Realmadrid.com had an average of five million unique monthly users. The club website also offers the possibility to follow live 24 hour broadcasting of Realmadrid TV in its two versions: Spanish and English.

The website includes an extensive Transparency Portal which well exceeds the requirements of the Transparency Act 19/2013 and even the INFUT international indicators.

3.10.2 PUBLICATIONS
The club currently produces a total of 13 publications in both hard copy and online formats, which include: the Club and Foundation annual reports; quarterly publications Hala Madrid, with a circulation of 840,000 copies and Hala Madrid Junior (216,000 copies) and the Hala Madrid online magazine which is sent by e-mail to almost 210,000 members and Madridistas; the match day magazine Grada Blanca, with a circulation of 30,000 copies distributed throughout the stadium and 800 press dossiers for accredited professionals.

3.10.3 REALMADRID TV
Realmadrid TV, which since 2016 is a free to air channel on DTT, and in HD, has continued to expand its programming, Campo de estrellas, Madridistas por el mundo and a cycle of the best films have been added to a schedule which already provides Real Madrid fans with free-access excitement and the most detailed information about Real Madrid; the most exciting live shows about future Real Madrid stars on Ciudad Real Madrid; the light-hearted humor of 90 minuti; the memory of the most unforgettable triumphs of the past in Historias con alma. Last season, the channel increased its content with exclusive videos of the football and basketball teams as the stars, as well as our Academy teams.

Amongst other things, free to air broadcasting has resulted in an increase in daily production hours and non-stop broadcasting in HD. Formats have also been diversified.

Realmadrid TV beat all of its audience records on June 3 with the celebrations of the twelfth European Cup. The champion’s channel averaged a 3.3% audience share, achieving the most seen day of its history and surpassing even the day after winning the Eleventh a year earlier.

Realmadrid TV had the largest audience share of all thematic channels, only surpassed by generalist channels. 3,910,000 viewers connected to the channel throughout the day, which was another historic landmark for the channel. The most followed moment of the day took place with the celebration at Cibeles of the heroes of Cardiff. An average of 900,000 viewers and a 5.7% audience share watched while the Twelfth was offered to the goddess, becoming the channel’s most viewed broadcast to date. At that time it surpassed all the thematic channels and was the fifth most watched channel in Spain.
The golden minute came at 22:54, when 1,163,000 spectators and a 6.24% share saw Sergio Ramos enter the Santiago Bernabéu pitch with the Twelfth. At that moment, Realmadrid TV ranked as the fourth most watched channel in the country.

All the club’s institutional and sports information is now available live for everyone through its digital platforms, Realmadrid.com and the Realmadrid App, still in two versions, Spanish and English. Realmadrid TV is also present in more than 50 countries on pay per view platforms under third party operating models.

3.10.4 SOCIAL NETWORKS

The Real Madrid social networks are the communications channels with the largest club audiences. The different Football, Basketball and La Fabrica accounts on social platforms total more than 275 million users, making Real Madrid not only the institution and sports club with the highest worldwide audience but also the brand with the most followers on social media. Real Madrid’s social media is not only a communication tool but a tool that supports the club’s different business lines: sponsorship, ticketing, tour, website... Real Madrid communicates in 7 languages and is present on Facebook, Twitter, Instagram, Snapchat, Line, Google+, YouTube, Tencent, WeChat and Weibo. It should be noted this year that it was the first brand to reach 100 million followers on Facebook in addition to reaching 50 and 23 million followers on its main Instagram and Twitter accounts respectively. In the 2016-17 season, the club generated more than 2 billion video playbacks, thus taking the lead in the industry thanks to it winning La Liga and the UEFA Champions League.

3.10.5 REAL MADRID APP

Realmadrid App is the channel through which the club communicates with its followers through mobile terminals and already has more than six million downloads since its total renovation and relaunch in May 2015. The app adapts its content and settings depending on whether it is accessed at the stadium or elsewhere. And it expands its contents on game days complementing the televised experience of the match as a second screen with information and exclusive live images, with the more detailed information and providing the opportunity to communicate live during matches with all the fans spread around the world. One of the highlights of the app is its audio visual content, which enables summaries, multi-angle replays, special cameras offering exclusive images, on-demand matches and the club’s television channel, Realmadrid TV. In addition, Real Madrid fans are able to listen to games live in English and Spanish, with full statistics from the world of sport.

Realmadrid App is available in English, Spanish, Arabic, Indonesian, Japanese, Portuguese and French. In addition, for the first time in the history of any foreign sports club, Real Madrid launched in April this year a special version of the Real Madrid App in China, adapted and localized to the uses and customs of the club’s fans in that country.