

**REGULATIONS OF THE BOARD OF DIRECTORS OF GRUPO
ECOENER, S.A.**



La Coruña, 9 April 2021

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CHAPTER I.- PRELIMINARY

Article 1. Purpose. Scope of application

1. These Regulations have been approved in compliance with Section 528 of the restated Spanish Limited Companies Law, as approved by Royal Legislative Decree 1/2010, of 2 July (hereinafter, the “**Limited Companies Law**” –LSC, Spanish acronym–). The purpose of these Regulations is to lay down the internal rules of operation of the Board of Directors of Grupo Ecoener, S.A. (hereinafter, “**Ecoener**”, or the “**Company**”, and together with its group companies, the “**Group**”). They purport to ensure better management of the Company, adopting to that end, and pursuant to the best practices, the recommendations on good governance of listed companies. All references to the “**Law**” in these Regulations are to be construed as referring to the applicable legislation and, in particular, to the Limited Companies Law mentioned above.
2. These Regulations shall come into effect on the date the Company’s shares are admitted to trading on the Spanish securities markets. They shall apply to the Board of Directors, its –single- or multi-member– delegated bodies and internal committees or commissions, as well as the members thereof who, in fulfilling their duties, shall make up the will thereof. These Regulations shall remain in effect indefinitely.
3. The people to whom these Regulations apply are required to know, comply with, and enforce its content. The Secretary of the Company’s Board of Directors shall deliver a copy of these Regulations to each member of the Board of Directors and of its Committees at the time of their appointment, and they shall in return submit a signed statement in which they state they understand and accept its contents and agree to comply with all obligations applicable thereby.

Article 2. Interpretation

These Regulations supplement the legal framework applicable to the Board of Directors under the legislation currently in force and the Articles of Association of Ecoener. They are to be interpreted in accordance with the legal and statutory provisions that may be in force upon occasion and with such standards and guidelines on listed companies’ corporate governance as may be approved or issued by the Spanish authorities and neighbouring countries upon occasion, or by special commissions or **work teams** set up as per the abovementioned authorities’ instructions.

Any question that may arise in connection with the interpretation and application hereof shall be settled by the Board of Directors, which shall include any amendments as it deems appropriate.

Article 3. Approval and amendment

1. These Regulations have been approved by the Board of Directors and may be amended by the Board of Directors only by way of resolution adopted by a majority of at least two thirds (2/3) of the Directors being present or represented at the meeting, at the initiative of either its chairman, one third (1/3) of the Directors, or the Audit Committee. The proposed amendment is to be accompanied by an explanatory report of the reasons and scope of the amendment sought, and a report prepared by the Audit Committee, unless the amendment has been proposed by the Committee itself.

2. The text of the proposal, the explanatory report with its reasons and, if applicable, the Audit Committee's report will be attached to the notice of the Board of Directors' meeting that is to address such proposal, with at least a five (5)-day prior notice.
3. The Board of Directors shall inform the shareholders of any approved amendment to the Regulations at the next General Shareholders' Meeting held thereafter.
4. These Regulations will be updated whenever required to bring its content into alignment with the applicable legal provisions in force.

Article 4. Dissemination and filing

1. These Regulations and any future amendment hereto will be communicated to the Spanish Securities Market Commission (CNMV), and filed with the Spanish Commercial Registry in the manner set forth in the applicable laws. Additionally, the current text of these Regulations shall be made available on the Company's corporate website and on the website of the Spanish Securities Market Commission in accordance with the legislation in force and these Regulations.

CHAPTER II. MISSION OF THE BOARD OF DIRECTORS

Article 5. Powers of the Board of Directors. Balance in performance of its duties

1. The Board of Directors has the power to adopt resolutions on all kinds of matters other than those attributed by the Law or the Articles of Association to the General Shareholders' Meeting, subject to no substantial limitation other than to ensure the achievement of the Company's corporate interest.
2. The Board of Directors shall have the broadest powers and authority to manage and represent the Company.
3. Nevertheless, the Board of Directors shall be responsible for the oversight, organisation, and strategic coordination of the Company and of the companies belonging to the Group whose parent company is Ecoener, determining the level of risk it is willing to assume. In any case, the Board of Directors shall be respectful of the autonomy of the governing and managing bodies of the Group companies, taking into consideration the interest of the Company and of its Group companies alike.
4. Without prejudice to the powers that may not be delegated under the Limited Companies Law, the Board of Directors shall generally delegate the duties of organisation and strategic coordination to the chairman of the Board of Directors, the Managing Director, if any, the Executive Committee, if any, and the senior management, who will be responsible for disseminating, implementing and supervision of the general strategy and basic management guidelines set by the Board of Directors.
5. The Board of Directors shall oversee performance of its chairman, of the delegated bodies or individuals, and of the senior management, and shall ensure effective application of the checks and balances system set forth in the applicable laws.
6. Without prejudice to any delegated power, the Board of Directors shall address, in addition to the

matters specifically mentioned under these Regulations and the Law, any matter that is relevant and of special consequence to the Group within its scope of authority as regards the general functions of oversight, organisation and strategic coordination. In particular, and without limitation, the Board undertakes to directly exercise the following duties:

- (a) Design and implement, within legal limits, the Group's policies, strategies and basic management guidelines; and decide on matters of strategic relevance to the Group.
- (b) Prepare the annual accounts, directors' report, and proposal for allocation of profit/loss of the Company, as well as the consolidated annual accounts and directors' report to be submitted to the General Shareholders' Meeting, and the financial and non-financial information, if applicable, that the Company because of its status as a listed company, may be required to regularly make public, supervising and checking that such documents fairly show the assets and liabilities, the financial position and the profit or loss of the Company and of its Group, in accordance with the applicable laws.
- (c) Oversee, update and continue to improve the corporate governance system of the Company within the framework of the applicable laws and the good governance recommendations of the most renowned listed companies, adopting, within its scope of authority, or putting forward to the General Shareholders' Meeting, such resolutions as may be deemed necessary or convenient.
- (d) Approve the strategic or business plan, as well as the management goals and annual budgets, the investment and financing policy, the corporate responsibility policy, and the dividends policy.
- (e) Design and implement the policy for the control and management of risk, including tax risks, and oversee the internal information and control systems.
- (f) Determine the Company's fiscal and tax strategy, and approve any investment or transaction that, due to its significant importance or special characteristics, includes particular attention to tax risk.
- (g) Define the Group's structure and coordinate, within legal limits, the Group's general strategy in the best interest of the Company and of its investors, with the support of the delegated bodies or individuals, and making public through the annual corporate governance report, the respective areas of activity and eventual business relations between the Company and its listed investors belonging to its Group, and between the latter and other companies of the Group, and the mechanisms in place to address any eventual conflict of interest that may arise.
- (h) Approve the creation or acquisition of ownership interests in special purpose vehicles (SPVs) or entities domiciled in countries or territories considered as tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, could damage the Group's transparency.
- (i) Co-opt members of the Board of Directors and propose the appointment, ratification or re-election of non-independent members of the Board of Directors at the General

Shareholders' Meeting, subject to previous report by the Appointments and Remuneration Committee, or the removal of members of the Board of Directors.

- (j) Designate and renew internal positions at the Board of Directors and the members of and positions on the Committees created within it.
- (k) Propose to the Board of Directors' members approval of a remuneration policy as per the terms set forth in the Law, and a compensation policy for each Board of Directors' members to the General Shareholders' Meeting for approval, upon previous proposal by the Appointments and Remuneration Committee, in accordance with the remuneration policy as approved by the General Shareholders' Meeting.

Distribute, among the members of the Board of Directors, the fixed annual allowance determined by the General Shareholders' Meeting. Such distribution is to be made by the Board of Directors by taking into account the conditions of each director, the roles and responsibilities assigned to them and their membership in various committees; and, in relation to executives, determine their additional compensation for their executive functions and other conditions that their contracts must observe, all the above in accordance with the Board of Directors' remuneration policy in force at the time.

- (l) Designate the Board of Directors' members who are to perform executive duties, and remove them; approve the contracts to be entered into between the Company and those who will perform executive duties, determining their compensation according to their executive duties, and other contractual terms and conditions, in line with the Board of Directors' members remuneration policy as approved by the General Shareholders' Meeting, and subject to previous report by the Appointments and Remuneration Committee.
- (m) Adopt resolutions on the appointment and removal of senior managers of the Company, and determine their compensation and severance payments in the event of removal, upon proposal by the Executive Committee, if any, or the Managing Director, if appointed, and alternatively, on proposal by the Company's CEO, and in every case, based on a report by the Appointments and Remuneration Committee. For these purposes, senior managers are deemed to be the individuals reporting directly to the Board of Directors or to the CEO of the Company; and in any event including the individual responsible for internal auditing.
- (n) Draft the dividends and shareholder remuneration policy and submit the relevant proposals for resolution on allocation of profit/loss to the General Shareholders' Meeting and adopt resolutions on distribution of interim dividends.
- (o) Approve disposal of substantial assets of the Company, and in general, all kinds of investments or transactions that, because of their high value, relevance, or special characteristics, are considered of strategic nature. These transactions include industrial, commercial or financial transactions being of special relevance or risk to Ecoener. Additionally, determine, if applicable, the Company's position with respect to the Group companies in the aforesaid matters and transactions. All the above is to be understood without prejudice to the powers vested in the General Shareholders' Meeting.
- (p) Approve, if applicable, the director's recruitment policy that is specific and liable to

verification, ensuring that the proposed appointments or re-elections are based on a previous analysis of the Board's needs, that favours diversity of expertise, experience, age and gender, and that is aimed at achieving a target percentage of female directors equal to or above 30% of the Board members, and that purports, in the medium term, to achieve a target percentage of at least 40% of the Board members.

- (q) Study, analyse and decide on the proposals submitted by the Executive Committee, the Managing Director, or the Committees of the Board of Directors.
- (r) Approve related-party and intra-group transactions as and when set forth in Article 39 hereof.
- (s) Approve the annual corporate governance report of the Company and the sustainability report or annual report, the report on non-financial information, if any, and the annual report on the Board of Directors' members remuneration, and any other report deemed advisable by the Board of Directors to improve the information available to shareholders and investors or required by the Law.
- (t) Call for the General Shareholders' Meeting, and publish the meeting notices.
- (u) Carry out the resolutions approved by the General Shareholders' Meeting, and perform any duty entrusted by the shareholders.
- (v) Report to the General Shareholders' Meeting any amendments to the latter's Regulations deemed convenient for better operation thereof and exercise of shareholders' rights.
- (w) Approve and amend, as per the provisions set forth herein, the Board of Directors' Regulations.
- (x) Define the structure of the general powers of attorney of the Company and of its Group companies to be granted by their respective governing bodies in each case.
- (y) Implementation of the treasury share policy of the Company, with the authorisation of the General Shareholders' Meeting.
- (z) Define its position on every takeover bid for securities issued by the Company.
- (aa) Study, analyse and decide on the authorisation or release from obligations arising from the duty of loyalty set forth in the Law (unless the decision on such authorisation or release legally rests with the General Shareholders' Meeting).
- (bb) Evaluate, on a yearly basis, of the Board of Directors' quality and efficiency of work, performance of the Board chairman and of the Company's CEO, if they are not the same person, and the quality and efficiency of work of the Committees, based on the reports prepared by the latter.
- (cc) Decide on any other matter that, falling within the scope of authority of the Board and in the opinion of the Board itself, is of interest to the Company, or that is reserved hereunder to the Board acting in plenary session.

7. The powers reserved to the Board of Directors under the Law as non-delegable, and all such others as may be necessary for diligent exercise of the general oversight function may not be delegated. Nevertheless, in case of an emergency, as duly justified, and if permitted by the Law, the delegated bodies or individuals may make decisions on the matters listed in the paragraphs above, which must be ratified at the first meeting of the Board of Directors held after the making thereof.

Article 6. Corporate interest

1. The Board of Directors and its delegated bodies shall perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders of equal status. And it should be guided by the corporate interest, understood as the creation of a profitable business that is sustainable in the long term and that promotes its continuity while maximising the economic value of the Company. Furthermore, in pursuing the corporate interest, it shall not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but shall also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.
2. With regards to the corporate organisation, the Board of Directors shall adopt the necessary measures to ensure, with unity of purpose and independent judgment, that:
 - (a) the company management seeks to give value to the shareholders and has adequate incentives to do so;
 - (b) the company management is under the effective supervision and control of the Board of Directors;
 - (c) no individual or reduced group of individuals exercises any decision-making power that is not subject to checks and balances;
 - (d) no shareholder is given privileged treatment with regards to the other shareholders who are of equal status.
3. In maximising the value of the company in the best interest of shareholders, the Board of Directors shall fulfil the requirements set forth in the Law, comply with the contracts agreed with employees, suppliers, funders, and clients in good faith, and in general, abide by the ethical duties reasonably derived from the diligent running of business affairs.

CHAPTER III. BOARD OF DIRECTORS' STRUCTURE

Article 7. Structure

1. The Board of Directors shall consist of the number of Directors determined by the General Shareholders' Meeting, subject to the limits established by the Articles of Association.
2. The Board shall put forward to the General Shareholders' Meeting the number that, depending on the changing circumstances and subject to the limits set by the Articles of Association, is best suited to ensure a proper degree of representation and efficient operation of the Board. The

proposed number may not be lower than five (5) or higher than fifteen (15) under any circumstance whatsoever.

3. The Board of Directors, in exercising the powers to submit proposals to the General Shareholders' Meeting, and to co-opt members to fill vacancies, shall make sure that, in its structure, external or independent Directors make up a large majority with respect to executive Directors, and that the number of independent Directors represents at least one third (1/3) of the total members of the Board of Directors. Additionally, the number of executive Directors shall be the necessary minimum, considering the complexity of the Group at the time and the percentage interest held by executive Directors in the share capital of the Company, and that the percentage of proprietary Directors over the total independent Directors should not be higher than the ratio of the Company's voting share capital of proprietary Directors to the remaining share capital.
4. The provisions of the paragraph above may not affect the authority of the General Shareholders' Meeting or undermine the efficacy of the proportional system, which shall be observed in the event of a share consolidation as per the terms of the Limited Companies Law.
5. The individuals appointed as Directors shall meet, in addition to the requirements established under the Law and the Articles of Association, the requirements established under these Regulations, and shall formally undertake, when taking office, to fulfil the obligations and duties set out herein.
6. The Board of Directors shall approve a Director's selection policy that:
 - (a) is precise and allows for verification;
 - (b) ensures that appointment or re-election proposals are based on prior analysis of the Board's needs; and
 - (c) promotes diversity of expertise, experience, age, gender, disability, and training, and is free of any implied bias that may lead to any form discrimination whatsoever, and which particularly favours selection of female directors in a number that helps obtain a balanced presence of women and men. The conclusions of the previous analysis of the Board's needs will be included in the explanatory report of the Appointments and Remuneration Committee to be published when convening the General Shareholders' Meeting at which each Board member's ratification, appointment or re-election will be presented.
7. In exercising its power to submit proposals to the General Shareholders' Meeting and to co-opt Board members, the Board of Directors shall weigh the existence of the different categories of Directors as defined under the applicable laws or, alternatively, under the good corporate governance recommendations being applicable to the Company upon occasion.
8. The Board shall prevent all forms of discrimination against shareholders in accessing the Board of Directors through proprietary Directors.
9. The category of each Director shall be explained by the Board of Directors at the General Shareholders' Meeting convened at which point the appointment thereof must be made or ratified, where appropriate, and modified each year in the annual corporate governance report, following

verification by the Appointments and Remuneration Committee. In the event that there is an external director who cannot be considered either proprietary or independent, the Company shall explain this circumstance and his/her links, either with the Company or its executives, or with its shareholders.

CHAPTER IV. BOARD OF DIRECTORS' ORGANISATION

Article 8. Chairman of the Board of Directors

1. The chairman of the Board of Directors shall be elected from among the members of the Board, subject to previous report by the Appointments and Remuneration Committee. He/She shall hold the status of chairman of the Company and of all other corporate bodies of which he/she is a member, which he/she shall permanently represent with the broadest powers. The chairman of the Board of Directors will be responsible for carrying out the resolutions of the Board of Directors and of the remaining corporate bodies he/she presides over, being authorised to adopt, in case of an emergency, all such measures as may be deemed advisable to further the corporate interest and pursuant to the Law.
2. The chairman of the Board of Directors represents the highest institutional representative of the Company and leader of the Board of Directors. In addition to the powers conferred by the Law, the chairman shall exercise the following:
 - (a) Call for, preside over, and lead the meetings of the Board of Directors and of the Executive Committee, if any, determining the agenda for the meetings, promoting the design and development of the Company's strategic goals, and directing discussion and debate, ensuring its effective development.
 - (b) Prepare and submit a programme of dates and matters to address to the Board of Directors.
 - (c) Encourage, promote, and organise debate and active participation by the Board of Directors' members at its meetings, safeguarding their freedom to take positions and their freedom of expression, and making sure that sufficient time is devoted to discussing the strategic issues related to the Company and the Group.
 - (d) Ensure and supervise, with the collaboration of the Secretary, that the members of the Board of Directors receive in advance the necessary and sufficient information to deliberate on the items of the agenda.
 - (e) Preside over the General Shareholders' Meeting and direct the discussion and debate.
 - (f) Submit to the Board of Directors such proposals as he/she deems appropriate for the efficient running of the Company's affairs, and especially, those related to the operation of the Board of Directors and other corporate bodies; and propose candidates, as applicable, for the offices of vice-chairman, Managing Director, and secretary, and, if applicable, of vice- secretary(ies) of the Board of Directors and members of its committees.
 - (g) Promote the tasks and duties of the advisory committees of the Board of Directors, and ensure that they fulfil their duties and responsibilities efficiently and with due coordination,

relying on an appropriate organisation for such purposes.

- (h) Organise and coordinate regularly the evaluation of the Board of Directors, and if appointed, of the Managing Director of the Company.
- (i) Approve and review refresher programmes for every member of the Board of Directors, whenever circumstances deem such action advisable.
- (j) Actively participate in the institutional representation of the Company, and in the design and development of its external communication plans.

Article 9. Vice-chairman or Vice-chairmen

1. Subject to previous report by the Appointments and Remuneration Committee, the Board of Directors may elect one or more Vice-chairman.
2. In case of several Vice-chairman, each Vice-chairmen office shall be numbered. The Vice-chairman shall substitute the chairman in the event of vacancy, absence, sickness and whenever determined by the chairman himself/herself. In case of several Vice-chairmen, their number priority will determine the order in which they will substitute the chairman.

Article 10. Managing Director

1. The Board of Directors may elect, on proposal by the chairman, a Managing Director with the favourable vote of at least two thirds (2/3) of its members. The Managing Director will have full executive powers, and in particular, will be delegated all such powers as may be delegated under the Law.
2. The Managing Director's is to be appointed following a proposal of the chairman, following a report by the Appointments and Remuneration Committee.
3. In the event of vacancy, absence, sickness or incapacity of the Managing Director, his/her powers may be assumed only by another executive Director (and limited to the powers the latter may have been delegated), without prejudice to the powers and functions of the Executive Committee, if any. Notwithstanding the above, the chairman of the Board of Directors shall convene the Board of Directors urgently in order to discuss and decide on the appointment, if applicable, of a new Managing Director.

Article 11. Coordinating Director

1. The Board of Directors shall take all such measures as may be required to ensure that the chairman of the Board of Directors, the Managing Director, if any, and the Executive Committee, if any, remain under its effective supervision.
2. For an executive Director to be appointed as chairman of the Board of Directors, the favourable vote of at least two thirds (2/3) of its members will be required.
3. Should the chairman of the Board of Directors hold the status of an executive Director, the Board of Directors, on proposal by the Appointments and Remuneration Committee and with the

abstention of the executive Directors, shall necessarily appoint a Coordinating Director from among the independent Directors, who shall be especially empowered, when deemed appropriate, to:

- (a) Request the chairman of the Board of Directors to call for a Board meeting and participate, together with the chairman, in the planning of the annual meeting schedule.
 - (b) Participate in preparation of the agenda for each Board of Directors' meeting, and request inclusion of matters to the agenda for Board meetings that have already been called.
 - (c) Coordinate, collect and voice the concerns of non-executive Directors.
 - (d) Lead the periodic assessment of the chairman of the Board of Directors.
 - (e) Coordinate and lead, if applicable, the Board of Directors' chairman succession plan.
 - (f) Chair the Board of Directors' meeting if the chairman and Vice-chairmen are absent, as applicable.
 - (g) Maintain contact with investors and shareholders to hear their perspectives in order to form an opinion about their concerns, particularly those relating to the Company's corporate governance.
4. Also, the Coordinating Director may keep contact with investors and shareholders to hear their perspectives in order to form an opinion about their concerns, particularly those relating to the Company's corporate governance, if so ordered by the Board of Directors.
5. Revocation of any of the foregoing powers accorded to the Coordinating Director will require a prior report by the Appointments and Remuneration Committee, unless the powers are prescribed by Law, in which case they may not be revoked.

Article 12. Secretary and Legal Counsel of the Board of Directors

1. The Board of Directors shall appoint a secretary, subject to prior report by the Appointments and Remuneration Committee in order to safeguard the independence, impartiality and professionalism of the secretary. The secretary may or may not be a Director, as the Board of Directors resolves **upon occasion**. The same procedure is to be followed to remove the secretary. If the secretary of the Board of Directors is not a Director, he/she will be entitled to a voice, but not to vote.
2. In addition to the duties assigned under the Law, the secretary of the Board of Directors shall assist the chairman in its duties and shall provide for the smooth operation of the Board of Directors, undertaking, especially, but without limitation, the following tasks:
 - (a) Protect and keep custody of corporate documentation, duly record the proceedings of meetings in the minutes books, and certify resolutions adopted and decisions made by the governing bodies.
 - (b) Establish and maintain contact with the Spanish Securities Market Commission, unless the Board of Directors expressly assigns this role to another person.

- (c) Generally, act as channel regarding relations between the Company and the Directors on all matters related to the operation of the Board of Directors, following the instructions of its chairman, and without prejudice to the powers accorded to the Coordinating Director.
 - (d) Especially, ensure that the performance and legality of decisions of the governing bodies (i) are in line with the laws and the applicable legislation; (ii) are compliant with the Articles of Association and other internal regulations; and (iii) endorse the good governance recommendations applying to the Company.
 - (e) Assist and support the chairman in providing Directors with relevant information, on a timely basis and in the proper format, for them to exercise their duties.
 - (f) Channel requests from Directors regarding the information and documentation on matters falling within the scope of authority of the Board of Directors.
 - (g) Handle, collect, request and process the information that is to be included in the Company's website in accordance with the Law.
 - (h) Act as secretary of the Executive Committee, if any.
 - (i) Act as secretary of the General Shareholders' Meeting.
 - (j) Under the supervision of the Board of Directors' chairman, provide the necessary support to the advisory committees of the Board, so that they may effectively operate, receiving and processing communications among the advisory committees and organising and channelling the flow of information.
3. The Board shall have a Legal Counsel of the Board of Directors, with the roles assigned under the applicable laws. The secretary, or as applicable, the vice-secretary, shall act as the Legal Counsel of the Board of Directors if they are attorneys at law and if they meet other requirements set out in the legislation in force.

Article 13. Vice-Secretary of the Board of Directors

1. The Board of Directors may appoint, subject to previous report by the Appointments and Remuneration Committee, a vice-secretary, who need not be a Director, to assist the Board secretary in his/her duties, as per the latter's previous instructions, and to substitute the latter in the event of absence.
2. The vice-secretary may attend the Board's sessions to substitute the secretary or assist the latter where so required or determined by the chairman.
3. The vice- secretary of the Board may also act as its Legal Counsel, provided that he/she is an attorney at law.
4. In addition, the vice-secretary of the Board shall act as the vice-secretary of the Executive Committee, if any.

Article 14. Committees of the Board of Directors

Without prejudice to the powers of attorney that it may grant to any person, the Board of Directors may appoint one or more Chief Executive Officers or executive committees from among its members, establishing the content, limits and methods of delegation. The permanent delegation of any power of the Board of Directors to the Executive Committee or to one or more managing directors and the appointment the director or directors who are to occupy such positions shall require the favourable vote of two thirds (2/3) of the members of the Board of Directors in order to be valid and shall not take effect until they have been registered in the Trade Registry.

In every case, there shall be an Audit Committee and an Appointments and Remuneration Committee, which shall only have the power to report, advise and propose in relation to certain matters, as determined in the articles hereinbelow. Additionally, the Board of Directors may create, if so deemed convenient, a Sustainability Committee and an Investment and Projects Committee, as well as any such other committees as may be deemed necessary.

Article 15. Executive Committee

1. If created, the Executive Committee shall have –unless otherwise determined by the Board of Directors– all the powers inherent to the Board, excluding those that may not be delegated under the laws or the Articles of Association, and those specifically reserved to the Board and specified in paragraph 5.6 above.
2. The Executive Committee shall consist of the Directors designated by the Board with the favourable vote of two thirds (2/3) of the Directors. Their renewal shall take place at the time, in the form and numbers determined by the Board, which shall further lay down its rules of operation.
3. With at least three (3) and not more than six (6) Directors, the Executive Committee shall be made up of such number of Directors as may be determined by the Board. In every case, the Executive Committee shall consist of the Board’s chairman, who shall preside its meetings, the Managing Director(s), if any, and at least two non-executive Directors, at least one of them being an independent Director.
4. The secretary of the Board of Directors shall act as secretary of the Executive Committee, and in the absence thereof, the vice-secretary of the Board –whether or not a member of the Board–, or in the absence of all of them, the Board member designated by the Committee from those being part of the Committee and being present at the meeting concerned.
5. The Executive Committee, if any, may also be attended by the General Managers of the Company, who will be entitled to a voice, but no to a vote, as well as any other individual, provided they are specifically invited by the chairman on each occasion.
6. The Executive Committee shall meet at least on a quarterly basis and on such other occasions as may be deemed appropriate by the chairman, who may also suspend any ordinary meeting, where deemed appropriate, for reasons at his/her sole discretion. It shall further meet whenever requested by two Directors forming part of the Committee. The Executive Committee shall take care of all the matters falling within the scope of authority of the Board that, in the opinion of the Committee itself, need to be addressed without delay, except for accountability, submission of

balance sheets to the General Shareholders' Meeting, the powers conferred by the latter upon the Board without authorising delegation thereof, and the powers accorded to the Board by the laws or the Articles of Association that may not be delegated.

7. Resolutions of the Executive Committee shall be adopted by absolute majority of the Directors who are members of the Committee and present at the meeting, whether in person or by proxy. Where votes are evenly divided, the chairman shall have the casting vote.
8. The Executive Committee shall inform the Board of Directors, at its first meeting following the Executive Committee's meetings, on the matters addressed and the decisions adopted at its sessions.
9. In absence of any specific regulation, the Executive Committee is subject to the provisions established hereunder, unless incompatible with its nature, on operation of the Board of Directors, and in particular, on the call of meetings, delegation of representation powers in favour of another Director, validity of meetings, universal sessions, procedure to adopt resolutions, written voting without holding a session, and approval of meeting minutes.

Article 16. Audit Committee. Structure, powers and operation

1. The Board of Directors shall create a permanent Audit Committee, as an internal body of informative and advisory in nature, without executive functions, and with the power to report, advise and propose within its scope of action as defined in paragraph 4 of this Article. The Audit Committee shall consist of at least three (3) and no more than five (5) members of the Board of Directors, designated by the Board itself from its non-executive Directors, most of whom shall be independent Directors. All members of the Audit Committee, and particularly its chairman, shall be appointed taking into account their knowledge and experience in the areas of accounting, audit as well as both financial and non-financial risk management. As a whole, the members of the Audit Committee shall have the relevant expertise on the business sector to which the Company belongs. The Board of Directors shall further designate its chairman from the independent Directors making up said Committee. The Audit Committee shall designate the individual that will fill the position of secretary of the Committee, who need not be a Director and, in every case, shall fulfil the obligations imposed on Directors hereunder that, because of their nature, are also applicable to them. The office of secretary of the Audit Committee may fall on the secretary of the Board of Directors or another individual.
2. The Board of Directors' members being part of the Audit Committee shall hold office for a maximum term of four (4) years, and may be re-elected. The change, re-election and removal of the Board members being part of the Committee shall be carried out pursuant to the resolutions of the Board of Directors.
3. The chairman shall hold office for a maximum term of four (4) years, after which period the chairman may not be re-elected until one (1) year has passed since the end of term, without prejudice to the continuance or re-election as a member of the Committee.
4. In addition to other tasks that may be assigned upon occasion by the Board of Directors, the Audit Committee shall exercise the following basic duties:

- (i) Inform, at the General Shareholders' Meeting, about issues raised by the shareholders on matters for which it is competent and, in particular, about the results of audits, explaining how they have contributed to the integrity of the financial information, and the role that the Audit Committee has played in such progress.
- (ii) Oversee the efficacy of the internal control of the Company and of its Group, and of its financial and non-financial risk management systems (including operational, technological, legal, corporate, environmental, political, reputational and corruption-related risks), including fiscal risks, making sure that the internal control policies and systems in place are effectively applied in practice; and discuss with the auditor any significant weaknesses in the internal control system identified during the audit, all of the above without infringing upon their independence. To that end, and if significant weaknesses are identified, it shall submit recommendations and proposals to the governing body, with the relevant deadlines for follow-up.
- (iii) Oversee preparation and reporting of mandatory financial information and non-financial information.
- (iv) Propose to the Board of Directors, for it to be submitted to the General Shareholders' Meeting, the selection, appointment, re-election, or removal of auditors, pursuant to the applicable laws, as well as the terms and conditions of engagement; and regularly collect information from the auditor on the audit plan and its implementation, while safeguarding their independence in performance of their duties.
- (v) Oversee the activity of the internal audit department of the Company, whose operation shall depend on the Audit Committee.
- (vi) Establish an appropriate relationship with the auditors to receive information about any issue that might entail a threat to the independence thereof, for examination by the Audit Committee, and any other information related to the progress of the audit process, as well as any other communication required under the legislation on auditing and other auditing standards. In any case, they must receive written confirmation from the auditors once a year asserting their independence from the Company or entities that are directly or indirectly related to it, as well as information on additional services of any kind provided to these entities by the aforementioned auditors, or by individuals or entities related to them in accordance with legislation on auditing.
- (vii) Issue a report expressing an opinion on the independence of the auditors once a year, prior to the auditor's report. Said report shall refer, in every case, to the delivery of services in addition to those mentioned in the paragraph above, whether considered individually or as a whole, other than legal auditing, and in relation to the rules of independence and the legal provisions governing auditing.
- (viii) Report on the related-party transactions that need to be approved by the General Shareholders' Meeting or the Board of Directors, and oversee the internal procedure in place at the Company for transactions whose approval has been delegated.
- (ix) Inform the Board of Directors in advance about each and every matter provided for in the

Law, the Articles of Association, and the Board of Directors Regulations, and in particular, about: (i) financial information and directors' report, including, as applicable, the non-financial information the Company must disclose on a regular basis; (ii) creation or acquisition of ownership interests in special purpose entities, or entities based in countries or territories regarded as tax havens; and (iii) review prospectuses or equivalent documents on the issue and/or admission of securities, and any other financial information to be disclosed by the Company to the markets and its oversight bodies.

5. The Audit Committee shall also have the following responsibilities:

- (i) As regards internal control and reporting systems:
 - (a) Monitor the preparation and integrity of the financial information referring to the Company and, where appropriate, the Group, checking for compliance with legal provisions, the accurate definition of the consolidation scope, and the correct application of accounting principles.
 - (b) Periodically review the internal control and risk management systems, so that the significant risks are adequately identified, managed, and reported, and discuss with the auditor any significant weaknesses in the internal control system found in the course of the audit, all without infringing upon the independence thereof. To this end, and where applicable, recommendations and proposals may be submitted to the governing body, with the corresponding follow-up period,.
 - (c) Safeguard the independence and effectiveness of the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit function; propose the department's budget; approve, or submit to the Board of Directors for approval, the annual work plan and guidelines of the internal audit department, making sure that the activity is primarily focused on material risks (including reputational risk); receive information on its activities on a regular basis; and verify that the senior management takes into account the conclusions and recommendations contained in its reports.
 - (d) Establish and oversee a mechanism whereby employees and other people related to the Company, such as Directors, shareholders, suppliers, contractors and subcontractors, can confidentially and, if deemed appropriate, anonymously report any potentially important irregularity, especially financial and accounting in nature, related to the Company that they notice within the Company or its Group. Said mechanism should guarantee confidentiality, and in every case, provide for situations where reports can be filed anonymously, respecting the rights of both the reporting and the reported parties.
- (ii) With regard to the external auditor:
 - (a) Propose to the Board on the selection, appointment, re-election, and replacement of the external auditor, as well as the terms and conditions of their contract.
 - (b) Regularly receive from the external auditor information about the audit plan and the

results of its implementation and verify whether the senior management has taken its recommendations into account.

- (c) Establish an appropriate relationship with the auditor to receive information about any issues that might entail a threat to the independence thereof, for examination by the Audit Committee, and any other information related to the progress of the audit process, as well as any other communication set forth in the legislation on accounts auditing and auditing standards. In any case, they must receive written confirmation from the auditor or audit firms once a year asserting their independence from the entity or entities that are directly or indirectly related to it, as well as information on additional services of any kind provided to these entities by the aforementioned auditor or firms, or by individuals or entities related to them in accordance with the legislation on auditing.
 - (d) As part of safeguarding the independence of the external auditor, make sure that: (i) the Company reports any other relevant information to the Spanish Securities Market Commission, the change of auditor, together with a statement on the eventual existence of any disagreement with the outgoing auditor, and if existing, of its content; (ii) the external auditor annually meets with the full Board of Directors to inform the latter about the work carried out and about the evolution of the Company's situation; (iii) the Company and the auditor comply with the applicable legislation governing delivery of services other than auditing, and, in general, all other legal provisions aimed at safeguarding auditors' independence; (iv) in the event of resignation by the external auditor, it examines the circumstances leading to it; and (v) the external auditor's compensation for their work does not compromise its quality or independence.
 - (e) Issue a report expressing an opinion on the independence of the auditor once a year, prior to the audit report. Such report must, in all cases, refer to the additional services referred to in the paragraph above.
 - (f) Encourage the auditor of the consolidated (established?) Group to undertake the auditing of its companies.
- (iii) As regards the risk management policy:
- (a) Propose to the Board of Directors a risk management and control policy.
 - (b) Identify the different types of risk (operational, technological, financial, legal, and reputational risks) the Company is exposed to, including, within financial or economic risks, contingent liabilities, and other off-balance-sheet risks.
 - (c) Establish a risk management and control model based on different levels, including a commission specialised in risks, where sector-related legislation so requires or the Company deems it appropriate.
 - (d) Determine the risk levels the Company sees as acceptable.

- (e) Identify the measures in place to mitigate the impact of identified risk events should they occur.
 - (f) Identify the internal control and reporting systems to be used to control and manage the abovesaid risks, including contingent liabilities and off-balance-sheet risks.
- (iv) In relation to the corporate social responsibility policy: Approve, supervise, revise and ensure compliance with the Company's corporate social responsibility policy, which must focus on the establishment of values within the Company and on fulfilment of its social and ethical duties.
6. The Audit Committee shall have the following responsibilities:
- (i) Oversee compliance with the Company's corporate governance rules and internal codes of conduct, ensuring that the corporate culture is in line with its purpose and values. In this regard, the Audit Committee shall periodically assess the suitability of the Company's corporate governance system, environmental and social policy in order to ensure that it fulfils its mission of promoting social interest and takes into account, as applicable, the legitimate interests of the other stakeholders, and shall make proposals for improvement of this.
 - (ii) Oversee application of the general policy on communication of economic and financial, non-financial and corporate information, and on communication with shareholders and investors, voting advisers and other stakeholders. Furthermore, follow-up on how the Company communicates and relates with small and medium-sized shareholders.
 - (iii) Verify that the Company's environmental and social practices are in line with the policy and strategy defined.
 - (iv) Oversee and assess the processes for liaising with the different stakeholders.
7. Additionally, the Audit Committee shall be responsible for all such other functions as may be specifically attributed under its internal regulations, as approved, if applicable, by the Board of Directors.
8. The Audit Committee shall hold ordinary meetings on a quarterly basis, with the aim of reviewing the financial information which is to be regularly sent to the securities market authorities, and the information to be submitted to the Board of Directors for approval and to be included in its annual public documentation. It shall also meet upon request by any of its members, and whenever convened by its chairman, who shall always do so where the Board of Directors or its chairman requests issuance of a report or adoption of proposals, and, in every case, whenever deemed appropriate for due performance of its duties.
9. The duty to convene the Committee falls on the individual acting as chairman at the time. The notice of meeting, unless special urgent reasons exist in the chairman's opinion, is to be sent to the Committee's members at least eight (8) calendar days in advance, by letter, fax, telegram, or e-mail. The notice will include the agenda for the meeting. Nevertheless, the Committee may address other matters not included in the agenda.

10. The Audit Committee may hold a valid meeting if the majority of its members are present, whether in person or by proxy. Its resolutions will be adopted by absolute majority of the Board members being present, either in person or by proxy, at the session. Proxy powers may only be granted to another Director who is a member of the Committee. The chairman and secretary of the Committee shall be those appointed to such positions. In the event of incapacity or absence, the chairman shall be replaced by the Committee member with most seniority thereat, and should there be several members with equal seniority, by the eldest member. In the event of incapacity or absence, the secretary shall be replaced by the youngest Committee member.
11. The Committee's secretary shall take minutes of its meetings. Once approved, whether at the end of the session concerned or at the following one, the minutes are to be signed by the chairman and secretary. A copy of the minutes will be sent to every member of the Board of Directors.
12. The Audit Committee shall prepare an annual report on its activities, highlighting the major incidents that may have occurred, if any, in relation to its functions. In addition, where so deemed appropriate by the Audit Committee, said report will include proposals to improve the Company's governance rules.
13. The Audit Committee may call upon any member of the management team or the staff of the Company. Any such individual will have the obligation to attend the sessions of the Audit Committee, collaborate, and grant access to any information they may have. The Committee may likewise call upon the auditors to attend its sessions.
14. Where so deemed necessary for better performance of its duties, the Audit Committee may seek the advice of external experts.
15. The Company shall have an internal audit division that, under the supervision of the Audit Committee, ensures the smooth running of operation of internal control and reporting systems. The head of the internal audit function shall submit their annual work plan to the Audit Committee. Additionally, he/she shall report any incident arising in the course of the internal audits to the Committee and shall submit a report on its activities to the latter at the end of each financial year.

Article 17. Appointments and Remuneration Committee. Structure, powers and operation

1. The Board of Directors shall create a permanent Appointments and Remuneration Committee, as an internal body of informative and advisory nature, without executive functions, and with the power to report, advise and propose within its scope of action as defined in paragraph 3 of this Article. The Appointments and Remuneration Committee shall consist of at least three (3) and not more than five (5) members of the Board of Directors, appointed by the Board itself from its external Directors, most of whom shall be independent Directors. The Board of Directors shall further designate its chairman from among the independent Directors making up said Committee. The Appointments and Remuneration Committee shall designate a secretary of the Committee, who need not be a Director and, in any event, shall comply with the obligations imposed on Directors hereunder that, because of their nature, are also applicable to them. The office of secretary of the Appointments and Remuneration Committee may fall on the secretary of the Board of Directors or another individual.

2. The Board of Directors' members being part of the Appointments and Remuneration shall hold office for a maximum term of four (4) years, notwithstanding their possible re-election. The change, re-election and removal of the Board members being part of the Committee shall be carried out pursuant to the resolutions of the Board of Directors.
3. In addition to other tasks that may be assigned upon occasion by the Board of Directors, the Appointments and Remuneration Committee shall exercise the following basic duties:
 - (i) Evaluate the skills, expertise and experience required in the Board of Directors. To that end, it shall define the functions and criteria required from candidates to fill each vacancy, and shall assess the time and commitment required to perform their duties effectively.
 - (ii) Establish a representation goal for the less represented gender at the Board of Directors and prepare guidelines on how to achieve said goal.
 - (iii) Bring proposed appointments of independent Directors to the Board of Directors, either for appointment under the co-option system or for submission of such proposals to a decision by the shareholders at the General Shareholders' Meeting; as well as the proposals for re-election or removal of such Directors appointed by the General Shareholders' Meeting.
 - (iv) Report on the proposals for appointment of other Board members, either for appointment under the co-option system or for submission of such proposals to a decision by the shareholders at General Shareholders' Meeting, as well as the proposals for re-election or removal thereof by the General Shareholders' Meeting.
 - (v) Report on discharge proposals for Directors who intend to become part of the governing bodies or the senior management of companies having a company purpose that is identical to or that may be considered to compete or be in conflict of interest with the Company's purpose.
 - (vi) Report on the proposals for appointment and removal of senior managers and the basic terms and conditions of their contracts.
 - (vii) Examine and organise the succession of the Board of Directors' chairman and of the Company's CEO, and, if applicable, submit proposals to the Board of Directors for such succession to take place in an orderly and planned fashion.
 - (viii) Propose to the Board of Directors the remuneration policy for the Board members and for general managers or members of senior management and directly reporting to the Board, executive committees, or Managing Directors, as well as the individual remuneration and other contractual terms and conditions of executive Directors, ensuring compliance with such policy.
4. The Appointments and Remuneration Committee shall also have the following responsibilities:
 - (i) Powers related to the structure of the Board of Directors and its committees, and to the process of appointment of internal positions at the Board of Directors and senior managers:

- (a) Advise the Board of Directors on the most effective structure of the Board itself and its committees, in terms of size and balance between the different categories of Board members existing from upon occasion. To that end, the Committee shall regularly review the structure of the Board of Directors and its committees, especially when vacancies arise thereat.
 - (b) Report on and review the criteria to be followed in relation to the structure of the Board of Directors and candidate selection, making sure that, when new vacancies arise or new Directors are appointed, the selection procedures are free of any implied bias that may lead to any form of discrimination whatsoever, and, in particular, that may hinder selection of female directors; and in relation to the latter, set a goal for representation on the Board and prepare guidelines on how to achieve it.
 - (c) Report on or submit proposals for the appointment or removal of the members of each committee.
 - (d) Report on or submit proposals for appointment or removal of the Board of Directors' chairman.
 - (e) Report on proposals by the Board of Directors' chairman for appointment or removal of the Managing Director.
 - (f) Assess or organise the succession of the Board of Directors' chairman and, if appointed, of the Company's Managing Director, and, if applicable, submit proposals to the Board of Directors for such succession to take place in an orderly and planned fashion.
 - (g) Report on the proposals by the Board of Directors' chairman for appointment or removal of the Board of Directors' Vice- chairmen.
 - (h) Submit to the Board of Directors the proposal for appointment of an independent Director with special powers, in case the Board of Directors' chairman holds executive functions, and report on proposals for their removal.
 - (i) Report on proposals by the Board of Directors' chairman for the appointment or removal of the secretary and, if any, of the vice-secretary(ies) of the Board of Directors, the General secretary, and the Legal Counsel.
 - (j) Report on the proposals by the Board of Directors' chairman or the Managing Director for appointment or removal of senior managers.
- (ii) Powers related to candidate selection for members of the Board of Directors:
- (a) Select potential candidates to be appointed members of the Board of Directors of the Company, if applicable, and submit proposals and reports, as applicable, to the Board of Directors through its chairman.
 - (b) Submit proposals for appointment of independent Directors to the Board of Directors

(for them to be co-opted or for the decision of the General Shareholders' Meeting).

- (c) Verify compliance with the requirements specifically imposed on independent Directors under the Law and the Company's internal regulations, and collect adequate information on their personal qualities, experience, expertise, and availability.
 - (d) Report, upon request by the Board of Directors' chairman or any other Board member, on the proposals for appointment of the remaining Directors (for them to be co-opted or for the decision of the General Shareholders' Meeting).
- (iii) Powers related to the evaluation and re-election of Board of Directors' members and senior managers:
- (a) Establish and oversee an annual programme to evaluate and continuously review their qualifications, training and, if applicable, independence, as well as continued fulfilment of the conditions required to hold office as member of the Board of Directors and as member of a certain committee; and put forward such measures as it may see fit in this regard to the Board of Directors.
 - (b) Take part in the annual process to evaluate the performance of the Board of Directors' chairman and Managing Director.
 - (c) Submit to the Board its proposal (in the case of independent Directors) or report (in the case of the remaining Board members) for the re-election of Directors.
 - (d) Annually review the evaluations of senior managers' performance regularly made by the Managing Director, and report on the senior managers' evaluations and adequacy to their position to the Board of Directors.
- (iv) Powers related to the removal and termination of Board of Directors' members:
- (a) Report on removal proposals to the Board of Directors due to breach of the duties inherent to the position of Board member, or when a Board member becomes subject to any of the grounds for mandatory termination or resignation.
 - (b) Put forward the removal of Board members in case of incompatibility, prohibition or any other ground for resignation or termination, pursuant to the Law or the Company's internal regulations.
- (v) Powers related to remuneration:
- (a) Regularly review the senior managers' remuneration policy, including share-based payment systems and application thereof, and put forward modifications and updates thereof to the Board of Directors.
 - (b) Regularly review the Board members' remuneration policy, including share-based payment systems and application thereof, and put forward modifications and updates thereof to the Board of Directors for them to be submitted to the General

Shareholders' Meeting, as well as the annual remuneration amounts thereof.

- (c) Put forward the individual compensation of executive Directors and other basic terms and conditions of their contracts for approval by the Board of Directors, including any eventual severance pay for early removal from office, and the amounts to be paid by the Company on account of insurance premiums or contributions under savings schemes, in compliance with the Company's internal regulations and, in particular, with the remuneration policy approved by the General Shareholders' Meeting.
 - (d) Report, as mandatory, and prior to its approval by the relevant corporate body, on the remuneration set for the independent Directors of other companies of the Group.
 - (e) Report on and submit to the Board of Directors the proposals by the Board chairman or, if appointed, the Managing Director, in relation to the remuneration structure of senior managers and the basic terms and conditions of their contracts, including any eventual termination benefits or severance pay that may be set in the event of removal.
 - (f) Verify application of the Company's compensation plans and report on the documents to be approved by the Board of Directors for general disclosure regarding compensation information, including the annual report on the Board of Directors' members' remuneration and the relevant sections of the annual corporate governance report of the Company.
 - (g) Ensure that the individual compensation of Directors and senior managers is proportional to the compensation paid to the remaining Directors and senior managers of the Company.
5. Additionally, the Appointments and Remuneration Committee shall be responsible for all such other functions as may be specifically attributed under its internal regulations, as approved, if applicable, by the Board of Directors.
 6. The Appointments and Remuneration Committee shall meet at least three (3) times a year. It shall also meet upon request by any of its members, and whenever convened by its chairman, who shall always do so where the Board of Directors or its chairman requests issuance of a report or adoption of proposals, and, in every case, whenever deemed appropriate for due performance of its duties.
 7. The duty to convene the Committee falls on the individual acting as chairman at the time. The notice of meeting, unless special urgent reasons exist in the chairman opinion, is to be sent to the Committee's members at least eight (8) calendar days in advance, by letter, fax, telegram, or e-mail. The notice will include the agenda for the meeting. Nevertheless, the Committee may address other matters not included in the agenda.
 8. The Appointments and Remuneration Committee shall hold a valid meeting if the majority of its members are present, whether in person or by proxy. Its resolutions will be adopted by absolute majority of the Board members being present, either in person or by proxy, at the session. Proxy powers may only be granted to another member of the Board of Directors who is a member of the

Committee. The chairman and secretary of the Committee shall be those appointed to such positions. In the event of incapacity or absence, the chairman shall be replaced by the Committee member with more seniority thereat, and should there be several members with equal seniority, by the eldest member. In the event of incapacity or absence, the secretary shall be replaced by the youngest Committee member.

9. The Committee's secretary shall take minutes of its meetings. Once approved, whether at the end of the session concerned or at the following one, the minutes are to be signed by the chairman and secretary. A copy of the minutes will be sent to every member of the Board of Directors.
10. The Committee shall consult with the Company's chairman, CEO and management team, especially on matters relating to executive Directors and senior managers. Any Director may request the Appointments and Remuneration Committee to consider potential candidates to fill director vacancies, if found suitable.
11. Where so deemed necessary for better performance of its functions, the Appointments and Remuneration Committee may seek the advice of external experts. Furthermore, it will have full powers to access any kind of information, documentation or registers deemed necessary to that end.

Article 18. Sustainability Committee. Structure, powers and operation

1. The Board of Directors shall create a permanent Sustainability Committee, as an internal body of informative and advisory in nature, without executive functions, and with the power to report, advise and propose within its scope of action as defined in paragraph 3 of this Article. The Sustainability Committee shall consist of at least three (3) and no more than five (5) members of the Board of Directors, appointed by the Board itself from its non-executive Directors, most of whom shall be independent Directors. The Board of Directors shall further designate its chairman from among the independent Directors making up said Committee. The Sustainability Committee shall designate the individual that will fill the position of secretary of the Committee, who need not be a Director and, in any event, shall comply with obligations imposed on Directors hereunder that, because of their nature, are also applicable to them. The office of secretary of the Sustainability Committee may fall on the secretary of the Board of Directors or another individual.
2. The Board of Directors' members being part of the Sustainability Committee shall hold office for a maximum term of four (4) years, notwithstanding their possible re-election. The change, re-election and removal of the Directors being part of the Committee shall be carried out pursuant to the resolutions applicable to the Board of Directors.
3. In addition to other tasks that may be assigned upon occasion by the Board of Directors, the Sustainability Committee shall exercise the following basic duties:
 - (i) Be acquainted with, direct, lead and oversee the Company's performance on corporate social responsibility and sustainability matters and report it to the Board of Directors; and make sure that the corporate culture is aligned with its purpose and values.
 - (ii) Oversee and assess the processes for liaising with the different stakeholders.

- (iii) Monitor the sustainable development strategy of the Company.
 - (iv) Evaluate and review the Company plans for implementation of the social responsibility policies and monitor their degree of compliance.
 - (v) Promote the existence of a Code of Ethics at the Company, put it forward to the Board of Directors for approval, as well as any subsequent amendment thereto; and address any matter of importance for promoting knowledge of and compliance with the Code of Ethics.
 - (vi) Review the Company's internal policies and procedures to verify their effectiveness in order to prevent improper conduct, and to identify eventual policies or procedures that might be more effective in promoting the highest ethical standards.
 - (vii) Provide advice on matters falling within its scope of authority, such as employment, innovation, satisfaction, diversity, integration, non-discrimination, equality, conciliation, accessibility, and mobility.
 - (viii) Regularly review the corporate governance policies, and put forward any modification or update that may contribute to its development and continued improvement to the Board of Directors for approval, or for submittal to the General Shareholders' Meeting.
 - (ix) Monitor compliance with legal requirements and corporate governance and sustainability standards.
 - (x) Report on the conduct of general interest and corporate social responsibility activities by entities in foundations related to the Group to which such activities have been entrusted.
 - (xi) Report on the Company's annual corporate governance report to the Board of Directors prior to approval thereof, obtaining for such purpose the reports of the Audit and Control Committee and of the Appointments and Remuneration Committee in relation to the sections of said report falling within their scope of authority, and if published, the annual sustainability report. If this Committee has not been created by the Board of Directors, then this function will fall on the Audit and Control Committee, or as applicable, on such internal unit of the Company as said Committee may determine.
4. Additionally, the Sustainability Committee shall be responsible for all such other functions as may be specifically attributed under its internal regulations, as approved, if applicable, by the Board of Directors.
 5. Meetings of the Sustainability Committee will be held at least twice (2) a year. It shall also meet upon request by any of its members, and whenever convened by its chairman, who shall always do so where the Board of Directors or its chairman requests issuance of a report or adoption of proposals, and, in every case, whenever deemed convenient for due performance of its functions.
 6. The duty to convene the Sustainability Committee falls on the individual acting as chairman at the time. The notice of meeting, unless special urgent reasons exist in the chairman's opinion, is to be sent to the Sustainability Committee's members at least eight (8) calendar days in advance, by letter, fax, telegram, or e-mail. The notice will include the agenda for the meeting.

Nevertheless, the Committee may address other matters not included in the agenda.

7. The Sustainability Committee may hold a valid meeting if the majority of its members are present, whether in person or by proxy. Its resolutions will be adopted by absolute majority of the Directors being present, either in person or by proxy, at the session. Proxy powers may only be granted to another Director who is a member of the Committee. The chairman and secretary of the Committee shall be those appointed to such positions. In the event of incapacity or absence, the chairman shall be replaced by the Sustainability Committee's member with more seniority thereat, and should there be several members with equal seniority, by the eldest member. In the event of incapacity or absence, the secretary shall be replaced by the youngest member of the Sustainability Committee.
8. The Sustainability Committee secretary shall take minutes of its meetings. Once approved, whether at the end of the session concerned or at the following one, the minutes are to be signed by the chairman and secretary. A copy of the minutes will be sent to every member of the Board of Directors.
9. Where so deemed necessary for better performance of its functions, the Sustainability Committee may seek the advice of external experts. Furthermore, it will have full powers to access any kind of information, documentation or registers deemed necessary to that end.

CHAPTER V.- OPERATION OF THE BOARD

Article 19. Meetings of the Board of Directors

1. The Board of Directors shall hold meetings with such frequency as required by the Articles of Association. And also at the chairman's initiative, as many times as the latter may see fit for the smooth running of the Company's affairs, or whenever requested by at least one third (1/3) of the Directors or the Coordinating Director. In these cases, the chairman shall convene the Board of Directors' meeting within one (1) month as of the date of the request.
2. Notice of ordinary meetings is to be sent by letter, fax, telegram or e-mail by the chairman or, as per the latter's instructions, by the secretary or the vice-secretary. Meetings will be convened with such advance notice as specified in the Articles of Association.

The notice will always include the meeting agenda, clearly indicating on which items the Board of Directors is expected to adopt a decision or resolution so that Directors can study the matter beforehand or gather together the information they need to that end. In every case, the notice will include all relevant information, to the extent possible.

3. The Board of Directors' chairman shall decide on the agenda of the meeting. Any member of the Board of Directors may submit a request to the Board chairman for the inclusion of certain items in the agenda, and the latter will have the obligation to include them provided the request is made no less than two (2) days in advance of the date set for the meeting. For the Board of Directors to approve resolutions on matters not included in the agenda, the express consent of the majority of the Board members being present at the meeting will be required.

4. Extraordinary meetings of the Board may be convened by phone and will not be subject to the advance notice and other requirements specified in the paragraph above if so required by the circumstances, in the chairman's opinion, and if the call is confirmed by fax or e-mail immediately.
5. The same procedure is to be followed to cancel, suspend, or change the date, agenda or place of the Board of Directors' meetings.
6. Resolutions may also be adopted in writing and without a meeting by complying with the requirements set forth in the commercial legislation and the provisions of the Company's Articles of Association in this regard.
7. Notwithstanding the above, a Board of Directors' meeting shall be deemed validly held, without need of previous notice, whenever the total Board members are either present or represented and unanimously agree to hold the meeting and discuss the items of its agenda.
8. The Board shall draft an annual schedule for ordinary sessions. The Board shall meet at least once a year to assess its performance and the quality of its work.

Article 20. Place of meeting

1. The meetings of the Board of Directors shall be held in the place indicated in the notice.
2. The Board meetings may be held in several locations connected to each other by systems that enable recognition and identification of attendees, permanent communication among them, participation and vote casting, all in real time.
3. The Board of Directors' members attending from any of the interconnected locations shall be deemed to have attended the same and only meeting of the Board. The meeting shall be deemed held in the place where most of the Board members are located, and in the event of a tie, where the chairman or whoever is exercising his/her powers may be.

Article 21. The undertaking of meetings

1. The Board of Directors shall be validly constituted when the majority of its members attend the meeting, either in person or represented by another director.
2. The Board of Directors' members shall attend the Board meetings, and if unable to attend in person, they shall delegate their representation to another Board member, together with the relevant instructions, and giving notice thereof to the Board chairman. Non-executive Directors may only delegate their representation to another non-executive Director. Proxy powers may not be granted for any matters in relation to which the Board member has any conflict of interest. Proxy powers are to be conferred specially for each meeting of the Board of Directors and be communicated by any of the means established to convene meetings.
3. The chairman shall organise the debate, ensuring and encouraging the participation of every Director, and safeguarding their freedom of expression and freedom of opinion. The chairman will be entitled to invite to the Board of Directors' meetings any individual that may contribute

to improving the information of Directors.

4. Unless otherwise expressly provided for in the Law or the Articles of Association, resolutions will be adopted by the absolute majority of the Board members being present at the meeting. Where votes are evenly divided, the chairman shall have the casting vote.
5. The Board of Directors' meetings are to be registered on the minutes, which will be signed at least by the secretary or vice-secretary, with the approval of the chairman, and will be transcribed or collected, pursuant to the applicable laws, in a special minutes book of the Board of Directors.
6. The minutes will be approved by the Board itself, either at the end of the same meeting or at a subsequent one.

CHAPTER VI. APPOINTMENT AND REMOVAL OF DIRECTORS

Article 22. Appointment of members of the Board of Directors

1. The members of the Board of Directors shall be designated by the General Shareholders' Meeting or by the Board of Directors, as set forth in the Law.
2. The proposals for appointment and re-election of Board members submitted by the Board to the General Shareholders' Meeting, and the decisions made by the Board of Directors, in exercise of the legally-assigned power to co-opt members, are subject to the previous proposal by the Appointments and Remuneration Committee, in the case of independent Directors, or previous report by said Committee, in the case of the remaining Directors.

When the Board deviates from the Appointments and Remuneration Committee's report, the former shall give reasons for their actions and leave written record of them.

3. The proposals and reports of the Appointments and Remuneration Committee will contain an express assessment of the candidates' respectability, capability, expertise, competence, experience, qualification, training, availability, and commitment to their duties. For these purposes, the Appointments and Remuneration Committee shall determine the estimated time of dedication, in hours per year, for non-executive Directors, stating it in the relevant report or proposal.
4. The Board of Directors members are subject, to the extent applicable, to Law 53/1984, of 26 December, on Incompatibilities of the Public Administrations Staff, to Law 3/2015, of 30 March, governing the senior offices of the State Administration, and to the remaining legislation on incompatibilities at national or autonomous community level.
5. The Appointments and Remuneration Committee shall put forward or report the category each Director belongs to, based on the categories provided for hereunder, reviewing it on a yearly basis.
6. Upon appointment of a new member of the Board of Directors, said new member shall follow the integration programme in place at the Company so that he/she can rapidly acquire sufficient knowledge of the Company, and of its corporate governance rules. In addition, the Board of Directors may set refresher programmes when so deemed convenient in view of the

circumstances.

Article 23. Re-election of members of the Board of Directors

The proposals for re-election of members of the Board of Directors that the Board may submit to the General Shareholders' Meeting are subject to a formal evaluation process. Said process will necessarily include a report issued by the Appointments and Remuneration Committee assessing the quality of the work and commitment of the proposed Directors during their previous term of office.

Article 24. Term of office

1. The members of the Board of Directors shall hold office for such term as may be determined in the Articles of Association upon occasion.
2. Any vacancy may be filled by the Board of Directors itself, pursuant to the Law, until the next General Shareholders' Meeting is held, which will confirm the appointments or elect and designate the individuals who will replace the directors who are not ratified, unless it decides to withdraw the vacancy.

Article 25. Removal of members of the Board of Directors

1. The removal of the Board of Directors' members, or any of them, shall take place as and when determined by the applicable laws in force at the time.
2. The Board of Directors' members shall relinquish their position to the Board and formalise, if the latter deems it appropriate, their respective resignation, in the following events:
 - (a) In case of a proprietary Director, (i) when the former, or the shareholder he/she represents, transfers their shareholding in the Company, and (ii) in the appropriate number, when the shareholder he/she represents reduces their shareholding to a level that requires a reduction of the number of proprietary Directors.
 - (b) In case of an executive Director, whenever deemed appropriate by the Board, and in every case, at the end of his/her term at the Company and/or Group companies.
 - (c) When they are involved in any situation of incompatibility or prohibition provided for by law.
 - (d) When they are prosecuted for an allegedly criminal offence or become subject to disciplinary proceedings initiated by the oversight authorities due to a serious or very serious violation.
 - (e) When they are imposed a serious sanction by the Board of Directors, subject to previous report by the Audit Committee, due to breach of their obligations as Directors.
 - (f) When their continuity at the Board might endanger or be detrimental to the interest, value or reputation of the Company, or when the reasons for which they were appointment have ceased to exist.

- (g) When they form part of more than six (6) governing bodies of other companies as per the provisions of Article 30.5 hereof (other than the Company and the Group companies, and the companies of the group of those at which they are executive Directors).
- 3. In the event that, either due to resignation or by resolution of the General Shareholders Meeting, a member of the Board of Directors leaves their post before the end of their mandate, they shall explain the reasons for their resignation or, in the case of non-executive Directors, their opinion on the grounds for their dismissal, in a letter sent to every member of the Board. To the extent relevant to investors, the Board of Directors shall promptly publish the removal, including sufficient information as to the reasons or circumstances provided by the Director, and shall account for it in the annual corporate governance report.
- 4. The Board of Directors may put forward the removal of an independent Director before expiration of the term set under the Articles of Association only on sufficient grounds, as assessed by the Board of Directors. In particular, sufficient grounds shall be deemed to exist when the Director has breached the duties inherent to his/her position or has become subject to any of the prohibitions described in the definition of independent Director set forth in the applicable laws or, alternatively, the good governance recommendations applying to the upon occasion.

Article 26. Objectiveness. Anonymous vote

- 1. The members of the Board of Directors who are affected by appointment, re-election or removal proposals shall refrain from participating in the debates and from voting in relation to such proposals.
- 2. Every voting at the Board of Directors related to the appointment, re-election or removal of Board members shall be public, unless any Director requests the chairman that it be anonymous.

CHAPTER VII. INFORMATION OF DIRECTORS

Article 27. Rights to information

- 1. Directors have the obligation to keep themselves diligently informed about the Company's affairs. To that end, Directors will be entitled to request such information as they may reasonably need about the Company, provided it is required to perform their duties. The right to information likewise applies to the Group's subsidiaries, whether Spanish or foreign.
- 2. In order to avoid disrupting the ordinary course of business of the Company, exercise of the rights to information will be channelled through the chairman, who shall address the requests from Directors, whether providing them with the information directly, or identifying the right individuals at the Company to do so or taking the necessary measures for them to conduct the requested examination and inspection.
- 3. The Board of Directors may deny the requested information if, in its opinion: (i) answering the request might be detrimental to the corporate interest, or (ii) the requested information is not necessary for the Director to duly perform his/her duties, or (iii) the cost thereof is unreasonable in view of the importance of the problem and of the assets and income of the Company, all the above without prejudice to the provisions of the applicable laws.

4. The members of the Board of Directors shall be regularly informed about any significant change in the shareholding structure, and about the opinion expressed by any significant shareholder, investor and credit rating agency to the Company about the Company and the Group.

Article 28. Expert assistance

1. To be assisted in performance of their duties, any Board member may request the hiring, at the Company's cost, of legal, accounting, financial, technical, commercial or other experts advisers, if deemed necessary for proper performance of their duties. The assignment will necessarily refer to specific problems of special complexity.
2. The request shall be made to the Board chairman, and may be denied by the Board of Directors if, in the latter's opinion:
 - (a) it is not necessary for proper performance of the duties entrusted to the Board members;
 - (b) the cost thereof is unreasonable in light of the significance of the problem and the Company's assets and income;
 - (c) the requested assistance can be duly provided by experts and technicians of the Company itself, or other experts already engaged by the latter; or
 - (d) it might jeopardise the confidentiality of the information that must be made available to the expert.

CHAPTER VIII. COMPENSATION OF THE BOARD OF DIRECTORS

Article 29. Compensation of the Board of Directors

1. The members of the Board of Directors will be entitled to be paid such compensation as may be determined under the resolutions adopted by the Board in compliance with the Articles of Association and the Directors' remuneration policy approved by the General Shareholders' Meeting, as per the terms and subject to the requirements set forth in the Law.
2. The Board of Directors shall make sure that Directors' compensation is commensurate with the compensation paid by companies of similar size or with a similar business in the market, and that it takes into account their dedication to the Company. The compensation system in place shall purport to encourage the Company's long-term sustainability and profitability and shall incorporate the necessary precautions to prevent assumption of excessive risks and unfavourable results. In particular, the remuneration policy, if incorporating variable pay mechanisms, will establish straightforward, complete and diverse criteria for it to be granted, and will specify financial and non-financial performance criteria, including, as applicable, those related to the Company social responsibility, explaining how they contribute to attaining business strategy goals, and to the interest and long-term sustainability of the Company, and the methods that should be implemented to determine the level of fulfilment of performance criteria.
3. Additionally, the Board of Directors shall make sure that the amount of compensation paid to non-executive Directors is such as to offer an incentive for their commitment, but without compromising their independence.

The Board of Directors shall approve, in accordance with the provisions of the Law, the contracts that will regulate executive Directors' compensation. Such contracts shall describe all the items for which compensation may be paid to the Director for performance of executive duties, including, as applicable, the potential severance payment in case of early termination and the amounts to be paid by the Company for insurance premiums or contributions under savings schemes. Directors may not receive any compensation whatsoever for performance of any executive duty if the amounts or items are not provided for in the aforesaid contract. The approved contract shall be included as an annex to the minutes of the meeting.

4. The Board of Directors shall draft the annual report on the Board of Directors' members remuneration as set forth in the Law. The report will be made available to the shareholders at the call for the General Shareholders' Meeting and will be put to a consultative vote as a separate item of the agenda.
5. A relevant percentage of executive Directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price. Compensation plans based on the granting of shares of the Company or of companies of its Group, share options or instruments linked to share price, variable pay programmes based on the Company performance, or pension systems shall be limited, in general, to the executive Directors, although external Directors may participate in share-based compensation plans if such compensation is conditional upon retaining ownership of the shares while holding office as Director.
6. Remuneration linked to the Company's profit/loss should take into account any qualifications stated in the auditor's report that reduce the amounts thereof. The Board of Directors shall make sure that variable pay includes deferral of payment of a significant portion of its elements to allow for sufficient verification that performance or other previously-established criteria have been met. And should a need arise to correct the annual account or the parameters used as basis for such pay, or in the event of any violation by the beneficiaries of the rules or regulations governing the internal corporate governance system, including the code of ethics, it shall make sure that variable pay incorporates the necessary mechanisms to cancel, in whole or in part, settlement of any pending payment and, as applicable, recover any already-paid amount from their respective beneficiaries.

CHAPTER IX. DIRECTOR'S DUTIES

Article 30. General obligations of Board of Directors' members

1. In exercising their duties, Directors shall act with the diligence of a reasonable businessman and the loyalty of a faithful representative, in view of the nature of their position and the duties assigned to each of them, and always in protection of the Company's corporate interest. Their actions are to be guided only by good faith, safeguarding the Company's interest, and striving to defend and protect as best as possible the interests of the shareholders as a whole, from whom their powers derive and to whom they are accountable. Furthermore, the members of the Board of Directors are responsible for leading and controlling the management of the Company, with the aim of maximising its value, respectability and resilience for the benefit of its shareholders.
2. Within the scope of strategic and business decisions, subject to business discretion, the standard of diligence of an ordinary businessperson is considered met when the Director acts in good faith,

without personal interest, on the subject matter being decided, with sufficient information and pursuant to an appropriate decision-making procedure.

3. In particular, Directors shall:

- (a) Keep themselves informed and duly prepare the meetings of the Board, and of its bodies or committees to which they belong.
- (b) Attend the meetings of the Board of Directors and of the bodies and committees they are part of, and actively participate in debates so that their opinion effectively contribute to the decision-making process. Should any Director not be able to attend a session to which he/she has been convened, for good cause, he/she shall give, to the extent possible, the necessary instructions to the Director who will represent him/her, all the above pursuant to the terms hereof.
- (c) Carry out any specific task delegated by the Board of Directors that is reasonably included within their scope of commitment.
- (d) Encourage investigation of any irregularity in the management of the Company of which the Director has had notice of, and immediately report it to the Board of Directors; and monitor any situation of risk.
- (e) Urge the officers with power to call meetings to call an extraordinary meeting of the Board and to include the items they deem advisable in the agenda.
- (f) Object to resolutions being contrary to the Law or the corporate interest, and request that their objection be entered on the minutes. The independent and other Directors who are not affected by the potential conflict of interest shall specially and clearly state their objection where the decisions concerned might be detrimental to the shareholders not represented at the Board of Directors.

Should the Board repeatedly take material decisions with respect to which a Director has expressed serious reservations, the latter shall draw the conclusions he/she may deem appropriate, and if he/she opts to resign, shall explain his/her reasons in the resignation letter.

- (g) Provide (and, to a larger extent, in the case of independent Directors) their strategic insight, as well as concepts, criteria and innovative measures for the smooth running of the Company's business.
 - (h) Fulfil their duties under the principle of personal liability, with free discretion or judgement and independence from any instructions from and relations with third parties.
4. The members of the Board of Directors shall always devote the necessary time and effort to their functions in order to perform them effectively. Consequently, Directors shall inform the Appointments and Remuneration Committee about their other professional obligations in case they might interfere with the required level of commitment.

5. Directors may not, unless otherwise expressly authorised by the Board of Directors, form part of the governing body of more than eight (8) companies unrelated to the Group, excluding the governing bodies of family businesses or holding companies of the Directors or any family member thereof, and the governing bodies of foundations, associations or similar entities.

Article 31. Directors' duty of confidentiality

1. The members of the Board of Directors, even after the end of their term, shall maintain the confidentiality of the deliberations and resolutions of the Board of Directors and of any Committee they may belong to, and of any confidential information they may have accessed while in office, refraining from communicating it to third parties or otherwise disclosing it where such disclosure might be detrimental to the corporate interest.
2. The duty referred to in the paragraph above shall not apply where communication or disclosure to third parties is permitted by the law, or in the event of a summons or requirement to provide any such information to the relevant oversight authorities, in which case the transfer of information is to take place in compliance with the law. In these cases, and to the extent possible, Directors shall immediately notify the Company prior to fulfilling any such requirement.

Article 32. Directors' duty not to compete

1. Directors shall refrain from conducting activities on their own or third parties' behalf that entail effective competition, whether real or potential, with the Company or that otherwise place them in permanent conflict with the Company's interest.
2. The obligation not to compete with the Company may only be waived if no damage to the Company can be expected or if the expected damage will be offset by the expected benefits obtained from such waiver. Such waiver is to be granted through an express and separate resolution of the General Shareholders' Meeting.
3. In any case, at the request of any shareholder, the General Shareholders' Meeting shall resolve on the removal of the Director performing competing activities where the risk of damage to the Company has become significant.

Article 33. Conflicts of interest

1. The members of the Board of Directors shall adopt all such measures as may be necessary to avoid any conflict of interest in accordance the Law.
2. A conflict of interest shall be deemed to exist where the interest of the Company comes into direct or indirect conflict with the personal interest of the Director. Interest on the part of a Director will arise where, among other cases, the issue affects (i) the Director or any related person, or, (ii) in the case of a proprietary Director, the shareholder or shareholders who put forward or made his/her appointment, or persons directly or indirectly related to the them.

For the purposes of these Regulations, related persons, with respect to Directors, shall be deemed to include:

- (a) The Director's spouse or individuals with a similar relationship of affection;
 - (b) Ascendants, descendants and siblings of the Director, or of the Director's spouse;
 - (c) Spouses (or individuals in a similar relationship of affection) of ascendants, descendants and siblings of the Director;
 - (d) Companies or entities at which the Director holds, whether directly or indirectly, even through an intermediary, an ownership interest granting them significant influence thereon, or holds a position at the governing body or the senior management thereof or of their parent company. For these purposes, significant influence will be presumed to exist in case of any ownership interest being equal to or higher than 10% of the share capital or of the voting rights, or through which any *de facto* or *de jure* representation has been obtained at the governing body of the company.
 - (e) In the case of proprietary Directors, additionally, the shareholders who put forward their appointment.
3. Conflict of interest situations will be subject to the following rules:
- (a) Communication: the Director shall inform the Board of Directors and the Audit Committee, through the chairman or secretary, about any situation of conflict of interest he/she may be involved in.
 - (b) Abstention: notwithstanding the provisions below referring to related-party and intra-group transactions, the Director shall refrain from attending and participating in the debate and voting stages related to the matters on which he/she has a conflict of interest. As for proprietary Directors, they shall refrain from voting on matters that may entail a conflict between the interest of the shareholders who put forward their appointment and the interest of the Company.
 - (c) Transparency: the Company shall inform, if required under the Law, about any conflict of interest that Directors may have been involved in while in office and that the Company may have become aware of on notification by the affected parties themselves or by any other means.

Article 34. Use of the Company's assets

1. Directors may not use the Company's assets, including the Company's confidential information, or use their position at the Company to obtain any economic benefit, unless some market consideration has been paid and it refers to a standardised service.
2. Exceptionally, the Board of Directors, subject to prior report by the Appointments and Remuneration Committee, may discharge a Director of the obligation to pay consideration, but in this case, the economic benefit will be regarded as compensation in kind and will be subject to the Directors' remuneration policy.

Article 35. Non-public information

Directors shall abide by the rules of conduct established in the securities market legislation and, especially, the Company's Internal Code of Conduct concerning Securities Markets regarding the processing of Inside Information.

Article 36. Business opportunities

1. Directors may not use the name of the Company or their position as Directors thereof to conduct any transaction on their own behalf or on behalf of related persons.
2. No Director may carry out, for his/her own or related persons' benefit, any investment or transaction related to the Company's assets of which he/she has become aware of because of his/her position, if the investment or transaction has been previously offered to the Company or if the Company is interested therein, provided the Company has not disregarded said investment or transaction without the Director's influence.

Article 37. Indirect transactions

A Director shall be deemed in breach of the duty of loyalty to the Company if he/she knowingly allows or fails to disclose the existence of transactions related to the Company, performed by individuals living with him/her or by companies at which he/she holds a management position or exercises control over the equity thereof.

Article 38. Director's duty to inform

1. Directors shall report to the Company any shareholding or interest (through agreements or instruments of any kind, such as share certificates, derivative instruments, etc.) they may have in the share capital of any company with a corporate purpose being identical, similar or supplementary to the activity that constitutes the Company's purpose, and the positions or duties exercised thereat, as well as performance, on their own or third parties' behalf, of any kind of activity being supplementary to the Company's purpose. Such information is to be included in the notes to the annual accounts and the annual corporate governance report, as required by law.
2. Directors shall also inform the Company of all the positions held and services provided at other companies or entities and, in general, any event or situation that may be relevant to his/her performance as Director of the Company.
3. Additionally, every Director shall notify the Company of any circumstance that might harm the Company's integrity and reputation, and shall inform the Board of any criminal charges brought against them and the progress of any subsequent trial.
4. Where the Board of Directors becomes aware or is notified of any of the situations referred to in the paragraph above, it shall examine the case as soon as possible and, taking into account the specific circumstances, decide, following a report by the Appointments and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the Director or proposing his/her removal. These circumstances will be reported, and duly justified, in the annual corporate governance report, unless special circumstances that justify not doing so, which will be recorded on the minutes, and without prejudice to the information that the Company may be required to disclose, if appropriate, at the time the relevant measures are taken.

Article 39. Related-party transactions and intra-group transactions

1. Related-party transactions are to be understood as the transactions performed by the Company or by its subsidiaries with Directors, or with shareholders holding 10% or more of the voting rights or represented at the Board of Directors of the Company. Additionally, related-party transactions will also include the transactions performed with any other person that is to be regarded as a related party under International Accounting Standard 24. Accordingly, a person shall be deemed related to the Company if said person: (a) directly or indirectly through one or more intermediaries, (i) controls, or is controlled by, or is under joint control with, the Company (including parent companies, subsidiaries and other subsidiaries of the same parent company); (ii) has an ownership interest in the Company granting them significant influence thereon; or (iii) exerts joint control of the Company; (b) is an associate of the Company; (c) is a joint venture, where the Company is one of the entities involved; (d) is part of the key management staff of the Company or of its parent company; (e) is a close relative of an individual being in the situations (a) or (d) above; (f) is a company over which any of the persons being in the situations (d) or (e) exerts control, joint control or significant influence, or else has, whether directly or indirectly, significant voting power; or (g) is a post-employment benefit plan for employees, whether of the Company itself or of any related party.
2. As an exception to the paragraph above, the following transactions may not be construed as related-party transactions:
 - i Transactions performed between the Company and its directly or indirectly wholly-owned subsidiaries, notwithstanding the provisions below on intra-group transactions; and
 - ii Approval by the Board of Directors of the terms and conditions of any contract to be entered into between the Company and any Director who is to fulfil executive duties, including the Managing Director and senior managers, as well as determination by the Board of the amounts or specific remuneration to be paid under said contracts, notwithstanding the duty to abstain falling on the Director affected by the resolution concerned.
 - iii Related-party transactions performed by the Company with its subsidiaries or investors, provided no other party related to the Company has any interest in said subsidiaries or investors.
3. The Company shall publicly disclose, on or before performance, any related-party transaction performed either directly or through its Group companies and involving an amount equal to or higher than (i) five percent (5%) of total assets; or (ii) two and a half percent (2.5%) of annual revenue. The announcement shall be located in an easily accessible place of the Company's website, and reported to the Spanish Securities Market Commission for public disclosure, and be accompanied by the mandatory report of the Audit Committee.
4. Approval by the General Shareholders' Meeting will be required for related-party transactions whose amount equals or exceeds ten percent (10%) of total assets, based on the last annual balance sheet approved by the Company. Where the General Shareholders' Meeting is called for to pronounce on a related-party transaction, the shareholder concerned will be deprived of their

voting rights, unless the resolution proposal has been approved by the Board of Directors without the unfavourable vote of most of the independent Directors.

5. Notwithstanding the above, the power to approve any other related-party transaction shall rest with the Board of Directors, and such power may not be delegated. The Director concerned, or the one representing or being related to the shareholder concerned, shall abstain from participating in the debate and voting on the relevant resolution. Nevertheless, the Directors representing or being related to the parent company at the Board of Directors of its listed subsidiary, if listed, may not abstain.
6. Approval of a related-party transaction is subject to the previous report of the Audit Committee, which shall assess whether the transaction is fair and reasonable from the perspective of the Company, and if applicable, of the shareholders other than the related party, giving an account of the bases of such evaluation and the methods used. The Directors concerned may not take part in the drafting of said report.
7. The Board of Directors may delegate the power to approve the related-party transactions listed below, notwithstanding the provisions of paragraphs 5 and 6 above:
 - a) transactions between companies belonging to the same group performed within the ordinary course of business and on an arm's length basis;
 - b) transactions agreed under contracts with standardised terms that are globally applied to a high number of clients, performed at prices or rates generally set by the party acting as provider of the good or service concerned, and amounting to no more than 0.5% of the Company's net revenue.

Approval of the related-party transactions mentioned in this paragraph 7 will not require the previous report of the Audit Committee. Nevertheless, the Board of Directors shall be monthly informed of every approval made as per this paragraph 7 to be able to monitor and supervise any related-party transaction approved by delegation. The Audit Committee shall prepare, prior to submittal to the Board of Directors, a previous report verifying the equity and transparency of such transactions and, as applicable, fulfilment of the legal requirements applicable to the aforesaid exceptions.

8. The approval of intra-group transactions, i.e., transactions performed between the Company and its parent company or other companies of its Group, that is not attributed to the General Shareholders' Meeting by law shall rest with the Board of Directors of the Company.
 - i Notwithstanding a Director's duty to abstain in the event of a conflict of interest and the discharge procedure, the Director concerned who represents the parent company may be involved in the approval, in which case, if the decision or vote of said Director is a determinant of the approval, it shall be on the Company, and if applicable, on the Director affected by the conflict of interest, to prove that the resolution is aligned with the corporate interest, should it be challenged, and that they acted with due diligence and loyalty, should their liability be claimed.
 - ii As regards transactions performed in the ordinary course of business, the approval of transactions between the Company and its parent company or other Group companies being

subject to a conflict of interest may be delegated by the Board of Directors to delegated bodies or members of the senior management. In this case, the Board of Directors shall design and implement internal procedures to regularly assess compliance with the provisions set forth herein.

CHAPTER X.- BOARD OF DIRECTORS' RELATIONS

Section One

On the information policy

Article 40. Corporate website

1. The Company shall keep a corporate website to allow shareholders to exercise their right to information and to disclose the information required by the legislation governing the securities market. The website will include any documentation and information required by the applicable laws, including information and documentation on notices of General Shareholders' Meetings, as well as any other documentation and information the Board of Directors may deem appropriate to make available to the shareholders by said means.
2. The Company shall publish and keep updated the following information about its Directors on its corporate website:
 - (a) Professional and biographical profile;
 - (b) Positions held at the governing bodies of other companies, listed or otherwise, and other paid services they engage in, whatever their nature;
 - (c) Statement of the Director category to which they belong, in the case of proprietary Directors indicating the shareholder they represent or have links with;
 - (d) Dates of their first appointment as Director at the Company and any subsequent re-elections;
 - (e) Shares held in the Company and any options thereon.
3. The Board of Directors will be responsible for obtaining the information to be included in the Company's website pursuant to the obligations imposed by the applicable laws, and for updating it as per the terms set forth therein.

Section Two

On the Board of Directors' relations

Article 41. Relations with shareholders

1. The Board of Directors shall implement the appropriate channels to hear proposals made by the shareholders in relation to the Company's management.
2. The Board shall define and promote a policy of communication and contact with shareholders, institutional investors and voting advisors that is completely respectful of the rules against market

abuse and that accords a similar treatment to shareholders of equal status. The Company shall make said policy public through its corporate website, including information on how it is implemented and identifying the person or persons responsible for implementing it.

3. Furthermore, the Board, through any of its Directors and with the collaboration of such members of the management team as it may deem appropriate, may organise meetings for the provision of information on the progress of the Company's and its Group's affairs for the shareholders residing in the most relevant financial areas of Spain and other countries.
4. The Board of Directors shall promote shareholder participation in the General Shareholders' Meetings, and shall adopt as many measures as it deems appropriate to maximise involvement at the General Shareholders' Meeting in carrying out its duties under the Law and the Articles of Association. To that end, it shall submit the Regulations of said corporate body to the General Shareholders' Meeting for approval.
5. Specifically, the Board of Directors shall adopt the following measures:
 - (a) Prior to the General Shareholders' Meeting, it shall make available to the shareholders all such information as may be legally required and, even if not required, as may be of interest and reasonably provided.
 - (b) It shall answer, as diligently as possible, any request for information made by the shareholders prior to the General Shareholders' Meeting, as set forth in the legislation in force.
 - (c) And it shall likewise answer, as diligently as possible, any request for information made by the shareholders during the General Shareholders' Meeting, as set forth in the legislation in force.
6. Public requests for delegation of voting rights made by the Board of Directors or by any of its members shall specify the direction as to how the proxy is expected to vote in the event of that no instructions are given by the shareholder.

Article 42. Relations with institutional shareholders

1. The Board of Directors shall set appropriate mechanisms in place for the regular exchange of information with the institutional investors being part of the Company's share capital.
2. Under no circumstance may the relations between the Board of Directors and institutional shareholders lead to disclosure to the latter of any information that might place them in a privileged or advantageous position with respect to the remaining shareholders.

Article 43. Relations with markets

1. The Board of Directors, through communications of other relevant information or, as applicable, of Inside Information, to the Spanish Securities Market Commission and on its corporate website, shall promptly inform the public about:
 - (a) Approval of regular public financial information;

- (b) Any relevant event likely to significantly influence the Company's share price;
 - (c) Changes that significantly affect the shareholding structure of the Company;
 - (d) Substantial amendments to the Company's rules of governance, currently consisting of the Articles of Association, the Regulations of the General Shareholders' Meeting, these Regulations, and the Internal Rules of Conduct; and
 - (e) Treasury stock transactions that, under the relevant rules, must be reported.
2. The Board of Directors shall designate one or more individuals to act as authorised spokespersons before the Spanish Securities Market Commission, and shall notify any such designation to the latter as required by the applicable laws.
 3. The Board of Directors shall also make sure that regular financial information, other than the annual accounts, and in general, any other information made available to the markets, is prepared according to the same principles, criteria and professional practices as the annual accounts and is equally trustworthy.
 4. The Board of Directors shall include, in its annual public documentation, information on the Company's governance rules and the degree of compliance with them.

Article 44. Relations with auditors

1. The Audit Committee shall put forward to the Board of Directors, for it to be submitted to the General Shareholders' Meeting, the appointment (indicating the contractual terms and conditions and the scope of the professional commission), change and removal of the auditor of the Company, and shall oversee performance of the audit contract pursuant to Article 16 of these Regulations.
2. The Audit Committee shall refrain from proposing to the Board of Directors, and in turn, the latter shall refrain from proposing to the General Shareholders' Meeting, for appointment of an audit firm as the Company's statutory auditor that is subject to any of the incompatibilities set out in the audit legislation, or any firm whose fees to be paid by the Company, for all services, are estimated to exceed five percent (5%) of its total income over the last financial period.
3. The Board of Directors shall prepare the final annual accounts in accordance with the accounting legislation. Exceptionally, should there be any reserve or qualification by the auditor, the chairman of the Audit Committee shall clearly explain at the General Shareholders' Meeting the opinion of the Audit Committee as to the content and scope of such reserves or qualifications. A summary of said opinion, together with the remaining proposals and reports of the Board of Directors, shall be made available to the shareholders at the time of publication of the notice of the General Shareholders' Meeting. Nevertheless, whenever the Board of Directors considers it appropriate to stick to its opinion, it shall publicly explain the content and scope of its disagreement.
4. The auditor shall hold an annual meeting with the full Board of Directors to report on the work carried out and the evolution of the Company's accounts and risk situation.

Article 45. Relations with the Company's senior managers

The relations between the Board of Directors and the senior managers of the Company, in the manner set forth hereunder, will be channelled through the Managing Director, or alternatively, through the Board chairman.

INTERIM PROVISION

The provisions of Article 39 shall not apply until the entry into force of the amendments to the Limited Companies Law included in the bill approved by the Senate last 24 March, on the promotion of long-term engagement of shareholders at listed companies. Insofar as said amendments to the Limited Companies Law do not enter into effect, the legal framework set forth in Sections 228 *et seq.* thereof shall remain applicable.

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