

**REGULATION OF THE BOARD OF DIRECTORS
OF
OBRASCON HUARTE LAIN, S.A.**

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Title I. PRELIMINARY

Article 1. Purpose

1. This Regulation is aimed at defining the principles of action of the Board of Directors of OBRASCON HUARTE LAIN, S.A., the basic standards for its organization and operation and the standards of conduct of its members.
2. The standards of conduct provided for in this Regulation for Directors shall be applied in the extent they may be compatible with their specific nature to the top management of the Company.
3. Top management refers to those members who not being directors are part of the Steering committee or have a higher status.

Article 2. Interpretation

This Regulation shall be understood pursuant to the legal and statutory standards applicable and to the principles and recommendations of the Code of Good Governance of listed companies.

Article 3. Amendment

1. This Regulation may only be amended indistinctly under request of the Chairman of the Board or of three Directors or of the Audit and Compliance Commission attaching to such proposal a supporting memorandum.
2. Amendment proposals shall be issued by the Audit and Compliance Commission.
3. The wording of the proposal, the supporting memorandum of the authors and if applicable, the Report of the Audit and Compliance Commission shall be attached to the call of the meeting of the Board to resolve on such proposal.

The call will be sent at least ten days in advance.

4. In order to be valid, the amendment of the Regulation shall require the majority of two thirds of directors either present or represented.

Article 4. Dissemination

1. Directors and top management are bound to know, comply with and prompt others comply with this Regulation. To such end, the Secretary of the Board shall provide a copy thereof to all members.

2. The Board of Directors shall adopt the appropriate measures to disseminate the Regulation among shareholders and investors in general.

Title II. MISSION OF THE BOARD

Article 5. General supervising duties.

1. Unless for the issues entrusted to the General Meeting, the Board of Directors is the highest decision-making body of the Company.
2. The policy of the Board is to entrust the ordinary management of the company to the executive bodies and to the management team and to focus its activity on the definition of the corporate and organizational policy and on the general supervision duties.
3. Those faculties statutorily reserved to the direct knowledge of the Board or those necessary for a responsible exercise of the general duty of supervision shall not be the object of delegation.

For these purposes, the Board undertakes in particular to directly exercise the following responsibilities:

- a) The supervision of the effective operation of commissions created and the action of delegated bodies and directors appointed;
- b) The approval of general policies and strategies of the Company and of its basic criteria of organization and in particular:
 - The strategic or business plan as well as the management objectives or annual budget;
 - The policy on investments and financing;
 - The policy on risks control and management, including tax risks and the supervision of internal information and control systems;
 - The definition of the structure of the group of companies of which the company is the Parent Company;
 - The policy on corporate governance of the company and the group of which the company is the parent company; the organization and operation of the Board and in particular, the approval and amendment of its own regulations;
 - The sustainability policy.
- c) The authorization and waiver of the obligations arising from the loyalty duty pursuant to the Law;
- d) Its own organization and operation;
- e) The preparation of annual accounts and their presentation to the General Meeting;
- f) The preparation of any sort of report required by the Law by the Board of Directors insofar as the operation mentioned in the report may not be delegated;

- g) The appointment, remuneration and if applicable, removal of directors of the company and top management directly dependent from the Board or from any of its members as well as the definition of the basic conditions of its contracts, including for the case of managers their remuneration;
- h) The decisions regarding the remuneration of directors within the statutory framework and if applicable, of the remuneration policy approved by the General Meeting;
- i) The conveyance of the General Shareholders Meeting and the preparation of the agenda and proposals of agreements;
- j) The approval of the policy on dividends as well as the self-portfolio and specially their thresholds;
- k) The control of the management and appraisal activity of directors;
- l) The definition of the information and communication policy for shareholders, markets and public opinion, paying special attention to the process for the preparation and presentation of the financial information and the management report that will include, when applicable, perceptive non-financial information that given the status of listed company, has to disclose periodically;
- m) The creation or acquisition of shares in special purpose entities or entities based in countries or territories considered as tax havens;
- n) The approval, following the report of the Audit and Compliance Commission of related transactions as they are defined by the applicable regulation from time to time, save for the cases when such competence is legally entrusted to the General Meeting. As an exception, the Board of Directors may delegate the approval of related transactions envisaged in section 4 of art. 529 duovicies LSC.
- o) and in general, transactions which involve the disposal of substantial assets of the Company understanding as such those made for an amount of over 60,000,000 euros and major corporate transactions understanding as such, prior resolutions and merge and separation projects and the purchase of control shares in a company for an amount of over 60,000,000 euros per transaction;
- p) Those specifically foreseen in this Regulation.

4. The Board of Directors shall assess on an annual basis its operation and that of its commissions and propose, on the grounds of the outcome, an action plan to correct any deficiencies detected and which results shall be consigned in the minute of the session or incorporated thereto as an attachment.

Article 6. Creation of value for shareholders

1. The principle governing at all times the actions of the Board of Directors is the streamline of the real value of the company.
2. In application of this principle, the Board shall determine and revise the corporate and financial strategies of the company pursuant to the following indications:

- a) The planning of the company shall focus on the achievement of profits with appropriate long-term cash flows;
 - b) The implementation of new investment projects shall be based on the achievement of an appropriate performance with respect to the cost of capital of the company;
 - c) The transactions of the company shall be reviewed on a permanent basis in order to make them cost-effective;
3. Within the scope of the corporate organization, the Board shall adopt the necessary measures to guarantee:
- a) That the management of the company seeks the creation of real value for shareholders with long-term criteria and sustainability and has the correct incentives to do so;
 - b) That the management of the company is under the effective supervision of the Board;
 - c) That no individual or minority has power to decide without the appropriate controls;
 - d) That no shareholder receives preferential treatment with respect to others.

Article 7. Other interests

The Board of Directors will have to achieve the streamline of the value of the company in the interest of shareholders by respecting the requirements envisaged by the law, fulfilling in good faith the explicit and implicit contracts agreed with employees, suppliers, financiers and clients and in general, fulfilling those duties reasonably imposed by an individual responsible and the ethic development of businesses.

Title III. COMPOSITION OF THE BOARD

Article 8. Qualitative composition.

1. The Board of Directors will ensure that all procedures for the selection of its members favour diversity with respect to issues such as age, gender, inability or education and professional experience and do not fall under implicit biases involving discrimination and in particular, easing the selection of women directors in a number reaching a balanced ratio between men and women.
2. The Board of Directors and its Appointments and Remunerations Committee in the exercise of their respective and own faculties of proposal to the Board of Directors and co-optation for the filling of vacancies, shall endeavour to form a body where there will be a broad majority of external and non-executive directors over executive directors.

For these purposes, it shall be understood that executive directors are those carrying out management duties in the Company or its group. Directors considered as top management or directors of other entities of the group of the Company shall be considered in this company as a proprietary director. The director carrying out management duties and at the same time, being or representing a significant shareholder or represented in the Board of Directors shall be considered as Executive.

3. The Board shall also endeavour that within the majority group of external directors there will be holders or representatives of holders of significant shares of the share capital of the company (preferential directors) and professionals of recognised prestige and capacity who are not related to the executive team or to significant shareholders (independent directors).
4. In order to establish a reasonable balance between preferential directors and independent directors, the Board shall consider the ownership structure of the company, the importance in absolute and comparative terms of significant shares as well as the level of permanence and strategic relationship with the company of the owners of such significant shares.

Article 9. Quantitative composition.

1. The Board of Directors is formed by the number of directors defined by the General Meeting within the thresholds established by the Articles of the Company.
2. The Board shall propose to the General Meeting the number which, according to the changing circumstances of the company, is considered most appropriate to guarantee the due representation and efficient operation of the body.

Title IV. STRUCTURE OF THE BOARD OF DIRECTORS

Article 10. The Chairman of the Board.

1. The Chairman of the Board of Directors shall be appointed among its members.
2. As maximum responsible of the efficient operation of the Board of Directors, the Chairman of the Board shall have, among others, the following faculties:
 - a) To convey and chair the meetings of the Board of Directors defining a program of dates and issues to discuss, defining the agenda and directing the debate and deliberations guaranteeing that strategic issues are given enough time to be discussed;
 - b) With the collaboration of the Secretary, to ensure that directors will receive in advance and in the appropriate format enough information to deliberate on the issues of the agenda.
 - c) To stimulate the debate and the active participation of directors during sessions guaranteeing the free decision in particular on strategic issues of the Company and the Group.
 - d) To organize and coordinate the periodical assessment of the board as well as if applicable of the first executive of the company.
3. The Chairman however, shall convey the Board and include in the agenda the issues at hand when requested by a Vice-Chairman or two directors.

4. The Chairman will also have the faculties foreseen in the Articles and those entrusted to the Board.

When the Chairman holds executive faculties, the Board shall appoint a coordinating director subject to the provisions of article 17.6 of this Regulation.

Article 11. The Vice-Chairman.

1. The Board shall appoint at least one Vice-Chairman who will replace the Chairman in case of impossibility or absence.
2. The Vice-Chairman shall replace the Chairman in the exercise of its duties in the event of impossibility of the former. In case of appointment of several, they will exercise such duty in the order they were appointed.

Article 12. The Secretary of the Board.

1. The Secretary of the Board of Directors does not have to be a director. When it will hold at the same time the position of legal counsellor, the appointment shall fall on a legal professional of renowned prestige and experience. The proposal for the appointment and removal shall be notified to the Board of Directors by the Appointments and Remuneration Commission.
2. The Secretary shall assist the Chairman in his duties and shall ensure the good operation of the Board being in charge specially of providing directors with the necessary counselling and information, the custody of all corporate documentation, the duly registry in minutes of the development of sessions and certifying their wording and resolutions of the body.
3. The Secretary or if applicable the legal counsellor when the Secretary does not have such condition shall always supervise the formal and material legality of the actions of the Board and will guarantee that its procedures and standards of governance are respected and regularly reviewed.

Article 13. The Vice-Secretary of the Board

1. The Board of Directors may appoint a Vice-Secretary that will not have to be a director, to assist the Secretary of the Board of Directors or to replace him in case of absence.
2. The Vice-Secretary will be appointed and removed following the same procedure envisaged in article 12.1 of this Regulation for the appointment and removed of the Secretary.
3. Unless resolution on the contrary of the Board of Directors, the Vice-Secretary may attend sessions to assist the Secretary in the drafting of the minute of the session.

Article 14. Delegated bodies and specialized Commissions of the Board of Directors.

1. Without prejudice of the delegation of faculties on an individual basis to the Chairman or the Managing Director, the Board of Directors shall create at least two specialized commissions: an Audit and Compliance Commission known indistinctly as “Audit Commission” or “Audit and Compliance Commission” and an Appointments and Remuneration Commission with the faculty to inform, advise and propose the topics defined in the following articles.
2. Without prejudice of the faculties granted by the Law and the Articles of the Company, the Appointments and Remuneration Commission shall assess the profile of the most suitable individuals to form part of the different Commissions and will refer to the Board its proposals. In any case, it will take into consideration the suggestions of the Chairman, Corporate Vice-Chairman and Managing Director.
3. Unless for the provisions of the Articles and of this Regulation, Commissions may regulate their own operation and shall appoint a Chairman among its members. They will also appoint a Secretary who needs not be a member of the Commission and will meet after the conveyance of the Chairman of the Commission. Commissions will prepare on an annual basis an action plan that will be notified to the Board. Everything not provided for herein, the standards of operation envisaged in the Articles of Association and in this Regulation with respect to the Board will be applied insofar as they are compatible with the nature and duty of the Commission.

Article 15. The Audit and Compliance Commission

1.- The number of members of the Audit Commission shall never be less than three or more than seven and will be defined by the Board of Directors. All members of the Audit Commission will be Directors not considered as executive of the company and shall not have a contractual relationship with it different from the condition in which they are appointed. Most of them at least, shall be independent directors. The members of the Audit and Compliance Commission and specially their chairman, will be appointed taking into consideration their knowledge and experience on accounting, audit, risk management both financial and non-financial. Without prejudice of the provisions of the Law and of the Articles of the Association, the Audit Commissions will have the faculties and will be governed by the operation standards mentioned below.

2.- Without prejudice of other faculties entrusted by the Law and the Articles, the General Meeting or the Board of Directors and the Audit and Compliance Commission will have the following basic responsibilities:

a) To inform the General Meeting on the issues proposed by the shareholders on aspects of its competence and in particular on the outcome of the audit explaining how this audit has contributed to the accuracy of the financial information and the duties carried out by the Audit and Compliance Commission in such process.

b) To refer to the board of directors the proposals for the selection, appointment, re-election and replacement of auditor, the contracting conditions, the scope of the professional mandate guaranteeing that the remuneration of the external auditor for its work does not compromise its quality or independence and, if applicable, the revocation or non-renewal. To regularly collect from the former the information on the audit and execution plan in addition to preserving its independence in the exercise of its duties. In the event of resignation of the external auditor, to examine the circumstances motivating it.

c) To establish the appropriate relations with external auditors to receive information on those issues which may represent a threat to the independence of auditors and any other related to the process for the development of the audit of accounts as well as all other communications envisaged in the account audit legislation and in the audit technical standards.

d) In any case, they shall receive on an annual basis from external auditors the statement of their independence from the Company or related companies directly or indirectly related as well as the detailed and individual information of the additional services of any sort provided and the relevant fees received from these entities by said auditors or by the individuals or entities related thereto pursuant to the provisions of the Law. To guarantee that the external auditor holds an annual meeting with the Board of Directors to inform on the work done and on the evolution of the accounting and risks situation of the Company.

e) To supervise that the Company informs through the CNMV on the change of auditor and explains it in a statement on the eventual existence of disagreements with the outgoing auditor and, if applicable, with its wording.

f) To ensure that the company and the external auditor respect the standards in force on the provision of services different from audit, the limits of the concentration of the business of the auditor and in general, all other standards on the independence of auditors.

g) To issue on an annual basis before the issuance of the audit report, a report expressing the opinion on whether the independence of the auditor of accounts or audit companies is compromised. This report shall deal in any case with the reasoned opinion on the provision of additional services mentioned in the section above, individually considered and as a whole, different from the legal audit and with respect to the independence regime or with regulating standards of the activity of the audit of accounts.

h) To supervise the enforcement of the audit contract so that the opinion of the audit of accounts and the main contents of the audit report are drafted clearly and accurately.

i) To supervise the efficiency of the internal control of the Company and the systems for the management of risks as well as to discuss with the auditor of accounts the significant weaknesses of the internal control system detected in the development of the audit. All of it without affecting its independence. To such end, and if applicable, they shall present recommendations or proposals to the Board of Directors and the relevant term for their follow-up.

j) To supervise and assess the process for the preparation and accuracy of the financial and non-financial information as well as the financial and non-financial risks management and control systems of the company and the group including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption. To review the appointment and replacement of the person responsible.

k) To ensure the independence of the internal audit; to propose the selection, appointment and removal of the responsible of the internal audit service; to propose the budget for that service; to approve or propose the approval of the Board of Directors of the orientation and annual work plan of the internal audit guaranteeing that the activity is focused mainly on the relevant risks (including reputational); to receive periodical information on its activities and to verify that the top management takes into account the conclusions and recommendations of their reports;

l) To review the accounts of the company, to ensure the fulfilment of the legal requirements and the correct application of the generally accepted accounting principles as well as to inform on the proposals for the modification of principles and accounting criteria suggested by the management.

m) To revise issuance prospectus and periodical financial information to be provided by the Board to the markets and their supervision bodies.

n) To ensure that all policies and systems defined on internal control are applied effectively.

ñ) To inform the Board of Directors in advance on the related transactions to be approved by the General Meeting or the Board of Directors and to supervise the internal procedure established by the Company for such whose approval has been denied.

o) To establish or supervise a mechanism to allow employees and other individuals related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, communicate any irregularity of potential importance including those financial or accounting or of any nature, related to the Company observed in the Company or its group. Such mechanism shall guarantee the confidentiality and, in any case, foresee cases when communications can be made anonymously respecting the rights of the complainant and alleged.

p) To inform the Board of Directors in advance on all issues envisaged in the Law, Articles of association and regulation of the board and in particular on: 1) the financial information and the management report to include, when applicable, the perceptive non-financial information the Company has to disclose periodically, 2) the creation or acquisition of shares in special purpose entities or entities based in countries or territories considered as tax havens, 3) the proposal for the amendment of the Regulation of the Board of Directors.

3.- The Audit Commission shall appoint among its members a Chairman who shall be an Independent Director. In the absence of the Chairman, the meeting shall be chaired by the oldest independent director. The duration of the mandate of the Chairman shall be of a maximum of four years with the possibility of being re-elected once the period of one year has elapsed from its removal. The Secretary of the Board of Directors shall act as Secretary and in his absence the Vice-Secretary of the Board. Minutes will be issued recording the resolutions adopted in each session and will be notified to the Board.

4.- The Audit Commission shall meet periodically depending on the needs and at least four times a year. Once of the sessions will have to deal with the efficiency and compliance with the corporate governance rules and procedures and the preparation of the information the Board of Directors has to approve and include in its annual public documentation. It shall be conveyed by the Chairman who shall send the call under request of the Chairman of the Board of Directors or of two members of the Commission.

The meeting of the Commission with the presence or representation of at least the majority of its members will be valid. Resolutions shall be adopted by absolute majority of the members attending the Commission. The vote in writing and without session shall only be acceptable when no member opposes to such procedure.

5.- It shall be bound to attend the sessions of the Audit Commission and offer its collaboration and access to the information available, any member of the management

team or of the staff of the Company requested to such end. Auditors of Accounts may also be requested to attend the meeting of the Commission.

6.- For the better fulfilment of its duties, the Audit and Compliance Commission may request the advice of external professionals contracted by the Board of Directors that may not reject it unless with a reasoned explanation in the best interest of the company.

Article 16. The Appointments and Remuneration Commission.

1.- The Board of Directors shall appoint among its members an Appointments and Remuneration Commission. The number of members of the Appointments and Remuneration Commission shall never be less than three or more than seven and shall be defined by the Board of Directors. All members of the Appointments and Remuneration Commission shall be non-executive directors of the Company without a contractual relationship different from the position for which they are appointed, in the number of two, at least, independent and will be appointed those with the knowledge, attitude and experience appropriate for the duties they will have to carry out. The Chairman of the Appointments and Remuneration Commission shall be appointed among the independent directors forming part thereof.

The Appointments and Remuneration Commission shall have the competences and be governed by the standards of operation mentioned below.

2.- Without prejudice of all other duties assigned by the law, the Articles of Association or the Board, the Appointments and Remuneration Commission shall have at least the following duties:

- a) To assess the competences, knowledge and experience necessary of the Board of Directors. For these purposes, it shall define the necessary duties and skills of candidates to fill each vacancy and shall define the exact time and dedication to efficiently carry out their duties.
- b) To define a representation target for the less represented gender in the Board of Directors and to prepare ideas on how to accomplish such target.
- c) To refer to the Board of Directors the proposals for the appointment of independent directors for their appointment by co-optation or to refer it to the decision of the General Meeting of Shareholders as well as the proposals for the re-election or removal of such directors by the General Shareholders Meeting.
- d) To inform on the proposals of appointment of all other directors for their appointment by co-optation or for their referral to the decision of the General Shareholders Meeting as well as the proposals for the re-election or removal by the General Shareholders Meeting.
- e) To propose to the Board the members that will form part of each Commission.
- f) To inform on the proposals of appointments and removal of top managers and basic conditions of contracts.
- g) To examine and organize the replacement of the Chairman of the Board of Directors and of the first executive of the company and, if applicable, to prepare proposals for the Board of Directors so that such replacement is done in an ordered and planned manner.
- h) To propose to the Board of Directors the policy on remunerations of directors and general managers or of those who carry out top management duties reporting directly to

the Board, Executive Commissions or Managing Directors as well as the individual remuneration and other contractual conditions of executive directors and the criteria for the rest of the management staff of the Group ensuring their compliance.

i) To periodically revise the remuneration programs assessing their adaptation and performance.

j) To ensure transparency of remunerations.

k) To inform with respect to the transactions involving or which may involve conflicts of interests and in general, issues considered in Title IV of this Regulation.

l) To consider the suggestions made by the Chairman, the members of the Board, the directors or the shareholders of the Company.

ll) To inform the Board on the proposal for the appointment and removal of the Secretary and Vice-Secretary of the Board of Directors.

m) To inform on an annual basis the Board on the assessment of the performance of duties by the Chairman of the Board.

n) To assess and review periodically the performance of the Company with respect to environmental and social issues in order to review the effectiveness of the Policy on sustainability as well as the fulfilment of objectives defined to this end, reporting annually to the Board the implementation and follow-up of such Policy of the Group.

ñ) To examine the standards and practices of the Company with respect to Corporate Governance proposing the amendments considered necessary for their adaptation to the rules, recommendations and best practices.

o) To periodically revise the policy on remunerations applied to directors and top managers including the remuneration systems based on shares and their allocation as well as to guarantee that such individual remuneration will be proportional to the ones paid to other directors and top managers of the Company.

p) To ensure that eventual conflicts of interests do not jeopardize the independence of external counselling provided to the Commission.

q) To verify the information on remunerations of directors and top managers included in different corporate documents included in the annual report on remunerations of directors.

3.- The Appointments and Remuneration Commission shall meet every time the Board or its Chairman requests the issuance of a report on the adoption of proposals and in any case, every time it is considered appropriate for the good development of its duties. In any case, it shall meet to prepare the specific report on the proposal of the policy on remunerations of the Company to be filed to the General Meeting. Regardless, it shall meet at least three times a year. One of these meetings shall deal with the definition of the remunerations of directors that the Board of Directors will have to approve in the execution of the policy on remunerations of the Company as well as with the preparation of the information to be included in the public annual documentation. It shall be conveyed by the Chairman who shall make the call under request of the Chairman of the Board of Directors or of any member of the Commission.

4.- The Commission shall appoint among its members a Chairman who shall have the status of Independent Director. In the absence of the Chairman, the oldest independent director shall chair the meeting. The Secretary shall be the Secretary of the Board of Directors and in its absence the Vice-Secretary of the Board of Directors. Minutes of the resolutions adopted will be recorded in each session and they will be sent to the Board.

5.- Any member of the management team or staff of the Company requested will be bound to attend the sessions of the Commission and offer its collaboration and access to information available. The Commission may also request the attendance to their sessions of the Auditors of Accounts.

6.- For the better fulfilment of its duties, the Appointments and Remuneration Commission shall refer to the assistance of external professionals and the provisions of article 26 of this Regulation shall apply.

Title V. OPERATION OF THE BOARD

Article 17. Meetings of the Board of Directors.

1. The Board of Directors shall meet in ordinary session at least twice a year and under request of the Chairman and two Directors as many times as considered necessary for the good operation of the company.
2. Moreover directors representing at least one third of the members of the board may convey it, stating the agenda for its celebration at the registered address of the company if under the request to the chairman, it has not sent the call without just cause in the period of one month.
3. The conveyance of ordinary sessions shall be sent by letter, fax, telegram or email and will be authorized with the signature of the Chairman or Secretary or Vice-Secretary by indication of the Chairman. The conveyance shall be sent with at least three days prior notice. When the position of Chairman of the Board is the same as the First Executive of the Company, the Chairman of the Appointments and Remuneration Commission will be empowered to request the call of the Board and the inclusion of new items in the agenda.

The call shall always include the agenda of the session. Unless the Board of Directors is seated or exceptionally called for emergency reasons, directors shall receive with enough time the necessary information to decide on and adopt resolutions on the items to discuss.

When to the understanding of the Chairman or Managing Director this may not be advisable for security reasons, the information shall not be attached and directors will be advised on the possibility of examining such information at the registered address.

4. Extraordinary sessions of the Board may be conveyed by phone and the deadline aforementioned and all other requirements mentioned in the previous section shall not apply when to the understanding of the Chairman, circumstances so justify.
5. The Board will prepare an annual plan of the ordinary sessions and will have a formal catalogue of topics object of treatment. The Board shall devote at least one session a year to assess its operation and the quality of the work done. Such assessment shall also include the position of the Chairman in the exercise of its duties. During this discussion, the Chairman will leave the meeting, and the development of this

assessment will fall on the Chairman of the Appointments and Remuneration Commission.

6. When the Chairman has also the condition of executive director, the Board of Directors with the abstention of executive directors, shall necessarily appoint a Coordinating Director among independent directors who will be specially empowered to request the conveyance of the Board of Directors or the inclusion of new items in the agenda of an already conveyed board, to coordinate and assemble non-executive directors and, if applicable, direct the periodical evaluation of the Chairman of the Board of Directors..

Article 18. Development of sessions.

1. The Board shall be validly incorporated with the attendance to the meeting either present or represented, of the majority of its members.

Directors shall make their best efforts to attend the sessions of the Board and when they cannot attend in person, they shall try to grant their representation to another member of the Board of the same category and provide the relevant instructions. External directors may only delegate their representation on another external director.

2. The board shall meet in several places at the same time insofar as they have the necessary audio-visual and telephone means to guarantee interactivity and intercommunication between the parties in real time and therefore, the unity of act. In this case, resolutions shall be considered adopted at the place where the majority of directors are and in the event of the same number, at the registered address.

3. The Chairman will organize the debate inviting and encouraging the participation of all directors in the discussions of the body.

4. Unless for the cases for which special quorums have been defined, resolutions shall be adopted by absolute majority of attendants.

Title VI. APPOINTMENT AND REMOVAL OF DIRECTORS

Article 19. Appointment of directors.

1. Directors will be appointed by the General Shareholders Meeting or by the Board of Directors pursuant to the provisions contained in the Law on Corporations.
2. Proposals for appointments of directors referred by the Board of Directors to the consideration of the General Meeting and the decisions of appointment adopted by such body in virtue of the faculties of co-optation legally granted shall be preceded by the relevant proposal of the Appointments and Remuneration Commission.

When the Board moves away from the recommendations of the Appointments and Remuneration Commission this reason shall be justified and recorded in the minute.

Article 20. Appointment of external directors.

1. The Board of Directors and the Appointments and Remuneration Commission within the scope of its faculties shall prompt that the election of candidates falls on people of recognised solvency, competence and experience having to take great care with respect to the filling of vacancies of independent directors positions envisaged in article 8 of this Regulation. The Appointments and Remuneration Commission shall especially ensure that when vacancies are filled the recruitment procedure will not involve biases making more difficult the choice of women directors and to deliberately seek women as potential candidates to fill such position.
2. The Board of Directors shall neither propose nor appoint to fill a position of independent director an individual related to the management of the company.

In particular no individual whose situation or relations either present or past with the company may, to the understanding of the Appointments and Remuneration Commission, jeopardize its independence will be proposed or appointed as independent director. Under no circumstances shall individuals falling under the following circumstances be considered as independent directors:

a) Former employees or executive directors of group companies unless 3 or 5 years, respectively have run since the end of such relationship.

b) Individuals receiving from the company or its group any amount or profit different from the directors remuneration unless it is not relevant for the director.

For the purposes of the provisions of this section, dividends or pensions received by the director in reason of its former professional or employment relationship shall not be taken into account insofar as such complements are unconditional and therefore, the company paying them cannot discretionally suspend, modify or revoke their accrual without breaching its obligations.

c) Individuals who are or have been in the past 3 years partners of the external auditor or responsible of the audit report either of the audit of the listed company during such period or of any other group company.

d) Individuals who are executive directors or top managers of another company where an executive director or top manager of the company is an external director.

e) Individuals who have or have had in the past a significant business relationship with the company or with any group company either in its own name or in the same of the significant shareholder, director or top manager of an entity maintaining or having maintained such relationship.

Business relationships are those of the supplier of goods or services including the financial ones and that of the advisor or consultant.

f) Significant shareholders, executive directors or top manager of an entity receiving or that has received in the past 3 years donations of the company or of its group.

This section does not include trustees of a foundation receiving donations.

g) Spouses or individuals related with a similar affection relationship or second-degree relatives of a current or former executive director or top manager of the company in the past two years.

h) Individuals proposed either for their appointment or renewal by the appointments commission.

i) Directors for a continued period of 12 years.

j) With respect to any significant shareholder or principal in the board those falling under the cases mentioned in letters a), e), f) or g) above. In case of a family relationship mentioned in letter g), this limitation shall apply not only with respect to the shareholder but also to its proprietary directors in the participated company.

Proprietary directors losing such status as a consequence of the sale of their stake by the shareholder they represent may only be re-elected as independent directors when the represented shareholder sells all its shares in the company.

A director holding an ownership interest in the company may have the condition of independent insofar as it satisfies all conditions provided for herein and, its stake is not significant.

3. In general, unless duly justified exception by the Appointments and Remuneration Commission, those candidates belonging to more than five boards of directors may not be proposed to fill vacancies of directors. This number does not include boards of directors of family-owned companies where directors are not proprietary in representation of ownership shares or of its family.

Article 21. Appointment and Re-election of Directors

1. The proposal of appointment or re-election of Directors corresponds to the Appointments and Remuneration Commission for the case of independent directors and to the Board itself in all other cases. The proposal shall always come with a supporting report of the Board assessing the competence, experience and merits of the candidate proposed that will be attached to the minute of the General Meeting and the Board itself.
2. Proposals for re-election of non-independent directors that the Board decides to refer to the General Meeting shall be subject to a formal preparation process formed necessarily by a report issued by the Appointments and Remuneration Commission to assess the quality of the work and dedication to the position of the directors proposed during the previous mandate.

In the event of renewal of Independent Directors of the Appointments and Remuneration Commission, it shall assess the quality of the work and the dedication to the position of the directors proposed during the previous mandate and shall specially inform on the lack of existence of risks of loss of the independence of the Director in reason of its renewal.

3. The Board of Directors shall prompt that external directors re-elected are not always assigned to same Commission.

Article 22. Term of the position.

1. Directors shall hold office for the period foreseen in the Articles of Association and may be re-elected.
2. Directors appointed by co-optation shall exercise their position until the date of the first meeting of the General Meeting.
3. When, after the report of the Audit and Compliance Commission, the Board of Directors understands that the interests of the Company are jeopardized, the Director finishing its mandate or being dismissed for any other reason, shall not provide its services to any other entity for a period of two years with a similar corporate object to that of the company.

Article 23. Removal of Directors.

1. Directors shall leave office after the period for which they were appointed and when the General Meeting or the Board so decide in use of the faculties legally or statutorily granted.
2. Directors shall tender their resignation to the Board of Directors and execute, if appropriate, the relevant resignation in these cases:
 - a) Proprietary directors, when the shareholder they represent assigns in full its share. And in the number applicable, when such shareholder reduces its stake to a level requiring the reduction of the number of proprietary directors.
 - b) When they resign from executive positions to which their appointment as director is associated.
 - c) When they fall under any of the incompatibility or legal prohibition cases expected or have interests opposite to those of the company.
 - d) When they are seriously cautioned by the Audit and Compliance Commission for a breach of their obligations as directors.
 - e) When their position in the Board may put at risk the interests of the Company or when the reasons for their appointment do no longer apply.
3. Directors shall inform, and if applicable, resign when they are affected by situations related or not to the Company that may damage the credit and reputation of the Company. In particular, Directors shall inform the Board of Directors of any criminal cause for which they are being investigated. The Board shall examine the cause and shall decide, following the report of the Appointments and Remuneration Commission, on whether it should adopt any measure and shall inform in the annual report of corporate governance unless special circumstances occur justifying it.
4. In general terms the Board of Directors shall not propose to the General Meeting the removal of External Directors before the fulfilment of the statutory period for which they were elected unless in case that any of the causes foreseen in the previous section arise or any other exceptional or justified is approved by the Board of Directors following the report of the Appointments and Remuneration Commission.

5. In the event of removal, renounce or resignation, inability or decease of members of the Board or its Commission; or removal, renounce or resignation of the Chairman of the Board of Directors or of the Managing Directors as well as of other positions in such bodies, under request of the Chairman of the Board or in the absence thereof, of the Vice-Chairman of higher status, the Appointments and Remuneration Commission shall be called for it to examine and organize the process for the planned succession or replacement and the presentation to the Board of Directors of the relevant proposal. This proposal shall be referred to the Board of Directors in the next meeting scheduled in the annual calendar or in another extraordinary meeting that, if necessary, may be conveyed.

As per the case of the Chairman of the Board of Directors it will be necessary that both the meeting of the Appointments and Remuneration Commission and the seating of the Board of Directors will take place as soon as possible and if practicable, that the process is concluded in the period of 48 hours.

Article 24. Impartiality and secrecy of votes.

1. Pursuant to the provisions of article 33 of this Regulation, directors affected by proposals for appointment, re-election or removal shall refrain from appearing in discussions and votes.
2. All votes of the Board of Directors dealing with the appointment, re-election or removal of directors will be secret.

Title VII. INFORMATION OF DIRECTORS

Article 25. Information and inspection faculties.

1. Directors are vested with the broadest faculties to be informed of any aspect of the company, to examine its books, registries, documents and other background information of corporate transactions and to inspect all premises. The right to information extends to the affiliates both national and international.
2. To avoid any disruption of the ordinary management of the company, the exercise of information faculties shall be channelled through the Chairman or Vice-chairman who shall attend all requests of the board providing the information, offering the appropriate contacts within the organization or arranging the necessary measures to practice the desired examination and inspection in situ.

Article 26. Assistance of experts.

1. In order to be assisted in the exercise of their duties, external directors may request the contracting with charge to the company of legal, accounting, financial counsellors or other experts.
2. The assignment shall necessarily refer to specific problems of considerable importance and difficulty arising during the performance of their duties.

3. The decision to contract experts shall be notified to the Audit and Compliance Commission and may be vetoed by the Board of Directors if proven that:
- a) It is not necessary for the appropriate performance of the duties entrusted to external directors;
 - b) Its cost is not reasonable in view of the importance of the problem or the assets and income of the company; or
 - c) The technical assistance required may be provided by experts and technicians of the company.

Title VIII. REMUNERATION OF DIRECTORS

Article 27. Remuneration of directors

1. Remuneration of external directors for their general duty as directors:

External directors shall be entitled to be remunerated for the exercise of their general duties as directors, i.e., that corresponding to their duties inherent to the position of director without taking into consideration that corresponding for the development of executive duties.

The system of remuneration mentioned in the previous section shall be that determined by the articles of the Company.

2. Remuneration of directors for the performance of executive duties:

Directors entrusted executive duties shall be entitled to receive remunerations applicable to the performance of such duties pursuant to the provisions of the Articles of Association and the Law of Corporations.

3. Other remuneration systems:

In addition to the remuneration system foreseen in the previous sections, directors either external or executive, shall be entitled to remuneration in the form of shares or stock options or share-performance-indexed remunerations insofar as the application of any of these systems is previously agreed by the general shareholders meeting.

4. The remuneration of directors shall be totally transparent. To this end, the Appointments and Remuneration Commission shall draft an annual report on the policy on remunerations of directors and the breakdown of all items thereof (base salary, allowances, bonus, incentive schemes, pensions, insurances, benefits in kind, etc.) for each director. This information shall be referred to the Board of Directors to incorporate it to the annual report on remuneration of directors.

Article 28. Remuneration of external directors.

The Board of Directors and the Appointments and Remuneration Commission shall adopt all measures available to guarantee that the remuneration of external directors adapts to their effective dedication and offers incentives for their dedication but do not represent an obstacle for their independence.

Title IX. DUTIES OF DIRECTORS

Article 29. General obligations of directors.

1. Pursuant to the provisions of articles 5 and 6, the duty of director is to guide and control the management of the company in order to streamline its real value for the benefit of shareholders with long-term and sustainability criteria.
2. In the performance of their duties, directors shall act with the diligence of a serious business man and the loyalty of a faithful representative acting always in good faith and in the best interests of the Company being obliged in particular to:
 - a) Duly inform on the business of the Company and properly prepare meetings of the Board or delegated bodies it belongs to;
 - b) Attend meetings of the bodies it belongs to and take active part in discussions in order to have an effective influence in the decision-making process;

If for justified causes they cannot attend the sessions they have been conveyed to, they shall appoint a representative providing instructions. Proprietary and independent directors can only be represented by directors of the same status;
 - c) Challenge agreements against the Law, Articles or the corporate interests and request evidence in the minute of its position when considered appropriate for the protection of the corporate interest.
 - d) Request information considered deem to complete that provided to have an objective and totally independent opinion on the general operation of the administration of the Company.
 - e) Carry out any specific duty entrusted to the Board of Directors and reasonably included in their dedication commitment;
 - f) Investigate any irregularity in the management of the company they may have been informed and monitor any risk situation;
 - g) Urge those directors empowered to convey extraordinary meetings of the Board and include in the agenda of the first one to hold the aspects considered appropriate.
 - h) Annually inform the company, through the Appointments and Remuneration Commission of other professional obligations.

3. For directors to devote to their position the time necessary to provide an appropriate service to the company, they will not be allowed to hold this position at the same time as they belong to the board of more than five companies excluding from this number those family-owned companies which the director may be a proprietary director in representation of the share it owns or owned by its family. The former save from exceptions duly justified by the Appointments and Remuneration Commission.

Article 30. Duty of confidentiality of directors.

1. Directors shall keep confidential all discussions of the Board of Directors and of Commissions it belongs to and in general, shall refrain from disclosing information it may have had access to in the exercise of its position.
2. The duty of confidentiality shall prevail after leaving office.
3. When the Director is an entity, the duty of confidentiality shall extend to its administrators.

Article 31. Basic obligations arising from the duty of loyalty.

In particular, the duty of loyalty bounds the administrator to:

- a) Refrain from exercising its faculties with purposes different from those for which they have been granted.
- b) Keep information, data, report or background they have had access to in the development of his position confidential, even when resigning from the position unless when the law allows it or requires it.
- c) Refrain from taking part in the discussion and vote of resolutions or decisions in which himself or a related party have a direct or indirect conflict of interests.

The obligation above excludes all agreements and decisions which may affect him in its condition of director such as its appointment or removal of positions in the steering body and others of similar meaning.

- d) Carry out its duties under the personal responsibility principle with freedom of opinion, judgement and independently with respect to the instructions and interests of third parties.
- e) Adopt the necessary measures to avoid incurring in situations in which its interests either in its own name or in the name of others, may conflict with the corporate interests and with its duties with the company.

Article 32. Duty of avoiding conflicts of interests.

1. In particular, the duty of avoiding situations of conflict of interests mentioned in letter e) of the article above bounds administrators to refrain from:

- a) Making transactions with the company unless for the case of ordinary transactions made in standard conditions for clients and of little importance, understanding as such those which information is not necessary to express the fair view of the equity and the financial standing and results of the entity.
 - b) Using the name of the company and refer to his status of administrator to unduly influence in the completion of private transactions.
 - c) Using corporate assets including confidential information of the company for private purposes.
 - d) Profiting from business opportunities of the company.
 - e) Obtaining advantages and remunerations from third parties different from the company or its group related to the performance of its position unless for the case of mere courtesy attentions.
 - f) Carrying out activities in its own name or in the name of others involving an effective competition either at present or in the future with the company or which, in any other manner, may conflict permanently with the interests of the company.
2. Previous forecasts shall apply also in case the beneficiary of the forbidden acts or activities is a party related to the administrator.
3. In any case, directors shall notify to the Board of Directors any situation of conflict of interests both direct and indirect that either themselves or related individuals may have with the interests of the company.

Situations of conflict of interests in which directors may fall shall be included in the Report.

Article 33. Imperative regime and waiver.

- 1. The Company may waive the prohibitions contained in the previous article in particular cases authorizing a certain transaction with the company by a director or related party, the use of certain corporate assets, the utilization of a specific business opportunity, the achievement of an advantage or remuneration of a third party.
- 2. The authorization shall always be agreed by the General Meeting when the aim is the waiver of the prohibition to obtain an advantage or remuneration from third parties or if it affects a transaction which value exceeds ten per cent of the corporate assets.
- 3. All other cases the authorization may also be granted by the Board of Directors insofar as it guarantees the independence of the members signing it with respect to the director waived. Also, it shall be necessary to guarantee that the transaction authorized shall not harm the corporate equity or if applicable, its closing at arm's length and the transparency of the process.

4. The obligation of not competing with the company may only be the object of waiver if no damage is expected for the Company or if that expected is offset by the profits expected to obtain from such waiver. This waiver shall be granted by express and independent resolution of the General Meeting.
5. In any case, under request of any partner, the General Meeting shall decide on the removal of the director developing competitive activities when the risk of harming the company becomes considerable.
6. When the use of corporate assets is authorized, directors may exceptionally be waived of its obligation to pay the consideration but in that case, the unpaid-for advantage will be considered as an indirect remuneration and shall be authorized by the Board following the report of the Appointments and Remuneration Commission. If such advantage is received in its condition of partner, it will only be applicable if the principle of equality of treatment is respected.
7. The Board shall always know the economic or commercial relations between Directors and the Company.

Article 34. Non-public information

1. The use by directors of non-public information of the company for private purposes shall only apply to satisfy the following conditions:
 - a) That such information does not apply to transactions for the purchase and sale of securities of the company;
 - b) That its use does not cause any harm to the company and
 - c) That the company does not hold any exclusivity right or legal position of similar nature on the information willing to be used.
2. In addition to the condition foreseen in letter a) above, directors shall observe the standards of conduct provided in the stock market legislation and specially those included in the Internal Conduct Regulation in the stock markets of the Company.
3. The condition foreseen in letter c) above may be corrected fulfilling the rules mentioned in the previous article.

Article 35. Indirect transactions

Directors breach their loyalty duties with the company if, being aware in advance, allow or do not inform of the existence of transactions made by related parties in the terms defined in article 231 of the Law on Corporations which have not been subject to the conditions and controls foreseen in previous articles.

Article 36. Duties of information of directors.

1. Directors shall inform the company of its shares, stock options or derivatives referred to the value of the share directly or indirectly owned in the terms defined in article

231 of the Law on Corporations and the Internal Conduct Regulation. Directors shall also inform on the changes of such ownership interest or related rights.

2. Independent Directors shall inform the Company of any significant change of situation affecting the nature and condition of its appointment as director.
3. Directors shall inform the Company of all legal, administrative claims or claims of any other nature which given their importance may seriously affect the reputation of the company.

Article 37. Related transactions

1. The Board of Directors formally reserves the knowledge of related transactions of their competence as provided for by the Law.
2. Under no circumstance, shall it authorize the transaction if no report of the Audit and Compliance Commission has been previously issued. In such report, the Commission shall assess whether the transaction is fair and reasonable from the company's point of view and, if applicable, from the shareholders different from the related party and inform of the budget serving as grounds for the assessment and methods used.
3. The Board of Directors may delegate the approval of the following related transactions: (a) transactions between companies that form part of the same group carried out in the scope of the ordinary management and at arm's length; (b) transactions agreed in virtue of contracts which standard conditions are applied as a whole to a high number of clients, done at generally defined prices or rates by those acting as suppliers of goods or services and which amount does not exceed 0.5 per cent of the net amount of the business turnover of the company.

The approval of related transactions mentioned in this section 3 shall not require the previous report of the Audit and Compliance Commission.

Article 38. Principle of transparency.

The Board of Directors shall reflect in its annual public information a summary of the transactions carried out by the company with its directors and significant shareholders. The purpose of the information will be global volume of transactions and the relation and nature of the most relevant ones.

Title X. RELATIONS OF THE BOARD

Article 39. Relations with shareholders.

1. The Board of Directors shall decide on the appropriate means to know the proposals made by shareholders with respect to the management of the Company.
2. The Board, by means of some of its directors and with the collaboration of top management members considered appropriate, may organize information meetings on the business of the company and its Group for shareholders residing in the most relevant financial markets of Spain and abroad.

1. Public requests for the delegation of the vote made by the Board of Directors or by any of its members shall justify in detail the sense of the vote of the representative should the shareholder fail to provide instructions and when applicable, disclose the existence of conflicts of interests.
2. The Board of Directors shall promote the informed participation of shareholders in General Meetings and shall adopt as many measures as appropriate to assist the General Meeting in the effective performance of the duties entrusted by the Law and the Articles.

In particular, the Board of Directors may adopt the following measures:

- a) It shall make an effort to make available for shareholders before the Meeting, all information legally demanded and all information that not being legally demanded, may be of interest and reasonably provided;
 - b) It shall attend as soon as practicable, the requests of information sent by shareholders before the Meeting;
 - c) It shall attend as soon as practicable the questioned made by shareholders on the occasion of the celebration of the Meeting;
 - d) It shall ensure that the items proposed to the Meeting are voted in an orderly and individual manner giving the opportunity to the shareholders of expressing their opinion on each of the issues put to vote.
5. Specially, the Board of Directors shall refrain from proposing, inform favourable or develop protective measures of their position or restrict in any manner the political rights of shareholders or deterrent measures of public offers for the acquisition of shares of the company in the extent this may involve a reduction in the market of the value of the shares of the company.

Article 40. Relations with institutional shareholders.

1. The Board of Directors shall also establish appropriate mechanisms for the exchange of information regularly with institutional investors forming part of the shareholding of the company.
2. Under no circumstance, the relations between the Board of Directors and institutional shareholders may be translated into the delivery to the latter of any information which may give rise to an advantage situation with respect to other shareholders.

Article 41. Relations with markets.

1. The Board of Directors shall prompt the due compliance of current instructions regarding the dissemination of Privileged Information and other Relevant Information pursuant to the provisions of the Code of Conduct on Issues regarding Stock Markets of the company.

2. The Board of Directors shall adopt the necessary measures to guarantee that the semi-annual or quarterly financial information, if applicable, and any other information advised to report to the market, is prepared pursuant to the same principles, criteria and professional practices with which the annual accounts are prepared and is as reliable as the latter. To this respect, such information shall be reviewed by the Audit and Compliance Commission.
3. The Board of Directors shall include information in its annual public documentation on the governance standards of the company and the level of compliance of the Good Governance Code. If it is discouraged to follow the guidelines recommended, it shall provide reasoned justification.

Article 42. Relations with auditors.

1. The relations of the Board with external auditors of the Company shall be channelled through the Audit and Compliance Commission.
2. The Board of Directors shall refrain from recruiting those audit firms whose fees expected to be paid for all concepts exceed ten per cent of its total income during the last year.
3. The Board of Directors shall publicly inform of the global fees paid by the company to the audit firm for services different from the audit.
4. The Board of Directors shall try to prepare the accounts to avoid any reservation from auditors. However, when the Board considers that it has to maintain its criteria, it shall explain to the public the content and the scope of the discrepancy.
