

**REPORT ON THE AMENDMENTS INCLUDED IN THE BOARD OF DIRECTORS
REGULATIONS, PURSUANT TO ARTICLE 528 OF THE COMPANIES ACT**

TENTH.- Report to the General Shareholders' Meeting on the amendments included in the Board of Directors Regulations, pursuant to article 528 of the *Ley de Sociedades de Capital* (the "Companies Act")

In accordance with that established in article 528 of the Companies Act, the shareholders at the ordinary General Shareholders' Meeting have been informed of the amendments to the Board of Directors Regulations approved by this body at its meeting on 24 March 2015.

The Board of Directors Regulations were approved by the Company's Board of Directors at its meeting on 25 May 2006 and have been amended on four occasions since this date.

Since the last amendment to these Regulations, resolved on 21 March 2013, the publication of Law 31/2014, of 3 December, amending the Companies Act to improve corporate governance (hereinafter, Law 31/2014), had a significant impact on the internal regulations of all limited liability companies, and especially listed companies.

The Company has therefore undertaken the process of reviewing its internal regulations, which has given rise to the need to amend, among other documents, its Board of Directors Regulations, given that Law 31/2014 governs matters such as the legal status of Directors and the responsibilities and operation of the Board of Directors and its Committees.

Accordingly, within the framework of analysing the amendments to be made to the Board of Directors Regulations and other internal regulations, an overall review of the content was carried out and a series of additional amendments were deemed necessary to include improvements and update the Regulations.

Specifically, the approved amendments to the Board of Directors Regulations, which were reported at the General Shareholders' Meeting, consist of, under the terms set forth below, amendments to articles 6 (Composition of the Board of Directors), 7 (General functions of the Board of Directors), 8 (Specific duties in certain matters), 10 (Board meetings and assessment of the Board and its Committees), 11 (Conduct of meetings), 13 -previously 12- (The Chairman of the Board of Directors), 14 -previously 13- (The Deputy Chairmen of the Board of Directors), 16 -previously 14- (The Secretary and Deputy Secretaries of the Board of Directors), 18 -previously 16- (Executive Committee), 19 -previously 17- (Audit Committee), 20 -previously 18- (Appointments and Remuneration Committee), 22 -previously 20- (Appointment, re-election, resignation and removal of Directors), 23 -previously 21- (Prohibitions), 28 -previously 27- (Other duties of disclosure for Directors), 29 -previously 28- (Directors' relations with Group companies and significant shareholders in respect of the markets and systems managed thereby), 30 -previously 29- (Directors' remuneration) and 31 -previously 30- (Relations with shareholders and the securities markets in general), the inclusion of articles 12 (Adoption of resolutions), 15 (The Lead Director), 25 (Due diligence), 26 (Duty of loyalty) and 27 (Conflicts of interest), the elimination of articles 23 (Directors' general duties), 24 (Use of corporate assets), 25 (Use of inside information), 26 (Business opportunities) and 31

(Relations with external auditors), and the subsequent renumbering of previous articles 12 to 31 of the Board of Directors Regulations whose elimination was not proposed.

In view of the numerous amendments to the articles of the Board of Directors Regulations, which implies reorganising certain articles, the consolidated text of the Board of Directors Regulations that includes all amendments listed was approved.

Powers of the Board of Directors

Law 31/2014 updates, among other matters, the powers of the Board of Directors that may not be delegated according to the Companies Act, which gave rise, as detailed below, to the need to amend articles 7 and 8 of the Board of Directors Regulations.

The most significant amendments relate to two main matters: the expansion of the powers of the General Shareholders' Meeting that may not be delegated, governed by articles 160, for unlisted companies, and 511.bis, for listed companies, of the Companies Act, which affect the powers that the Board of Directors Regulations attributed to this body; and the expansion of the powers of the Board of Directors that may not be delegated, for both unlisted and listed companies, governed by articles 249.bis and 529.ter of the Companies Act, respectively.

At the same time the Board of Directors Regulations were adapted to the aforementioned changes in the powers of the Board of Directors that may not be delegated, the various sections of article 7, with regard to the general functions of the Board of Directors, were reorganised for the purpose of improving the wording of this article and grouping the general powers of the Board of Directors together by topics.

Similarly, the second paragraph of section 1 was amended; letter c) of section 2 and letters e) and g) of section 3 were eliminated; the content of the powers included in letter a) of section 3 were reorganised and broken down into three sections –current letter a) and two new sections b) and c)–; and the power that previously appeared in letter b) of section 4 of article 7 was relocated to section 3. These adjustments led to the renumbering of all paragraphs in section 3 of article 7.

For the purpose of bringing this article into line with new section f) of article 160 of the Companies Act, which attributes to the General Shareholders' Meeting the power, which may not be delegated, to approve the acquisition, disposal or contribution to another company of core assets, and new article 529.ter of the Companies Act, section 1.f) of which stipulates that the Board of Directors shall approve all strategic investments or transactions of a considerable amount or that present a special tax risk, unless such approval corresponds to the General Meeting, section 3.f) of article 7 of the Board of Directors Regulations was reworded in order to clarify that the Board of Directors is responsible for approving the acquisition and disposal of substantial assets that are not considered core assets and to include that the Board of Directors may not delegate the approval of investments, divestments and all manner of transactions which, due to their amount or nature, significantly affect the Company's equity position and strategy as a whole, or that present a special tax risk, unless they are to be approved at the General Meeting. In view of the aforementioned amendment to letter f) of

section 3, previous letter e) of this section was eliminated in order to avoid unnecessary repetitions.

Regarding the functions of transparency and veracity of information included in section 4 of article 7, any references to the Board of Directors having to supervise the process of preparing and presenting regulated financial information and the effectiveness of the internal control and risk management systems are eliminated since these references were moved to section 3 of this same article; by virtue of that established in section 1.d) of new article 529.ter of the Companies Act, the Board of Directors is attributed to power, which may not be delegated, to approve the financial information that must periodically be made public as a result of being a listed company; and, in accordance with that established in this same article of the Companies Act, the powers relating to the approval, when necessary, of transactions that the Company or companies of its group carry out with Directors or shareholders holding significant ownership interest are included.

Accordingly, with regard to the functions relating to its own organisation and operation, the Board of Directors is given the power to appoint a Lead Director to supervise the effective operation of any Board committees that may be formed and the actions of the delegate bodies, to establish the basic conditions of the contracts of the Managing Directors, and to approve and amend the Board of Directors Regulations when applicable.

Lastly, section 2.a) of article 8 was amended in order to specify the supervisory functions that the Board shall carry out regarding the information provided to the financial markets.

Operation of the Board of Directors

The operation of the Board of Directors for listed companies contained in the Board of Directors Regulations was amended in order to bring its content into line with the new wording of the Companies Act, as set forth in Law 31/2014.

Article 10 of the Board of Directors Regulations was therefore amended for the purpose of including that the functions carried out by the Deputy Chairman, considered to be an independent Director with regard to calling a Board meeting and coordinating the external Directors, and, in the case of the periodic evaluation of the Chairman and CEO of the Company, by the Chairman of the Appointments and Remuneration Committee, will correspond to the Lead Director, in accordance with the provisions of section 2 of article 529.septies of the Companies Act.

Accordingly, article 11 of the Board of Directors Regulations was amended for the purposes of improving the wording of the formal requirements for Directors granting proxies in writing if they are unable to attending the Board of Directors meetings, and including the new requirement included in article 529.quarter of the Companies Act, regarding the fact that non-executive Directors may only delegate proxy to another non-executive Director.

Lastly, a new article 12 was included which expressly governs the quorum required for voting on resolutions, which was previously established in article 11.3 of the Board of Directors Regulations, and the new regulatory provision introduced by Law 31/2014 in article 529.septies of the Companies Act was included, which stipulates that the appointment of the

Chairman, considered to be an executive Director, shall require the favourable vote of two-thirds of the members of the Board of Directors.

Composition of the Board of Directors. Appointment and re-election

The appointment and re-election of members of the Board of Directors and the appointment of their positions included in the Companies Act was also amended by Law 31/2014 and, for the first time, current legislation includes a list of the duties for positions on the Board of Directors.

Sections 1 and 2 of article 22 (previously article 20) of the Board of Directors Regulations were also amended for the purposes of bringing the content into line with new article 529.decies of the Companies Act, which establishes the procedure to be followed for appointing, re-electing or ratifying Directors based on whether they are classified as independent or non-independent; the corporate body from which the initial proposal must come; the need for a report or proposal, where applicable, from the Appointments and Remuneration Committee; and the main new development established by law, which is that an explanatory report from the Board of Directors is required in all cases.

Similarly, the reference to the fact that “*independent Directors may not be re-elected for more than three consecutive terms of office*” was also eliminated from section 2 of article 22 (previously article 20) to avoid confusion with section 4.i) of article 529.duodecies of the Companies Act, which stipulates that Directors “*who have held office as such for a period exceeding 12 years*” may not be considered independent.

Another new development in the Companies Act is the inclusion of the classification of Directors and, therefore, to bring these definitions into line with that set forth in article 529.duodecies, sections 2 and 3 of article 6 of the Board of Directors Regulations were also amended for the purposes of referencing current legislation regarding the classification of independent, proprietary and executive Directors. However, the current definition of “other external Directors” is maintained given that no definition is included even when the Law mentions their existence. The last paragraph of article 6.2 is also amended to place on record that the Appointments and Remuneration Committee shall propose the appointment of Directors considered to be other external Directors.

In relation to the various categories of Directors, the last paragraph of article 6.3 is also amended in order to bring its wording into line with the content of Spanish National Securities Market Commission Circular 1/2004, of 17 March.

Accordingly, article 13 (previously article 12) was amended for the purposes of including the new power of the Chairman of the Board of Directors to “*ensure that Directors receive sufficient information in advance to deliberate on the items included on the agenda of the related meetings*”, included in article 529.sexies of the Companies Act, and the required report previously issued by the Appointments and Remuneration Committee for appointing the Chairman of the Board of Directors, a matter that is also included in the amendment to article 14 (previously article 13). The amendment to article 14 (previously article 13) also includes the elimination of the duties of the Deputy Chairman, which overlap with those attributed to the new Lead Director.

For these purposes, a new article 15 of the Board of Directors Regulations was included to govern the figure of the Lead Director, which incorporates section 2 of new article 529.septies of the Companies Act. This Director shall be especially empowered to call a Board of Directors meeting and include new items on the agenda of a Board meeting already called, to coordinate and meet with non-executive Directors, and to lead, where applicable, the periodic evaluation of the Chairman of the Board of Directors.

Lastly, article 16 (previously article 14) was amended to include improvements in the wording thereof and the power of the Secretary or Deputy Secretary to assist the Chairman to ensure that the Directors receive the relevant information necessary to carry out their duties with sufficient advance notice and in the appropriate format, as envisaged in article 529.octies of the Companies Act.

New configuration of the Board Committees

Article 18 (previously article 16) relating to the Executive Committee was amended for the purposes of eliminating references to the supervision of the day-to-day management of the Company by this Committee, as this power of the Board of Directors may not be delegated, as now established in section a) of article 249.bis of the Companies Act. The scope of the power relating to the acquisition of treasury shares attributed to the Executive Committee in the previous wording was also amended, since approving treasury share policies is now the responsibility of the Board of Directors and may not be delegated.

Accordingly, the main purpose of the amendment to article 19 (previously article 17) relating to the Audit Committee is to adapt the composition and responsibilities of the Audit Committee to that established in article 529.quaterdecies, regarding the Audit Committee, and the new powers of the Board of Directors that may not be delegated established in section 1.h) of new article 529.ter in its current wording given by Law 31/2014.

In accordance with section 1 of new article 529.quaterdecies of the Companies Act, the amendment to section 1 of this article specifies that at least two members of the Audit Committee must be considered independent Directors, thereby maintaining the previous requirement that the majority of the members of the Audit Committee must be considered independent Directors.

Accordingly, in relation to the new developments regarding the responsibilities of the Audit Committee, several amendments regarding terminology were made to article 19 (previously article 17) and the content thereof was reorganised. Noteworthy of mention are the amendments carried out in relation to the report from the Audit Committee with regard to creating or acquiring interest in special purpose entities or entities domiciled in countries or territories considered to be tax havens; transactions with related parties; and transactions that the Company or companies of its group carried out with Directors or shareholders holding significant ownership interest that may represent a conflict of interest with the Company and which, by virtue of the new powers of the Board of Directors that may not be delegated, must be authorised thereby.

Accordingly, the purpose of the amendment to article 20 (previously article 18) of the Board of Directors Regulations, relating to the Appointments and Remuneration Committee, is to bring the content thereof into line with the Regulations which, with regard to the composition and responsibilities of the Appointments and Remuneration Committee, were included for the first time in current legislation.

Therefore, in relation to the composition of the Appointments and Remuneration Committee, at least two of its members must be considered independent Directors, in accordance with that envisaged in section 1 of article 529.quindecies of the Companies Act, maintaining the additional requirement already established in the Articles of Association and Board of Directors Regulations that all members may not be executive Directors.

The wording of the responsibilities of this Committee, which was included in section 2 of article 20 (previously article 18), is brought into line with that established in section 3 of aforementioned article 529.quindecies and specifies the obligation of reporting the appointment and resignation of the Chairman and Deputy Chairman, in addition to the Secretary and Deputy Secretary of the Board, matters which this Committee already handled. In addition to these powers stipulated by law, the powers attributed thereto are maintained and the need to bring any proposals on the appointment of Directors classified as other external Directors to the Board of Directors is specified. Accordingly, the obligation of notifying the Board of Directors of the compliance on the part of the independent Directors with the conditions for independence required by current legislation is eliminated.

Duties of conduct of the Directors

With regard to the Directors' general duties of diligence and loyalty, including the duty to avoid conflicts of interest, in accordance with articles 225 to 230 of the Companies Act, as set forth in Law 31/2014, major amendments had to be made to articles 23 to 29 (previously articles 21 to 28) of the Board of Directors Regulations under the terms indicated below.

Article 23 (previously article 21) of the Board of Directors Regulations was amended for the purposes of eliminating sections a) and c), the amended wording of which to bring them into line with the Law is included in new articles 26 and 27, as described in the paragraphs below, and, since the prohibition of remaining in the position of independent Director for an uninterrupted period of more than 12 years already governed in the Companies Act.

A new article 25 of the Board of Directors Regulations was created to include the reference contained in sections 1 and 3 of article 225 of the Companies Act in relation to the scope of the Directors' duty of diligence and to include the references that have been eliminated from previous article 23 of the Board of Directors Regulations, and the Directors' specific obligations arising from the duty of diligence.

A new article 26 was also included to comprise the scope of the duty of loyalty that is defined in article 227.1 of the Companies Act and to place on record the basic obligations regarding the duty of loyalty listed in article 228 of the Companies Act, two of which were already included in sections 3 and 4 of previous article 23 of the Board of Directors Regulations and which, consequently, were transferred to this article.

A new article 27 was also included which defines the duty of loyalty in relation to the Directors' duty to avoid situations in which they have a conflict of interest and provides the list of these situations included in article 229.1 of the Companies Act. The majority of these situations were already governed in the Board of Directors Regulations, even if not under identical terms and conditions.

The purpose of the amendment to article 28 (previously article 27) of the Board of Directors Regulations is to stipulate the other duties of disclosure for Directors in addition to those considered in the previous articles to improve its structure and wording and to eliminate the reference to the disclosure obligation regarding ownership interest in share capital which the Director and persons related thereto may have in the share capital of companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's corporate purpose, and the positions or functions that these persons related thereto exercise at these companies, following the elimination of this obligation in the Companies Act.

Article 29 (previously article 28), relating to the transactions that Directors and shareholders may carry out in the markets and systems managed by BME, is amended for the purposes of eliminating the reference to "*otherwise, such transactions or activities must be authorised by the Board in full*", given that, in accordance with the provisions on mandatory nature and exceptions of article 230 of the Companies Act, as set forth by Law 31/2014, transactions with the Company are authorised when they are ordinary transactions arranged under standard terms and conditions.

For the purposes of incorporating the aforementioned amendments and bringing the structure of the articles of the Board of Directors Regulations into line with the new provisions regarding Directors' duties of diligence and loyalty, the aforementioned articles 23 (Directors' general duties), 24 (Use of corporate assets), 25 (Use of inside information) and 26 (Business opportunities) of the Board of Directors Regulations are eliminated as their content is governed in the wording of new articles 25, 26 and 27 of the Board of Directors Regulations.

Remuneration of the Directors

The aforementioned Law 31/2014 amended the powers to approve the remuneration of the members of the Board of Directors, which gave rise to the alternative wording of sections 1 and 2 of article 30 (previously article 29) of the Board of Directors Regulations and the elimination of section 3.

Accordingly, the wording of new article 30 (previously article 29) of the Board of Directors Regulations specifies the content of articles 529.septdecies and 529.octodecies of the Companies Act regarding the remuneration received by Directors acting as such and for carrying out their executive functions, respectively, and makes reference to the fact that this remuneration will be brought into line with that established in the Directors' remuneration policy, which must be approved at the General Meeting in accordance with that established in article 529.novodecies of the Companies Act, as set forth in Law 31/2014, and, in the case of Directors with executive functions, under the terms and conditions set forth in their contracts entered into with the Company, as stipulated in the new wording of article 249.3 of the

Companies Act, and which in any case will be brought into line with the remuneration policy approved by the Company.

Section 3 of article 30 (previous article 29) of the Board of Directors Regulations was also eliminated since the annual corporate governance report does not contain any information on Directors' remuneration and since this information is included in the annual report on the remuneration of the Company's Directors.

Other amendments

For the purposes of improving the wording and adapting its content to the Company's practices, the second paragraph of section 1 of article 31 (previously article 30) of the Board of Directors Regulations was amended since the publication on the corporate website of all information relating to calling the General Meeting is already required by law, and the third paragraph of section 2 of this article was eliminated since the Audit Committee does not monitor the briefings held with institutional shareholders regarding the running of the Company.

Accordingly, previous article 31 of the Board of Directors Regulations, relating to relationships with external auditors, was eliminated since the content of section 1 is governed in letters c) and f) of section 2 of amended article 19 (previously article 17), regarding the responsibilities of the Audit Committee, including that of supervising the Company's internal audit services, maintaining relationships with external auditors and ensuring that the rules established to ensure their independence are respected. Similarly, the elimination of section 2 of this article, which established the system for publishing the fees paid by the Company to the external auditors, was deemed necessary, since this information is included in the Company's annual corporate governance report, which is published as a significant event and coincides with the authorisation for issue of the Company's financial statements.

As a result of the aforementioned amendments, additions and eliminations of these articles of the Board of Directors Regulations, articles 12 to 31 of the Board of Directors Regulations, which were not eliminated, were renumbered.

In view of the numerous amendments to the articles of the Board of Directors Regulations, which implies reorganising certain articles, the consolidated text of the Board of Directors Regulations that includes all amendments listed was approved.

In order to assist shareholders in the comparison between the new wording of the Board of Directors Regulations and those in force until now, a verbatim transcription of both texts has been included as an appendix to this report for information purposes, in two columns, whereby the right column highlights the changes proposed to be introduced into the text in force prior to 24 March 2015, which is transcribed in the left column.

APPENDIX

COMPLETE TEXT OF THE AMENDMENTS TO THE BOARD OF DIRECTORS REGULATIONS AND ITS CONSOLIDATED TEXT

OLD VERSION	NEW VERSION
<u>CHAPTER I</u> <u>GENERAL PROVISIONS</u>	<u>CHAPTER I</u> <u>GENERAL PROVISIONS</u>
<p>Article 1.- Purpose and Aim</p> <p>1. The purpose of the Board of Directors Regulations is to set forth the principles of conduct of Bolsas y Mercados S.A.'s Board of Directors, also setting the basic rules of its organisation and operation, and the rules governing its members, in order to achieve the utmost transparency and efficacy in the tasks of direction, supervision and control in regard to the management and depiction of the Company.</p> <p>2. Without prejudice to the precedence of the law and the Articles of Association which are elaborated upon and supplemented hereby, as one of the Company's standards of corporate governance these Regulations are open to such amendments as may be advisable in the light of the evolution both of the Company and of the rules and recommendations that may be drawn up on the matters with which the Regulations are concerned.</p>	<p>Article 1.- Purpose and Aim</p> <p>1. The purpose of the Board of Directors Regulations is to set forth the principles of conduct of Bolsas y Mercados S.A.'s Board of Directors, also setting the basic rules of its organisation and operation, and the rules governing its members, in order to achieve the utmost transparency and efficacy in the tasks of direction, supervision and control in regard to the management and representation of the Company.</p> <p>2. Without prejudice to the precedence of the law and the Articles of Association which are elaborated upon and supplemented hereby, as one of the Company's standards of corporate governance these Regulations are open to such amendments as may be advisable in the light of the evolution both of the Company and of the rules and recommendations that may be drawn up on the matters with which the Regulations are concerned.</p>
<p>Article 2.- Scope of application</p> <p>1. The Regulations shall apply to the Board of Directors, to its collegiate delegate bodies and Managing Directors, to its internal Committees and to all the members who sit on them and contribute to the forming of opinions.</p> <p>2. All references to Group companies in the Company's Articles of Association and herein should be understood as referring to those in which the Company has a controlling interest that determines a group relationship as expressed in article 4 of Spanish Markets Law.</p>	<p>Article 2.- Scope of application</p> <p>1. The Regulations shall apply to the Board of Directors, to its collegiate delegate bodies and Managing Directors, to its internal Committees and to all the members who sit on them and contribute to the forming of opinions.</p> <p>2. All references to Group companies in the Company's Articles of Association and herein should be understood as referring to those in which the Company has a controlling interest that determines a group relationship as expressed in article 4 of Spanish Markets Law.</p>
<p>Article 3.- Dissemination</p> <p>1. The persons to whom these Regulations apply have a duty to be acquainted with, to comply with and to enforce them, and to this end the Secretary of the Company's Board of Directors shall provide them with a copy of the Regulations.</p> <p>2. The Spanish National Securities Market Commission (CNMV) will be informed of these Regulations and a copy of the text in force shall be</p>	<p>Article 3.- Dissemination</p> <p>1. The persons to whom these Regulations apply have a duty to be acquainted with, to comply with and to enforce them, and to this end the Secretary of the Company's Board of Directors shall provide them with a copy of the Regulations.</p> <p>2. The Spanish National Securities Market Commission (CNMV) will be informed of these Regulations and a copy of the text in force shall be</p>

<p><i>made available to the public and the markets via the Company's website at all times. Also, these Regulations and any amendments thereto shall be registered in the Mercantile Register.</i></p>	<p><i>made available to the public and the markets via the Company's website at all times. Also, these Regulations and any amendments thereto shall be registered in the Mercantile Register.</i></p>
<p>Article 4.- Interpretation</p> <p><i>1. The application of these Regulations shall be as a supplement and complement to the provisions governing the Board of Directors, Delegate Bodies and the Board Committees laid down by law and in the Company's Articles of Association.</i></p> <p><i>2. The Board of Directors is empowered to resolve any doubts which might arise in the application or interpretation of these Regulations, and to reconcile them with all applicable laws and the Articles of Association.</i></p>	<p>Article 4.- Interpretation</p> <p><i>1. The application of these Regulations shall be as a supplement and complement to the provisions governing the Board of Directors, Delegate Bodies and the Board Committees laid down by law and in the Company's Articles of Association.</i></p> <p><i>2. The Board of Directors is empowered to resolve any doubts which might arise in the application or interpretation of these Regulations, and to reconcile them with all applicable laws and the Articles of Association.</i></p>
<p>Article 5.- Amendments</p> <p><i>1. The Board of Directors may make amendments to these Regulations on the initiative of its Chairman or a third of the Board members.</i></p> <p><i>2. Board meetings held to discuss any such proposed amendments must be called by notifying each Board member personally more than 10 days prior to the meeting and a copy of the proposed amendment must be delivered to each of them, along with the explanatory report giving the grounds for the proposed amendment and the report on both these documents issued by the Board Committee that is competent in the matter to which the proposed amendment refers.</i></p> <p><i>3. All amendments to these Regulations must be approved by a majority vote of the members of the Board of Directors.</i></p> <p><i>4. The Board of Directors shall report on any amendments made to the Regulations at the first General Shareholders' Meeting held thereafter. Also, all amendments shall be disseminated pursuant to Article 3 above.</i></p>	<p>Article 5.- Amendments</p> <p><i>1. The Board of Directors may make amendments to these Regulations on the initiative of its Chairman or a third of the Board members.</i></p> <p><i>2. Board meetings held to discuss any such proposed amendments must be called by notifying each Board member personally more than 10 days prior to the meeting and a copy of the proposed amendment must be delivered to each of them, along with the explanatory report giving the grounds for the proposed amendment and the report on both these documents issued by the Board Committee that is competent in the matter to which the proposed amendment refers.</i></p> <p><i>3. All amendments to these Regulations must be approved by a majority vote of the members of the Board of Directors.</i></p> <p><i>4. The Board of Directors shall report on any amendments made to the Regulations at the first General Shareholders' Meeting held thereafter. Also, all amendments shall be disseminated pursuant to Article 3 above.</i></p>
<p style="text-align: center;"><u>CHAPTER II</u></p> <p style="text-align: center;"><u>COMPOSITION AND FUNCTIONS OF THE BOARD OF DIRECTORS</u></p>	<p style="text-align: center;"><u>CHAPTER II</u></p> <p style="text-align: center;"><u>COMPOSITION AND FUNCTIONS OF THE BOARD OF DIRECTORS</u></p>
<p>Article 6.- Composition of the Board of Directors</p> <p><i>1. The number of Company Directors shall be established at the General Shareholders' Meeting, and shall be within the maximum and minimum set by the Articles of Association. Subject to a report by the Appointments and Remuneration Committee, and in adherence to good corporate governance recommendations based on the Company's shareholder structure, the Board of Directors shall</i></p>	<p>Article 6.- Composition of the Board of Directors</p> <p><i>1. The number of Company Directors shall be established at the General Shareholders' Meeting, and shall be within the maximum and minimum set by the Articles of Association. Subject to a report by the Appointments and Remuneration Committee, and in adherence to good corporate governance recommendations based on the Company's shareholder structure, the Board of Directors shall</i></p>

propose to the General Shareholders' Meeting, the number of members it considers appropriate for the Board's due representativeness and efficient operation.

2. Candidates proposed by the Board of Directors for appointment or re-election as Directors must be persons of high standing, integrity and reputability, who also have the necessary expertise for the performance of their functions.

Proposals shall be made bearing in mind the existence of the following types of Directors:

a) Executive or internal directors, i.e. senior executives or employees of the Company or any other Group or associate company.

b) Non-independent external directors, i.e. directors who are shareholders or who represent or have a professional or personal relationship with shareholders.

c) Independent external directors, i.e. directors with no personal or professional connection with the Company, its shareholders or management.

d) Other external directors, i.e. directors who are not non-independent directors but who for some reason cannot be classified as independent directors, and whose appointment is proposed by the Appointments and Remuneration Committee due to particular attributes which make them especially suitable for a directorship because of their outstanding professional track record in the stock markets and related areas. Such proposals must be backed up by a report from the Appointments and Remuneration Committee which shall be duly presented at the General Shareholders' Meeting.

3. In the proposals for the appointment and re-election of Directors that it submits to the General Shareholders' Meeting, and also when filling vacancies by co-option, the Board of Directors shall endeavour to ensure that the number of Directors is distributed among the different types in the proportion which is deemed to be most appropriate at any given time bearing in mind the shareholding structure and

propose to the General Shareholders' Meeting, the number of members it considers appropriate for the Board's due representativeness and efficient operation.

2. Candidates proposed by the Board of Directors for appointment or re-election, **or ratification** as Directors must be persons of high standing, integrity and reputability, who also have the necessary expertise for the performance of their functions.

Proposals shall be made bearing in mind the existence of **the following categories** ~~the following types~~ of Directors:

a) Executive Director. ~~or internal directors, i.e. senior executives or employees of the Company or any other Group or associate company.~~

b) **Non-executive Directors, which may be proprietary, independent or other external Directors. Non-independent external directors, i.e. directors who are shareholders or who represent or have a professional or personal relationship with shareholders.**

~~c) Independent external directors, i.e. directors with no personal or professional connection with the Company, its shareholders or management.~~

Directors shall be classified as executive, proprietary or independent in accordance with that set forth in current legislation at any given time.

d) Other external directors are considered to be those i.e. Directors who are not proprietary Directors but who for some reason cannot be classified as independent Directors, and whose appointment is proposed by the Appointments and Remuneration Committee due to particular attributes which make them especially suitable for a directorship because of their outstanding professional track record in the stock markets and related areas. Such proposals must be backed up by the related proposal a report from the Appointments and Remuneration Committee. This proposal shall be made available to the shareholders for the purpose of the General Shareholders' Meeting at which their appointment, re-election or ratification shall be submitted, which shall be duly presented at the General Shareholders' Meeting.

3. In the proposals for the appointment and re-election of Directors that it submits to the General Shareholders' Meeting, and also when filling vacancies by co-option, the Board of Directors shall endeavour to ensure that the number of Directors is distributed among the **different categories** ~~different~~

purpose of the Company and Group companies, although in its proposals to the General Shareholders' Meeting and appointments by co-option, the Board of Directors shall be obliged to ensure that the external or non-independent members represent a majority over the executive Directors and that there is a significant presence of independent Directors. Action by the Board on this matter shall be at the proposal of the Appointments and Remuneration Committee in the case of independent Directors and subject to a report from the Committee for the remainder of the Directors.

The category of each Director shall be explained to the General Shareholders' Meeting where the appointment is to be made or ratified, and subsequently confirmed or revised, where appropriate, in the Company's Annual Corporate Governance Report. Particularly, with regard to independent Directors, the circumstances which, pursuant to the most widely applied good governance recommendations, prevent a Director from being classified as independent, should be taken into account.

Information on each Director shall be published on the Company's website and updated on a regular basis. Such information shall refer to the Directors' professional and personal profile, information on any other directorships they hold, their professional activities in other listed or unlisted companies, an explanation of why they are executive, non-independent, independent or other types of external Directors, indicating in the case of non-independent directors the shareholder they represent or are linked with, the dates of their appointment and re-appointment and any Company shares or share options they own.

~~types~~ in the proportion which is deemed to be most appropriate at any given time bearing in mind the shareholding structure and purpose of the Company and Group companies, although in its proposals to the General Shareholders' Meeting and appointments by co-option, the Board of Directors shall be obliged to ensure that ~~external or~~ non-executive Directors represent a majority over the executive Directors and that there is a significant presence of independent Directors. Action by the Board on this matter shall be at the proposal of the Appointments and Remuneration Committee in the case of independent Directors and subject to a report from the Committee for the remainder of the Directors.

The category of each Director shall be explained to the General Shareholders' Meeting where the appointment is to be made or ratified, and subsequently confirmed or revised, where appropriate, in the Company's Annual Corporate Governance Report. ~~Particularly, with regard to independent Directors, the circumstances which, pursuant to the most widely applied good governance recommendations, prevent a Director from being classified as independent, should be taken into account.~~

Information on each Director shall be published on the Company's website and updated on a regular basis. Such information shall refer to the Directors' professional and personal profile, information on any other directorships they hold, their professional activities in other listed or unlisted companies, their ~~status~~ as an ~~explanation~~ of ~~why they are~~ executive, proprietary, independent or other ~~types of~~ external Directors, indicating in the case of proprietary directors the shareholder they represent or are linked with, the dates of their appointment and re-appointment and any Company shares or share options they own.

Article 7.- General Functions of the Board of Directors

1. Without prejudice to matters reserved by law or under the Articles of Association to the General Shareholders' Meeting, the Board of Directors is the Company's most senior governing and administrative body, and is fully empowered to direct, manage and represent the Company in the performance of the activities that comprise its corporate purpose, including all powers not attributed to the General Shareholders' Meeting by law or under the Articles of Association.

The Board of Directors shall entrust the management of the Company's ordinary business to its delegate

Article 7.- General Functions of the Board of Directors

1. Without prejudice to matters reserved by law or under the Articles of Association to the General Shareholders' Meeting, the Board of Directors is the Company's most senior governing and administrative body, and is fully empowered to direct, manage and represent the Company in the performance of the activities that comprise its corporate purpose, including all powers not attributed to the General Shareholders' Meeting by law or under the Articles of Association.

The Board of Directors shall entrust the management of the Company's ordinary business to its delegate

bodies, its executive members and the senior management team, focusing its activity on driving, directing and supervising matters of particular significance for the Company, undertaking in this respect as general tasks, among others, those of defining the general strategy and management guidelines of the Company, giving impetus to and overseeing the senior management, establishing the basis of the corporate organisation in order to ensure its maximum efficiency, monitoring the transparency and veracity of the information released by the Company in its relations with investors and with the markets in general, identifying it's the Company's main risks and supervising the internal control systems, as well as organising its own operation, also establishing adequate coordination between the Group companies for their own benefit and mutual interest and those of the Company.

2. When defining the Company's general strategy, the functions of the Board in full and through its Committees shall include the following:

- a) Approving the Company's annual budget estimates, setting the financial targets and basic lines of action along with the specific plans and policies for achieving these targets.
- b) Establishing the general policy for information and communication with shareholders, the markets and public opinion.
- c) Supervising the long-term commercial, industrial or financial agreements of special strategic importance for the Company and Group companies.
- d) Approving the general policy to be followed by the Company with regard to treasury stock.

3. With regard to the management guidelines and establishing the basis of the corporate organisation of senior management, the functions of the Board in full and through its Committees shall include the following:

- a) Monitoring the management team's success in meeting the targets set, ensuring an organisational structure is established that guarantees the maximum efficiency of the senior management and of the management team in general. Among other tasks, the Board of Directors in full is responsible for defining the organisation structure of the group of companies and the policies on corporate governance, corporate social responsibility, remuneration and evaluation for senior executives, and for control and risk management policies for regularly monitoring the internal

bodies, its executive members and the senior management team, ~~focusing its activity on driving, directing and supervising~~ and shall drive, direct and supervise those matters of ~~special particular~~ significance for the Company, undertaking in this respect as general tasks, among others, those of defining the general strategy and management guidelines of the Company, giving impetus to and overseeing the senior management, establishing the basis of the corporate organisation in order to ensure its maximum efficiency, monitoring the transparency and veracity of the information released by the Company in its relations with investors and with the markets in general, identifying it's the Company's main risks and supervising the internal control systems, as well as organising its own operation, also establishing adequate coordination between the Group companies for their own benefit and mutual interest and those of the Company.

2. When defining the Company's general strategy, the functions of the Board in full and through its Committees shall include the following:

- a) Approving the Company's annual budget estimates, setting the financial targets and basic lines of action along with the specific plans and policies for achieving these targets.
- b) Establishing the general policy for information and communication with shareholders, the markets and public opinion.
- c) ~~Supervising the long-term commercial, industrial or financial agreements of special strategic importance for the Company and Group companies.~~
- d) Approving the general policy to be followed by the Company with regard to treasury stock.

3. With regard to the management guidelines and establishing the basis of the corporate organisation of senior management, the functions of the Board in full and through its Committees shall include the following:

- a) **Appointing and removing the Company's senior executives and establishing the basic terms and conditions of their contracts, including remuneration, Monitoring the management team's success in meeting the targets set, ensuring** an organisational structure is established that guarantees the maximum efficiency of the senior management and of the management team, **and monitoring the management team's success in meeting the targets set. in general.**

information and control systems.

b) Exercising the functions assigned to the Board at the General Shareholders' Meeting. Such functions may not be delegated unless expressly agreed at the General Shareholders' Meeting.

c) Approving the following operations: setting up and dissolving companies, acquiring stakes in existing companies, and any merger, takeover, spin-off or concentration operations that the Company is interested in, provided that these are of significance for the Company in terms of their size or nature. In any event, the Board must submit to the General Shareholders' Meeting for approval or ratification any acquisitions of stakes in companies whose corporate purpose is totally unrelated to that of the Company or Group companies if and when the size of the investment represents over 20% of the Company's consolidated net worth.

d) Approving all acquisitions and disposals of substantial assets, in addition to any financial operations having a significant impact on the Company's asset situation, or which for any other reason are deemed to be of particular importance. In any event, the Board of Directors must submit to the General Shareholders' Meeting for approval or ratification any disposal of core assets that has a real and significant effect on the activities carried out by the Company as part of its corporate purpose.

e) Approving any investments and divestments which, given their size or nature, will significantly affect the Company's asset situation or overall strategy. In any

~~b) Determining, among other aspects, the Board of Directors in full is responsible for defining the organisation structure of the group of companies and the policies on corporate governance policies of the Company and the Group on investments, financing, dividends and corporate social responsibility. remuneration and evaluation for senior executives, and for control and risk management policies for regularly monitoring the internal information and control systems.~~

c) **Determining the risk management and control policy, including tax risks, and overseeing the internal information and control systems, including the process of preparing and submitting regulated financial information.**

d) ~~b)~~ Exercising the functions assigned to the Board at the General Shareholders' Meeting. Such functions may not be delegated unless expressly agreed at the General Shareholders' Meeting.

e) ~~c)~~ Approving the following operations: setting up and dissolving companies, acquiring stakes in existing companies, and any merger, takeover, spin-off or concentration operations that the Company is interested in, provided that these are of significance for the Company in terms of their size or nature. ~~In any event, the Board must submit to the General Shareholders' Meeting for approval or ratification any acquisitions of stakes in companies whose corporate purpose is totally unrelated to that of the Company or Group companies if and when the size of the investment represents over 20% of the Company's consolidated net worth~~

f) ~~d)~~ Approving all acquisitions and disposals of substantial assets, **that are not considered core assets, as well as investments, divestments and all manner of transactions which, due to their amount or nature, significantly affect the Company's equity position and strategy as a whole, or that present a special tax risk, unless they must be approved at the General Meeting. in addition to any financial operations having a significant impact on the Company's asset situation, or which for any other reason are deemed to be of particular importance.** In any event, the Board of Directors must submit to the General Shareholders' Meeting for approval or ratification any disposal of **assets that are not considerate** core assets that has a real and significant effect on the activities carried out by the Company as part of its corporate purpose.

g) ~~e)~~ Approving **any investments and divestments which, given their size or nature, will significantly**

event, the Board of Directors in full shall be responsible for decisions on setting up or acquiring controlling stakes in companies for investment purposes only or based in countries or territories classified as tax havens, and any similar transaction or operation whose complexity could affect the Group's transparency. Likewise, the Board of Directors must submit to the General Shareholders' Meeting for approval or ratification any operations whose impact would be the equivalent to the Company's effective liquidation.

f) Providing guarantees or taking similar action to guarantee debentures issued by companies in which the Company does not own a material stake.

g) Approving the transfer of intellectual or industrial property rights belonging to the Company that are of particular significance financially or for the Company's market image.

h) Supervising commitments relating to employee benefits which entail long-term financial responsibilities for the Company.

i) Approving, or, where necessary, taking cognisance of any resolutions on the issuance of securities by the Company and of the terms and conditions thereof.

4. Regarding the transparency and veracity of Company information, the functions of the Board in full and through its Committees shall include the following:

a) Ensuring the external auditor is both independent and professionally acceptable.

b) Supervising the preparation and presentation of regulated financial information.

c) Supervising the efficiency of internal control and risk management systems.

d) Monitoring the financial information released to shareholders and the markets in general.

~~affect the Company's asset situation or overall strategy.~~ the creation or acquisition of ownership interests in special purpose vehicles or entities resident in jurisdictions considered to be ~~In any event, the Board of Directors in full shall be responsible for decisions on setting up or acquiring controlling stakes in companies for investment purposes only or based in countries or territories classified as~~ tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group. ~~Likewise, the Board of Directors must submit to the General Shareholders' Meeting for approval or ratification any operations whose impact would be the equivalent to the Company's effective liquidation.~~

h) Determining the Company's tax strategy.

i) ~~f)~~ Providing guarantees or taking similar action to guarantee debentures issued by companies in which the Company does not own a material stake.

j) ~~g)~~ Approving the transfer of intellectual or industrial property rights belonging to the Company that are of particular significance financially or for the Company's market image.

k) ~~h)~~ Supervising commitments relating to employee benefits which entail long-term financial responsibilities for the Company.

l) ~~i)~~ Approving, or, where necessary, taking cognisance of any resolutions on the issuance of securities by the Company and of the terms and conditions thereof.

4. Regarding the transparency and veracity of Company information, the functions of the Board in full and through its Committees shall include the following:

a) Ensuring the external auditor is both independent and professionally acceptable.

b) Approving the financial information which, as a result of being a listed company, must periodically be made public. Supervising the preparation and presentation of regulated financial information.

~~c) Supervising the efficiency of internal control and risk management systems.~~

~~d) Monitoring the financial information released to shareholders and the markets in general.~~

c) Approving transactions carried out by a Director or parties related thereto with the Company or its Group, provided that the transaction does not involve a value of more than 10% of Company

<p>5. With regard to its own organisation and operation, the Board of Directors is responsible for:</p> <p>a) Appointing Directors by co-option, where appropriate, and accepting Directors' resignations.</p> <p>b) Appointing and removing Directors forming part of the Executive Committee and the other Committees envisaged herein, delegating the relevant powers as appropriate.</p> <p>c) Appointing and removing the Chairman, Deputy Chairman (men), Managing Director (s), and Deputy Secretary (ies) of the Board and the officers of the Board Committees whose appointment and termination lie with the Board.</p> <p>d) Appointing and removing the Board's Legal Advisor.</p> <p>All of the aforementioned powers shall be exercised in compliance with the Company's Articles of Association and the applicable legislation, and are</p>	<p>assets, the use of Company assets or the use of a specific business opportunity.</p> <p>d) Approving transactions that the Company or companies of the Group carry out with shareholders holding significant ownership interest, including shareholders represented on the Board of Directors of the Company or other companies that form part of the same group or with persons related thereto.</p> <p>Transactions that simultaneously have the following three characteristics shall be except from approval as mentioned in letters c) and d) above:</p> <ol style="list-style-type: none"> 1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients; 2. They are performed at prices or rates established on a general basis by the person supplying the goods or services; 3. The amount does not exceed 1% of the Company's annual revenue. <p>5. With regard to its own organisation and operation, the Board of Directors is responsible for:</p> <p>a) Appointing Directors by co-option, where appropriate, and accepting Directors' resignations.</p> <p>b) Appointing and removing Directors forming part of the Executive Committee and the other Committees envisaged herein, delegating the relevant powers as appropriate.</p> <p>c) Appointing and removing the Chairman, Deputy Chairman (men), the Leader Director Managing Director (s), and the Deputy Secretary (ies) of the Board and the officers of the Board Committees whose appointment and termination lie with the Board.</p> <p>d) Supervising the effective operation of the committees formed and the actions of the delegate bodies.</p> <p>e) Appointing and removing the Company's Managing Director(s), and establishing the basic terms and conditions of their contracts.</p> <p>f) d) Appointing and removing the Board's Legal Advisor.</p> <p>g) Approving and amending the regulations on its operation.</p> <p>All of the aforementioned powers shall be exercised in compliance with the Company's Articles of</p>
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<p><i>listed merely by way of illustration in relation to the Board's general activity of driving and supervising the management.</i></p>	<p><i>Association and the applicable legislation, and are listed merely by way of illustration in relation to the Board's general activity of driving and supervising the management.</i></p>
<p>Article 8.- Specific duties in certain matters</p> <p>1. <i>The Board of Directors shall be responsible for ensuring that the Company's annual financial statements - both individual and consolidated - and directors' report give a true and fair view of its net worth, financial situation and results, according to legal requirements, and each of the Directors should have access to all the necessary information for this before they put their signature to the financial statements.</i></p> <p><i>In the event that the auditors' report on the financial statements contains reservations or qualifications, the Chairman of the Audit Committee and the auditors themselves shall explain to shareholders and to the markets the content and scope of such reservations and qualifications.</i></p> <p>2. <i>In matters related to the stock market and bearing in mind the Company's status as an issuer, the Board of Directors, either in full or through its Committees, shall undertake the following specific duties:</i></p> <p>a) <i>Supervising all periodic financial reports and in general the information released to the financial markets on all events, decisions and circumstances that may affect the Company's share price performance.</i></p> <p>b) <i>Adopting measures that contribute to the proper formation of the Company's share price.</i></p> <p>c) <i>Approving the Internal Regulations of Conduct for the Company and Group companies and making any necessary amendments thereto.</i></p>	<p>Article 8.- Specific duties in certain matters</p> <p>1. <i>The Board of Directors shall be responsible for ensuring that the Company's individual and consolidated financial statements and directors' report give a true and fair view of its net worth, financial position and results, according to legal requirements, and each of the Directors should have access to all the necessary information for this before they put their signature to the financial statements.</i></p> <p><i>In the event that the auditors' report on the financial statements contains reservations or qualifications, the Chairman of the Audit Committee and the auditors themselves shall explain to shareholders and to the markets the content and scope of such reservations and qualifications.</i></p> <p>2. <i>In matters related to the stock market and bearing in mind the Company's status as an issuer, the Board of Directors, either in full or through its Committees, shall undertake the following specific duties:</i></p> <p>a) <i>Supervising all periodic financial reports and in general the information released to the financial markets on all events, decisions and circumstances that may affect the Company's share price performance.</i></p> <p>b) <i>Adopting measures that contribute to the proper formation of the Company's share price.</i></p> <p>c) <i>Approving the Internal Regulations of Conduct for the Company and Group companies and making any necessary amendments thereto.</i></p>
<p>Article 9.- Principles of Conduct</p> <p><i>The Board of Directors must perform its functions in accordance with the corporate interests, these being understood to be the Company's interests, although this should not prevent consideration of the other legitimate public or private interests that come together in the performance of the activities of the Company.</i></p> <p><i>In this context, the actions of the Board of Directors and of the Board Committees shall be directed at maximising the long-term value, profitability and efficiency of the Company and at seeking the optimum development and functioning of the markets and systems managed by the Group companies.</i></p>	<p>Article 9.- Principles of Conduct</p> <p><i>The Board of Directors must perform its functions in accordance with the corporate interests, these being understood to be the Company's interests, although this should not prevent consideration of the other legitimate public or private interests that come together in the performance of the activities of the Company.</i></p> <p><i>In this context, the actions of the Board of Directors, of its delegate bodies and the Board Committees shall be directed at maximising the long-term value, profitability and efficiency of the Company and at seeking the optimum development and functioning of the markets and systems managed by the Group companies.</i></p>

<p style="text-align: center;">CHAPTER III</p> <p style="text-align: center;"><u>OPERATION OF THE BOARD OF DIRECTORS</u></p>	<p style="text-align: center;">CHAPTER III</p> <p style="text-align: center;"><u>OPERATION OF THE BOARD OF DIRECTORS</u></p>
<p>Article 10.- Board meetings and assessment of the Board and its Committees</p> <p>1. The Board of Directors shall ordinarily meet every month and in any event shall hold at least nine meetings per year, without prejudice to the Chairman’s power to call a meeting when a Deputy Chairman who is an independent director requests a meeting be called, whenever he sees fit, and when Directors representing at least one third of all Board members call a meeting if the Chairman has failed to call the meeting, without just cause, one month from the date he was requested to do so.</p> <p>The schedule for ordinary meetings shall be established by the Board of Directors itself at the commencement of each financial year, and may be modified by agreement of the Board itself or by decision of the Chairman, in which case the Chairman must give Directors due prior notice of the change.</p> <p>2. The Chairman shall decide the Agenda for the meeting. Directors may request the Chairman to include items on the Agenda and the Chairman is obliged to do so when this is requested by a Deputy Chairman who is an independent director or by at least four Directors at least 10 days in advance of the scheduled date of the meeting.</p> <p>3. The Board of Directors in full must annually assess the efficiency of its operation and the quality of its work on matters within its remit. The Board must also assess the operation of its Committees based on the reports they prepare on the performance of their tasks.</p> <p>Moreover, the Board of Directors shall assess annually the performance of the Chairman of the Board of Directors of the Company and the Company’s chief executive based on the report prepared by the Appointments and Remuneration Committee. For these purposes, the assessment of the performance of the Chairman of the Board and the Company’s chief executive shall be overseen by the Chairman of the Appointments and Remuneration Committee as an independent Director.</p>	<p>Article 10.- Board meetings and assessment of the Board and its Committees</p> <p>1. The Board of Directors shall ordinarily meet every month and in any event shall hold at least nine meetings per year, without prejudice to the Chairman’s power to call a meeting when a Deputy Chairman who is an independent director requests a meeting be called, whenever he sees fit, requested by the Lead Director and when requested by Directors representing at least one third of all Board members call a meeting if the Chairman has failed to call the meeting, without just cause, one month from the date he was requested to do so.</p> <p>The schedule for ordinary meetings shall be established by the Board of Directors itself at the commencement of each financial year, and may be modified by resolution of the Board itself or by decision of the Chairman, in which case the Chairman must give Directors due prior notice of the change.</p> <p>2. The Chairman shall decide the Agenda for the meeting. Directors may request the Chairman to include items on the Agenda and the Chairman is obliged to do so when this is requested by a Deputy Chairman who is an independent director Lead Director or by at least four Directors at least ten days prior to the date on which the meeting is scheduled to be held.</p> <p>3. The Board of Directors in full must annually assess the efficiency of its operation and the quality of its work on matters within its remit. The Board must also assess the operation of its Committees based on the reports they prepare on the performance of their tasks.</p> <p>4. Moreover The Board of Directors shall assess annually the performance of the Chairman of the Board of Directors and the CEO of the Company and the Company’s chief executive. based on the report prepared by the Appointments and Remuneration Committee. For these purposes, the assessment of the performance of the Chairman of the Board and the Company’s chief executive shall be overseen by the Chairman of the Appointments and Remuneration Committee as an independent Director. The process of evaluating the Chairman will be led by the Lead Director.</p>
<p>Article 11.- Conduct of meetings</p> <p>1. Directors shall make every effort to attend Board meetings and when they are unable to do so in person</p>	<p>Article 11.- Conduct of meetings</p> <p>1. Directors shall make every effort to attend Board meetings and when they are unable to do so in person</p>

<p>they shall endeavour to appoint another Director to represent them, giving him the appropriate instructions as to how to represent them. Representatives must be appointed in writing specifically for each meeting, and Directors may be appointed and act as proxies for more than one other Director.</p> <p>2. The Chairman shall organise and direct the discussions, endeavouring to ensure and encourage the participation of all the Directors in the Board's deliberations. The Chairman shall be responsible for putting resolutions to the vote once he considers that the matter has been discussed sufficiently, and each Director who is present or represented shall have one vote.</p> <p>3. Except when higher voting majorities are required by law or under the Articles of Association, resolutions shall be adopted by an absolute majority of the Board members who are either present or represented at the meeting.</p>	<p>they shall endeavour to appoint another Director to represent them. giving him the appropriate instructions as to how to represent them. Representatives must be appointed in writing specifically for each meeting, and Directors may be appointed and act as proxies for more than one other Director. In the case of non-executive Directors, they may only appoint another non-executive Director to represent them.</p> <p>Proxies must be appointed in writing specifically for each meeting and the appropriate instructions as to how to represent the Director appointing them must be given. Directors may be appointed and act as proxies for more than one other Director.</p> <p>2. The Chairman shall organise and direct the discussions, endeavouring to ensure and encourage the participation of all Directors in the Board's deliberations. The Chairman shall be responsible for putting resolutions to a vote once he considers that the matter has been discussed sufficiently, and each Director who is present or represented shall have one vote.</p> <p>3. Except when higher voting majorities are required by law or under the Articles of Association, resolutions shall be adopted by an absolute majority of the Board members who are either present or represented at the meeting.</p>
<p style="text-align: center;">(-)</p>	<p>Article 12.- Adoption of resolutions</p> <p>Except when higher voting majorities are required by law or under the Articles of Association, resolutions shall be adopted by an absolute majority of the Board members who are either present or represented at the meeting.</p>
<p style="text-align: center;"><u>CHAPTER IV</u></p> <p style="text-align: center;"><u>BOARD OFFICERS AND COMMITTEES</u></p> <p style="text-align: center;">Section 1</p> <p style="text-align: center;">Board Officers</p>	<p style="text-align: center;"><u>CHAPTER IV</u></p> <p style="text-align: center;"><u>BOARD OFFICERS AND COMMITTEES</u></p> <p style="text-align: center;">Section 1</p> <p style="text-align: center;">Board Officers</p>
<p>Article 12.- The Chairman of the Board of Directors</p> <p>1. The Board shall appoint a Chairman from among its members who shall be the Company's most senior institutional representative, have the power to represent it on an individual basis and be the guiding force behind the governance of the Company and Group companies, also fomenting the Board's functions of driving, directing and supervising the</p>	<p>Article 12 13.- The Chairman of the Board of Directors</p> <p>1. Following a report from the Appointments and Remuneration Committee, the Board shall appoint a Chairman from among its members who shall be the Company's most senior institutional representative, have the power to represent it on an individual basis and be the guiding force behind the governance of the Company and Group companies, also fomenting the Board's functions of driving, directing and supervising</p>

Company's ordinary business, and watching over the Board's responsibilities with regard to relations with shareholders and the markets.

The Chairman of the Board of Directors shall also be the Chairman of the Executive Committee, permanently representing both bodies, and holding the casting vote in all votes put to them.

The Chairman shall also work to ensure the independence and efficient working of the different Board Committees.

2. The Chairman, who holds the Company's highest management duties, in addition to the powers granted to him by law and under the Articles of Association the Chairman is responsible for:

a) Calling and chairing the meetings of the Board of Directors and the Executive Committee, drafting the agenda of these meetings and directing the discussions and voting carried out by both of them.

b) Chairing the Company's General Shareholders' Meetings and directing the discussions and votes carried out thereat.

c) Submitting to the Board any proposals he considers appropriate for the efficient running of the Company and particularly those relating to the operation of the Board itself and other company bodies, and proposing the candidates for the offices of Deputy Chairman, Managing Director and Secretary, and where applicable, Deputy Secretary of the Board.

3. If the office is vacant or the Chairman is absent, unable to attend or falls sick, his place shall be taken by the appropriate Deputy Chairman in accordance with the Articles of Association.

the Company's ordinary business, and watching over the Board's responsibilities with regard to relations with shareholders and the markets.

The Chairman of the Board of Directors shall also be the Chairman of the Executive Committee, permanently representing both bodies, and holding the casting vote in all votes put to them.

The Chairman shall also work to ensure the independence and efficient working of the different Board Committees.

2. The Chairman, who holds the Company's highest management duties, in addition to the powers granted to him by law and under the Articles of Association the Chairman is responsible for:

a) Calling and chairing the meetings of the Board of Directors and the Executive Committee, drafting the agenda of these meetings and directing the discussions and voting carried out by both of them.

b) Chairing the Company's General Shareholders' Meetings and directing the discussions and votes carried out thereat.

c) Ensuring that Directors receive sufficient information in advance to deliberate on the items included on the agenda of the related meetings.

d)–e) Submitting to the Board any proposals he considers appropriate for the efficient running of the Company and particularly those relating to the operation of the Board itself and other company bodies, and proposing the candidates for the offices of Deputy Chairman, Managing Director and Secretary, and where applicable, Deputy Secretary of the Board.

3. If the office is vacant or the Chairman is absent, unable to attend or falls sick, his place shall be taken by the appropriate Deputy Chairman in accordance with the Articles of Association.

<p>Article 13.- The Deputy Chairmen of the Board of Directors</p> <p>1. The Board of Directors may choose from among its members one or more Deputy Chairmen to stand in for the Chairman if he is absent, unable to attend, incapacitated or the office falls vacant.</p> <p>2. If more than one Deputy Chairman is appointed, each deputy chairmanship shall be numbered. The numerical seniority of the Deputy Chairmen shall determine the order in which they shall stand in for the Chairman. The Deputy Chairman, or one of them if there are several, must be an independent Director.</p> <p>3. A Deputy Chairman who is an independent director will be responsible for coordinating and giving voice to the concerns of the external Directors of the Company.</p>	<p>Article 13 14.- The Deputy Chairmen of the Board of Directors</p> <p>1. The Board of Directors, following a report from the Appointments and Remuneration Committee, may choose from among its members one or more Deputy Chairmen to stand in for the Chairman if he is absent, unable to attend, incapacitated or the office falls vacant.</p> <p>2. If there is more than one Deputy Chairman, each of the deputy chairmanships shall be numbered. The numerical seniority of the Deputy Chairmen shall determine the order in which they shall stand in for the Chairman. The Deputy Chairman, or one of them if there are several, must be an independent Director.</p> <p>3. A Deputy Chairman who is an independent director will be responsible for coordinating and giving voice to the concerns of the external Directors of the Company.</p>
<p>(-)</p>	<p>Article 15.- The Lead Director</p> <p>The Board of Directors, with the abstention of any executive Directors, shall appoint from among the independent Directors a Lead Director, who shall be especially empowered to:</p> <p>a) Call a Board of Directors meeting or include new items on the agenda for a meeting already called.</p> <p>b) Coordinate and meet with non-executive Directors.</p> <p>c) Lead the periodic evaluation of the Chairman of the Board of Directors.</p>
<p>Article 14.- The Secretary and Deputy Secretaries to the Board of Directors</p> <p>1. Having regard to appropriate standards of professional competence and independence, the Board of Directors shall appoint, subsequent to a report from the Appointments and Remuneration Committee, a Secretary and, optionally, one or more Deputy Secretaries, none of whom need be Directors, in which case they may speak at meetings but they may not vote. The Deputy Secretaries shall stand in for the Secretary in the event of absence, inability to attend, incapacity or if the office falls vacant. If there is more than one Deputy Secretary, the one to stand in shall be the one who has been in office the longest, and if they have been in office the same length of time, then it shall be the eldest.</p> <p>2. In addition to the functions assigned by law or under the Articles of Association, the Secretary of the Board of Directors, or, in his place, the Deputy Secretary,</p>	<p>Article 14 16.- The Secretary and Deputy Secretaries of the Board of Directors</p> <p>1. Having regard to appropriate standards of professional competence and independence, the Board of Directors shall appoint, subsequent to a report from the Appointments and Remuneration Committee, a Secretary and, optionally, one or more Deputy Secretaries, none of whom need be Directors, in which case they may speak at meetings but they may not vote. The Deputy Secretaries shall stand in for the Secretary in the event of absence, inability to attend, incapacity or if the office falls vacant. If there is more than one Deputy Secretary, the one to stand in shall be the one who has been in office the longest, and if they have been in office the same length of time, then it shall be the eldest.</p> <p>2. In addition to the functions assigned by law or under the Articles of Association, the Secretary of the Board of Directors, or, in his place, the Deputy Secretary,</p>

<p>shall also be responsible for:</p> <p>a) Safeguarding corporate documents, recording the proceedings of meetings in the minutes books and certifying the resolutions adopted by Company bodies for which he is the Secretary.</p> <p>b) Ensuring that the actions taken by the Board of Directors and the Committees he forms part of, are in compliance with the law, the Articles of Association and the rules of corporate governance that are applicable to them.</p> <p>c) Serving as a general conduit for the Company's relations with the Directors in all aspects relating to the operation of the Board of Directors and the Committees on which he sits in accordance with the Chairman's instructions.</p> <p>d) Giving effect to and facilitating the Directors' right to information in the terms envisaged herein.</p> <p>e) Acting as Secretary to the Executive Committee.</p> <p>f) Acting as Secretary at the Company's General Shareholders' Meetings.</p>	<p>shall also be responsible for:</p> <p>a) Safeguarding corporate documents, recording the proceedings of meetings in the minutes books and certifying the resolutions adopted by Company bodies for which he is the Secretary.</p> <p>b) Ensuring that the actions taken by the Board of Directors and the Committees he forms part of, are in compliance with the current legislation the law, the Articles of Association and other internal legislation. and the rules of corporate governance that are applicable to them.</p> <p>c) Serving as a general conduit for the Company's relations with the Directors in all aspects relating to the operation of the Board of Directors and the Committees on which he sits in accordance with the Chairman's instructions.</p> <p>d) Assisting the Chairman to ensure that the Directors receive the relevant information necessary to carry out their duties with sufficient advance notice and in the appropriate format. Giving effect to and facilitating the Directors' right to information in the terms envisaged herein.</p> <p>e) Acting as Secretary to the Executive Committee.</p> <p>f) Acting as Secretary at the Company's General Shareholders' Meetings.</p>
<p>Section 2 Committees</p>	<p>Section 2 Committees</p>
<p>Article 15.- Board Committees</p> <p>1. By law and under the Articles of Association, the Board of Directors must set up an Executive Committee, an Audit Committee, an Appointments and Remuneration Committee and a Markets and Systems Operating Procedures Committee, composed by members of the Board of Directors. It may also set up other purely internal Committees whose members need not necessarily be Directors.</p> <p>2. Without prejudice to the provisions expressly stipulated in the Articles of Association or herein, the Committees shall regulate their own operation and shall meet when called by their respective Chairman. They shall also appoint a Secretary selected from among their members, although the Secretary to the Board of Directors or any of the Deputy Secretaries or any of the Company's legal advisors may also be appointed to this office.</p>	<p>Article 15 17.- Board Committees</p> <p>1. By law and under the Articles of Association, the Board of Directors must set up an Executive Committee, an Audit Committee, an Appointments and Remuneration Committee and a Markets and Systems Operating Procedures Committee, composed by members of the Board of Directors. It may also set up other purely internal Committees whose members need not necessarily be Directors.</p> <p>2. Without prejudice to the provisions expressly stipulated in the Articles of Association or herein, the Committees shall regulate their own operation and shall meet when called by their respective Chairman. They shall also appoint a Secretary selected from among their members, although the Secretary to the Board of Directors or any of the Deputy Secretaries or any of the Company's legal advisors may also be appointed to this office.</p>

<p><i>Depending on the topics to be discussed, the relevant Chairman may invite the attendance at Committee meetings of Company managers, and Directors or managers of Group companies and, in general, any other parties who may be able to assist the Committees in the better performance of their functions.</i></p> <p><i>3. The Committee Chairmen shall report on Committee activities to the Board of Directors on an annual basis.</i></p> <p><i>4. In addition to the provisions laid down by law, the Articles of Association and herein, the Committees shall be governed by their own specific rules as approved the Board of Directors and, on a supplementary basis, by the rules applicable to the Board of Directors insofar as they are compatible with the nature and functions of each Committee.</i></p>	<p><i>Depending on the topics to be discussed, the relevant Chairman may invite the attendance at Committee meetings of Company managers, and Directors or managers of Group companies and, in general, any other parties who may be able to assist the Committees in the better performance of their functions.</i></p> <p><i>3. The Committee Chairmen shall report on Committee activities to the Board of Directors on an annual basis.</i></p> <p><i>4. In addition to the provisions laid down by law, the Articles of Association and herein, the Committees shall be governed by their own specific rules as approved the Board of Directors and, on a supplementary basis, by the rules applicable to the Board of Directors insofar as they are compatible with the nature and functions of each Committee.</i></p>
<p>Article 16.- The Executive Committee</p> <p><i>1. The Board of Directors shall appoint an Executive Committee consisting of at least three and not more than seven Directors designated by the Board, which shall endeavour in any event to ensure that the size and composition of the Executive Committee comply with criteria of efficiency and reflect the basic structure of the Board's composition.</i></p> <p><i>Without prejudice to any other matters that may be delegated to it by the Board of Directors, the Executive Committee shall be responsible for:</i></p> <p><i>a) The continuous monitoring and supervision of the administration and day-to-day management of the Company, also ensuring that there is adequate coordination between the Group companies for their mutual benefit and that of the Company.</i></p> <p><i>b) Analysing and proposing to the Board of Directors the guidelines that are to define the Company's strategy, and supervising their implementation.</i></p> <p><i>c) Discussing and reporting to the Board of Directors on all issues relating to the following:</i></p> <ul style="list-style-type: none"> <i>- The Company's individual and consolidated annual budget</i> <i>- Significant tangible or financial investments and their corresponding economic rationale.</i> <i>- Collaboration agreements with other companies which due their size or nature are significant for the Company</i> <i>- Financial operations of particular economic importance for the Company.</i> <i>- Assessment of the Company's achievement of its</i> 	<p>Article 16 18.- The Executive Committee</p> <p><i>1. The Board of Directors shall appoint an Executive Committee consisting of at least three and not more than seven Directors designated by the Board, which shall endeavour in any event to ensure that the size and composition of the Executive Committee comply with criteria of efficiency and reflect the basic structure of the Board's composition.</i></p> <p><i>Without prejudice to any other matters that may be delegated to it by the Board of Directors, the Executive Committee shall be responsible for:</i></p> <p><i>a) The continuous monitoring and supervision of the administration and day-to-day management of the Company, also ensuring that there is adequate coordination between the Group companies for their mutual benefit and that of the Company.</i></p> <p><i>b) Analysing and proposing to the Board of Directors the guidelines that are to define the Company's strategy, and supervising their implementation.</i></p> <p><i>c) Discussing and reporting to the Board of Directors on all issues relating to the following:</i></p> <ul style="list-style-type: none"> <i>- The Company's individual and consolidated annual budget</i> <i>- Significant tangible or financial investments and their corresponding economic rationale.</i> <i>- Collaboration agreements with other companies which due their size or nature are significant for the Company</i> <i>- Financial operations of particular economic importance for the Company.</i> <i>- Assessment of the Company's achievement of its</i>

<p>objectives</p> <p>d) Adopting resolutions relating to the acquisition or disposal of the Company's own shares, if and as authorised at the General Shareholders' Meeting, with the option of appointing a Committee member to execute decisions to buy and sell treasury stock.</p> <p>2. The Chairman and Secretary of the Board of Directors shall act as Chairman and Secretary of the Executive Committee and the system for their substitution shall be that established for the Board itself; the Chairman shall also hold the casting vote in the event of a tie.</p> <p>3. Members of the Executive Committee shall continue to serve as Committee members as long as they are not removed by the Board itself and they remain members of the Board of Directors.</p> <p>4. The Chairman shall call a meeting of the Executive Committee at least once a month, or whenever a meeting is requested by at least two of its members.</p> <p>5. At each meeting of the Board of Directors the Executive Committee shall report on the topics discussed and resolutions adopted at the meetings it has held since the last Board meeting, so that the Secretary can submit a copy of the Minutes of the Commission's meeting to the members of the Board of Directors.</p> <p>6. The provisions laid down by the Articles of Association and herein regarding the operation of the Board of Directors shall also apply to the Executive Committee, insofar as they are not incompatible with its nature and functions.</p>	<p>objectives.</p> <p>d) Adopting resolutions relating to the acquisition or disposal of the Company's own shares, if and as authorised at the General Shareholders' Meeting and the general policy regarding treasury shares established by the Board of Directors. with the option of appointing a Committee member to execute decisions to buy and sell treasury stock.</p> <p>2. The Chairman and Secretary of the Board of Directors shall act as Chairman and Secretary of the Executive Committee and the system for their substitution shall be that established for the Board itself; the Chairman shall also hold the casting vote in the event of a tie.</p> <p>3. Members of the Executive Committee shall continue to serve as Committee members as long as they are not removed by the Board itself and they remain members of the Board of Directors.</p> <p>4. The Chairman shall call a meeting of the Executive Committee at least once a month, or whenever a meeting is requested by at least two of its members.</p> <p>5. At each meeting of the Board of Directors the Executive Committee shall report on the topics discussed and resolutions adopted at the meetings it has held since the last Board meeting, so that the Secretary can submit a copy of the Minutes of the Commission's meeting to the members of the Board of Directors.</p> <p>6. The provisions laid down by the Articles of Association and herein regarding the operation of the Board of Directors shall also apply to the Executive Committee, insofar as they are not incompatible with its nature and functions.</p>
<p>Article 17.- Audit Committee</p> <p>1. The Board of Directors shall set up an Audit Committee whose members, consisting of a minimum of three and a maximum of five Directors, shall be appointed and removed by the Board of Directors. All the Committee members must be non-executive Directors, and most of them must be independent Directors.</p> <p>The Chairman of the Audit Committee shall be appointed by the Board of Directors from among the independent Directors and must be replaced every four years, being eligible for re-election one year after completing his term. In the event of the absence or temporary inability of the Chairman, his place shall be taken by the independent Director Committee member designated for that purpose by the Board of Directors</p>	<p>Article 17 19.- Audit Committee</p> <p>1. The Board of Directors shall set up an Audit Committee whose members, consisting of a minimum of three and a maximum of five Directors, must be appointed and removed by the Board of Directors. All of the Committee members must be non-executive Directors, and most of them, under no circumstances less than two, must be independent Directors.</p> <p>The Chairman of the Audit Committee shall be appointed by the Board of Directors from among the independent Directors and must be replaced every four years, being eligible for re-election one year after completing his term. In the event of the absence or temporary inability of the Chairman, his place shall be taken by the independent Director Committee member</p>

and, in his absence, by the eldest independent Director Committee member and, if the independent members are the same age, by the one chosen by lot.

The Audit Committee shall meet whenever it is convened by the Chairman or a meeting is requested by at least two of its members, and at the request of the Board of Directors. Committee meetings shall be held at the Company's registered office or at any other venue decided by the Chairman and specified in the notice calling the meeting, and there shall be a quorum for the meeting when the majority of the Committee members are present or represented. Resolutions must be adopted with the favourable vote of the majority of the members who are present or represented at the meeting. When there is a tie in voting, the Chairman or the person standing in for him shall have the casting vote.

The Secretary to the Committee shall be appointed by the Board of Directors from among the Committee members and shall draw up the Minutes of the resolutions adopted, and report on the resolutions to the Board. The Board may also appoint the Board Secretary or any of the Deputy Secretaries as Secretary to the Committee even if they are not Committee members, as well as a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but he may not vote.

2. The Audit Committee shall have the following responsibilities:

- a) To report, via its Chairman, to the General Shareholders' Meeting in regard to the matters raised by shareholders that fall within the Committee's scope of competence.
- b) To propose to the Board of Directors, present to the General Shareholders' Meeting for consideration, its recommendation to appoint auditors or audit companies in accordance with the legislation applicable to the Company, and, if applicable, the terms of their engagement, the scope of their

designated for that purpose by the Board of Directors and, in his absence, by the eldest independent Director Committee member and, if the independent members are the same age, by the one chosen by lot.

The Secretary to the Committee shall be appointed by the Board of Directors from among the Committee members and he shall draw up the minutes of the resolutions adopted. The Board may also appoint as Secretary to the Committee the Board Secretary or any of the Deputy Secretaries, even if they are not Committee members, as well as a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but not vote.

The Audit Committee shall meet whenever it is convened by the Chairman or a meeting is requested by at least two of its members, and at the request of the Board of Directors. Committee meetings shall be held at the Company's registered office or at any other venue decided by the Chairman and specified in the notice calling the meeting, and there shall be a quorum for the meeting when the majority of the Committee members are present or represented. Resolutions must be adopted with the favourable vote of the majority of the members who are present or represented at the meeting. When there is a tie in voting, the Chairman or the person standing in for him shall have the casting vote.

~~**The Secretary to the Committee shall be appointed by the Board of Directors from among the Committee members and shall draw up the Minutes of the resolutions adopted, and report on the resolutions to the Board. The Board may also appoint the Board Secretary or any of the Deputy Secretaries as Secretary to the Committee even if they are not Committee members, as well as a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but he may not vote.**~~

2. The Audit Committee shall have the following responsibilities:

- a) To report, via its Chairman, to the General Shareholders' Meeting in regard to the matters raised by shareholders that fall within the Committee's scope of competence.
- b) To propose to the Board of Directors, present to the General Shareholders' Meeting for consideration, its recommendation to **select**, appoint, **re-elect and remove external** auditors or audit companies in accordance with the legislation applicable to the Company, and, if applicable, the terms of their engagement and the scope of their professional remit.

professional remit, and the termination or renewal of their appointment. Should the external auditors resign their appointment, the Committee shall examine the reasons why.

c) To supervise the Company's internal audit services which shall depend on the Audit Committee, reporting to the Board of Directors. To this end, the Committee shall monitor the independence and efficiency of the internal audit functions, proposing the selection, appointment, re-election and termination of the head of the internal audit service, as well as the budget for the service, receiving periodical information in regard to its activities and verifying that senior management takes into consideration the conclusions and recommendations of its reports. It shall also establish and supervise the proceedings whereby Company personnel may anonymously report any irregularity in the internal control and risk management systems.

d) To supervise the preparation and presentation of regulated financial information.

e) To supervise the efficiency of the Company's internal control and risk control systems. To this end, the internal control and risk management systems shall be supervised by the Committee at least once a year, to ensure that the main risks are adequately identified, managed and reported, and will discuss with the auditors or audit firms or experts appointed for that purpose any significant weaknesses detected in the auditing process.

f) To liaise with the external auditors in order to receive information on any issues that might jeopardise the latter's independence, for examination by the Committee and any others connected with the auditing procedure, and to maintain with the auditors the communications envisaged in audit legislation and in the technical auditing regulations. The Committee shall also receive information from the external auditors on a regular basis regarding the audit plan and the results of its execution, ensuring that the auditors' recommendations are taken into consideration by senior management.

The Committee shall also monitor compliance with the regulations in force concerning the provision of services other than auditing, the limits in regard to business concentration of the auditor and, in general, any other rules aimed at ensuring the auditors' independence. Each year the Committee will receive from the auditors written confirmation of their independence of the Company, as well as information

~~The Committee shall investigate the issues giving rise to the resignation of any external auditor. **and the termination or renewal of their appointment. Should the external auditors resign their appointment, the Committee shall examine the reasons why.**~~

c) To supervise the Company's internal audit services which shall be answerable to the Audit Committee, reporting to the Board of Directors. To this end, the Committee shall monitor the independence and efficiency of the internal audit functions, proposing the selection, appointment, re-election and termination of the head of the internal audit service, as well as the budget for the service, receiving periodical information in regard to its activities and verifying that senior management takes into consideration the conclusions and recommendations of its reports. It shall also establish and supervise the proceedings whereby Company personnel may anonymously report any irregularity in the internal control and risk management systems.

d) To supervise the preparation and presentation of regulated financial information.

e) To supervise the efficiency of the Company's internal control and risk control systems, **including tax risks**. To this end, the internal control and risk management systems shall be supervised by the Committee at least once a year, to ensure that the main risks are adequately identified, managed and reported, and will discuss with the auditors or audit firms or experts appointed for that purpose any significant weaknesses detected in the auditing process.

f) To liaise with the external auditors in order to receive information on any issues that might jeopardise the latter's independence, for examination by the Committee and any others connected with the auditing procedure, and to maintain with the auditors the communications envisaged in audit legislation and in the technical auditing regulations. The Committee shall also receive information from the external auditors on a regular basis regarding the audit plan and the results of its execution, ensuring that the auditors' recommendations are taken into consideration by senior management. The Committee shall also monitor compliance with the regulations in force concerning the provision of services other than auditing, the limits in regard to business concentration of the auditor and, in general, any other rules aimed at ensuring the auditors' independence. Each year the **external** auditors will issue written confirmation of their independence from the Company, as well as information on any other type of service **provided and**

on any other type of service provided by the auditors or persona or entities related to them.

g) Issue a report each year, prior to the auditor's report, stating an opinion on the independence of the auditors and on the provision of any kind of additional service.

h) Be informed of the fiscal policies applied by the Company. To that effect, it must receive information from the head of the tax department on the fiscal policies applied, at least, prior to the preparation of the financial statements and the filing of the corporate tax return and, whenever relevant, on the fiscal consequences of corporate operations submitted to the Board of Directors for approval.

i) Any other general or specific tasks regarding reporting and proposals commissioned by the Board of Directors, or required in order to comply with the regulations in force at any given time.

3. The Audit Committee must report to the Board of Directors on its activities in the course of each year, and the Secretary will send the members of the Board a copy of the minutes of Committee meetings. The Company shall file a significant event notice with the CNMV in the event of a change of auditor, explaining the reasons for the change.

5. In order to perform its tasks the Committee may

the related fees received by the **external** auditors or persons or entities related thereto.

g) To issue a report each year, prior to the auditor's report, stating an opinion on the independence of the auditors and on **the valuation of the provision of any kind of additional service, considered individually or on a whole, other than the legally stipulated audit and in relation to the independence or regulations governing the audit.**

h) To be informed of the fiscal policies applied by the Company. To that effect, it must receive information from the head of the tax department on the fiscal policies applied, at least, prior to the preparation of the financial statements and the filing of the corporate tax return and, whenever relevant, on the tax consequences of corporate operations submitted to the Board of Directors for approval.

i) To issue a prior report to the Board of Directors on the financial information that the Company must periodically make public; the creation or acquisition of ownership interests in special-purpose entities or companies domiciled in countries or territories considered to be tax havens; and transactions with related parties.

j) To report on transactions carried out by a Director or parties related thereto with the Company or its Group, provided that the transaction does not involve a value of more than 10% of Company assets, the use of Company assets or the use of a specific business opportunity.

k) To report on transactions that the Company or companies of the Group carry out with shareholders holding significant ownership interest, including shareholders represented on the Board of Directors of the Company or other companies that form part of the same group or with persons related thereto.

l) Any other general or specific tasks regarding reporting and proposals commissioned by the Board of Directors, or required in order to comply with the regulations in force at any given time.

3. The Audit Committee must report to the Board of Directors on its activities in the course of each year, and the Secretary will send the members of the Board of Directors a copy of the minutes of Committee meetings. The Company shall file a significant event notice with the CNMV in the event of a change of auditor, explaining the reasons for the change.

4. In order to perform its tasks the Committee may seek the assistance and collaboration of independent

<p>seek the assistance and collaboration of independent experts and the attendance at its meetings of Company and Group company executives.</p> <p>6. The Board of Directors may give effect to the foregoing set of rules in the Board Regulations and, as appropriate, in the Audit Committee Regulations.</p>	<p>experts and the attendance at its meetings of Company and Group company executives.</p> <p>5. The Board of Directors may give effect to the foregoing set of rules in the Board Regulations and, as appropriate, in the Audit Committee Regulations.</p>
<p>Article 18.- Appointments and Remuneration Committee</p> <p>1. The Board of Directors shall set up an Appointments and Remuneration Committee as a non-executive body, empowered to report, advise and submit proposals to the Board on matters within its remit. The Committee shall comprise at least three and at most five Directors, appointed by the Board of Directors from among its non-executive members. The Board shall also appoint the Chairman of the Appointments and Remuneration Committee from among the independent Directors, and the Committee Secretary. This latter office need not be held by a member of the Committee and may be filled by the Board Secretary or any of the Deputy Secretaries, as well as by a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but not vote.</p> <p>The members of the Appointments and Remuneration Committee shall remain in office for as long as they continue to be Company Directors, unless the Board of Directors resolves to remove them. It shall be the responsibility of the Board of Directors to reappoint and remove the members of the Committee.</p> <p>2. The Appointments and Remuneration Committee is responsible for reporting to the Board of Directors on the following matters:</p> <p>a) Compliance with the requirements laid down by law and under the Articles of Association and herein, regarding any proposed appointment of a Director by co-option and in relation to any proposals to be made by the Board to the General Shareholders' Meeting regarding the appointment, ratification or removal of Directors. Such proposals must be preceded by the relevant report by the Committee which must assign the new Director to one of the categories envisaged herein and also assess his impact on the structure and composition of the Board, also ensuring that the process for the selection of Directors does not discriminate on the basis of gender. In any event, the Appointments and Remuneration Committee shall be responsible for submitting to the Board all proposals for the appointment or re-election of independent</p>	<p>Article 18 20.- Appointments and Remuneration Committee</p> <p>1. The Board of Directors shall set up an Appointments and Remuneration Committee as a non-executive body, empowered to report, advise and submit proposals to the Board on matters within its remit.</p> <p>The Committee shall comprise at least three and at most five Directors, appointed by the Board of Directors from among its non-executive members, of which at least two must be independent Directors.</p> <p>The Board shall also appoint the Chairman of the Appointments and Remuneration Committee from among the independent Directors, and the Committee Secretary. This latter office need not be held by a member of the Committee and may be filled by the Board Secretary or any of the Deputy Secretaries, as well as by a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but not vote.</p> <p>The members of the Appointments and Remuneration Committee shall remain in office for as long as they continue to be Company Directors, unless the Board of Directors resolves to remove them. It shall be the responsibility of the Board of Directors to reappoint and remove the members of the Committee.</p> <p>2. The Appointments and Remuneration Committee is responsible, among others, for reporting to the Board of Directors on the following matters functions:</p> <p>a) Compliance with the requirements laid down by law and under the Articles of Association and herein, regarding any proposed appointment of a Director by co-option and in relation to any proposals to be made by the Board to the General Shareholders' Meeting regarding the appointment, ratification or removal of Directors. Such proposals must be preceded by the relevant report by the Committee which must assign the new Director to one of the categories envisaged herein and also assess his impact on the structure and composition of the Board, also ensuring that the process for the selection of Directors does not discriminate on the basis of gender. In any event, the Appointments and Remuneration Committee</p>

Directors for submission to the General Shareholders' Meeting, and for their provisional appointment by co-option, and must prepare a prior report on the other Directors.

In addition, every year when the annual Corporate Governance report is prepared, it will inform the Board of Directors of the independent Board members' continuous compliance with the conditions regarding their independence required under the legislation in force, the Articles of Association and these Regulations.

b) Compliance with the Articles of Association and the Board of Directors Regulations regarding the appointment, re-election and removal of members of the Board of Directors proposed to sit on any of the Board Committees, as well as, where applicable, to hold any office thereon.

c) Compliance with the Articles of Association and the Board of Directors Regulations regarding the appointment and removal of the Secretary and, as appropriate, Deputy Secretaries of the Board.

d) Proposals on the Directors' remuneration to be submitted to the General Shareholders' Meeting or to

~~shall be responsible for submitting to the Board all proposals for the appointment or re-election of independent Directors for submission to the General Shareholders' Meeting, and for their provisional appointment by co-option, and must prepare a prior report on the other Directors.~~

~~In addition, every year when the annual Corporate Governance report is prepared, it will inform the Board of Directors of the independent Board members' continuous compliance with the conditions regarding their independence required under the legislation in force, the Articles of Association and these Regulations.~~

a) To evaluate the balance of skills, knowledge and experience on the Board of Directors. For such purposes, it shall define the roles and capabilities required of the candidates to fill each vacancy, and shall evaluate the time and dedication necessary for them to effectively perform their duties.

b) To establish a target representation of the gender least represented on the Board of Directors and preparing guidelines of how to achieve this objective.

c) To present to the Board of Directors the proposals for the appointment of independent Directors and those classified as other external Directors to be appointed by co-option or to be submitted to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such Directors by the General Shareholders' Meeting.

d) To report on the proposals for the appointment of proprietary or executive Directors to be appointed by co-option or to be submitted to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal thereof by the General Shareholders' Meeting.

e) ~~b)~~ To report on compliance with the Articles of Association and the Board of Directors Regulations regarding the appointment, re-election and removal of members of the Board of Directors whose names are put forward to sit on any of the Board Committees, as well as, where applicable, to hold any office thereon.

f) ~~e)~~ To report on compliance with the Articles of Association and the Board of Directors Regulations regarding the appointment and removal of the **Chairman, Deputy Chairmen, Secretary** and, as appropriate, Deputy Secretaries of the Board.

~~d) Proposals on the Directors' remuneration to be submitted to the General Shareholders' Meeting or~~

be approved by the Board in accordance with the relevant shareholders' resolution, considering, among other aspects, the type of Director and the offices, functions and commitment of each of the Directors on the Board and the Board Committees.

e) Any other general or specific tasks commissioned by the Board.

The Appointments and Remuneration Committee shall also examine or organise, in appropriate form, the succession of the Chairman and Chief Executive, making proposals to the Board so the handover proceeds in a planned and arranged manner.

The Appointments and Remuneration Committee shall also be cognisant with the structure and policy for the senior management pay and incentives, and monitor the decisions taken and criteria applied on the matter at the Group companies, report on the appointment and removal of senior executives of the Company and, if appropriate, propose the basic conditions of the contracts entered into with them. Additionally, at the request of the Board of Directors, it shall supervise compliance with the rules of corporate governance.

3. The Committee shall meet as often as is necessary in the Chairman's opinion for the performance of its functions, at the request of the Board of Directors and

~~to be approved by the Board in accordance with the relevant shareholders' resolution, considering, among other aspects, the type of Director and the offices, functions and commitment of each of the Directors on the Board and the Board Committees.~~

g) To report on proposals for the appointment and removal of senior executives and the basic terms and conditions of their contracts.

This Committee shall also monitor the decisions taken and criteria applied with regard to remuneration and incentives for senior executives at Group companies.

h) To examine and organise the succession of the Chairman of the Board of Directors and the CEO of the Company and, where applicable, make recommendations to the Board of Directors to ensure a smooth and well-planned handover.

i) To propose to the Board of Directors the remuneration policy for Directors, general managers and those that carry out senior executive functions and report directly to the Board or the Executive Committee, as well as the individual remuneration and other contractual conditions of executive Directors, and to ensure that such policies are observed.

j) To supervise, at the request of the Board of Directors, compliance with the rules of corporate governance.

k) e) Any other general or specific tasks commissioned by the Board.

~~The Appointments and Remuneration Committee shall also examine or organise, in appropriate form, the succession of the Chairman and Chief Executive, making proposals to the Board so the handover proceeds in a planned and arranged manner.~~

~~The Appointments and Remuneration Committee shall also be cognisant with the structure and policy for the senior management pay and incentives, and monitor the decisions taken and criteria applied on the matter at the Group companies, report on the appointment and removal of senior executives of the Company and, if appropriate, propose the basic conditions of the contracts entered into with them. Additionally, at the request of the Board of Directors, it shall supervise compliance with the rules of corporate governance~~

3. The Committee shall meet as often as is necessary in the Chairman's opinion for the performance of its

<p><i>whenever a meeting is requested by at least two Committee members. A copy of the Minutes of Committee meetings shall be delivered to all Board members by the Committee Secretary.</i></p> <p><i>There shall be a quorum at Committee meetings when a majority of Committee members are present or represented, and resolutions shall be adopted by an absolute majority of the members who are present or represented. When there is a tie in voting, the Chairman shall have the casting vote. The Committee shall report to the Board on the performance of its functions and tasks in the course of each year.</i></p>	<p><i>functions, at the request of the Board of Directors and whenever a meeting is requested by at least two Committee members. A copy of the minutes of Committee meetings shall be delivered to all Board members by the Committee Secretary.</i></p> <p><i>There shall be a quorum at Committee meetings when a majority of Committee members are present or represented by proxy, and resolutions shall be adopted by an absolute majority of the members who are present or represented. In the event of a tie, the Chairman shall have the casting vote. The Committee shall report to the Board on the performance of its functions and tasks in the course of each year.</i></p>
<p>Article 19.- Markets and Systems Operating Procedures Committee</p> <p><i>1. The Board of Directors shall set up a Market and Systems Operating Procedures Committee consisting of at least three and not more than five Directors appointed by the Board of Directors.</i></p> <p><i>The Board shall also appoint the Chairman of the Committee from among its members and the Committee Secretary. This latter office need not be held by a member of the Committee and may be filled by the Board Secretary or any of the Deputy Secretaries, as well as by a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but not vote.</i></p> <p><i>It shall be the responsibility of the Board of Directors to re-elect and remove members of the Committee.</i></p> <p><i>The Chairman of the Committee, who shall have the casting vote in the event of a tie, is responsible for calling Committee meetings at which there shall be a quorum when a majority of Committee members are present or represented, with resolutions being adopted by an absolute majority of those members.</i></p> <p><i>2. The Markets and Systems Operating Procedures Committee, which shall be governed by the provisions laid down in the Articles of Association and herein, shall have the following responsibilities:</i></p> <p><i>a) To analyse and monitor the procedures and regulations laid down by Group companies for the proper functioning of the markets and systems they manage.</i></p> <p><i>b) To be cognisant with the procedures established so that normal market conditions and the principle of equal treatment are applied to the transactions, operations and actions which the Company, its Directors or shareholders with significant and stable capital shareholdings perform as issuers, clients or users in the markets and systems managed by Group</i></p>	<p>Article 49 21 .- Markets and Systems Operating Procedures Committee</p> <p><i>1. The Board of Directors shall set up a Markets and Systems Operating Procedures Committee consisting of at least three and not more than five Directors. appointed by the Board of Directors.</i></p> <p><i>The Board of Directors shall appoint the Chairman of the Committee from among its members and the Committee Secretary. This latter office need not be held by a member of the Committee and may be filled by the Board Secretary or any of the Deputy Secretaries, as well as by a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but not vote.</i></p> <p><i>It shall be the responsibility of the Board of Directors to reappoint and remove the members of the Committee.</i></p> <p><i>The Chairman of the Committee, who shall have the casting vote in the event of a tie, is responsible for calling Committee meetings at which there shall be a quorum when a majority of Committee members are present or represented by proxy, with resolutions being adopted by an absolute majority of those members.</i></p> <p><i>2. The Markets and Systems Operating Procedures Committee, which shall be governed by the provisions laid down in the Articles of Association and herein, shall have the following responsibilities:</i></p> <p><i>a) To analyse and monitor the procedures and regulations laid down by Group companies for the proper functioning of the markets and systems they manage.</i></p> <p><i>b) To be cognisant with the procedures established so that normal market conditions and the principle of equal treatment are applied to the transactions, operations and actions which the Company, its Directors or shareholders with significant and stable shareholdings perform as issuers, clients or users in</i></p>

<p>companies.</p> <p>c) To be cognisant with the application of the Internal Regulations of Conduct of the Company and its Group, periodically receiving information in this regard from the Standards of Conduct Committee or equivalent body as envisaged in the aforementioned Regulations, and also reporting prior to any amendment of the Regulations that is submitted to the Company's Board of Directors for approval.</p> <p>d) Any other general or specific tasks regarding reporting and proposals commissioned by the Board of Directors, or required in order to comply with the regulations in force at any given time.</p> <p>The Markets and Systems Operating Procedures Committee shall report to the Board of Directors on the performance of its tasks, send the Board of Directors copy of the minutes of its meetings, and prepare any reports or proposals on them that may be requested by the Board of Directors.</p>	<p>the markets and systems managed by Group companies.</p> <p>c) To be cognisant with the application of the Internal Regulations of Conduct of the Company and its Group, periodically receiving information in this regard from the Standards of Conduct Committee or equivalent body as envisaged in the aforementioned Regulations, and also reporting prior to any amendment to the Regulations that is submitted for approval by the Company's Board of Directors for approval.</p> <p>d) Any other general or specific tasks regarding reporting and proposals commissioned by the Board. of Directors, or required in order to comply with the regulations in force at any given time.</p> <p>The Markets and Systems Operating Procedures Committee shall report to the Board of Directors on the performance of its tasks, send the Board of Directors copy of the minutes of its meetings, and prepare any reports or proposals on them that may be requested by the Board of Directors.</p>
<p>Section 3</p> <p>Rules governing Directors</p>	<p>Section 3</p> <p>Rules governing Directors</p>
<p>Article 20.- Appointment, Re-election, Resignation and Removal of Directors</p> <p>1. Appointment proposals that the Board of Directors submits to the General Shareholders Meeting, and any resolutions on appointments by co-option adopted by the Board, must be preceded by a proposal from the Appointments and Remuneration Committee, in the case of independent Directors, and in all cases by the relevant report from the Committee on compliance with the requirements laid down by law and under the Articles of Association and herein for Directors' appointments.</p>	<p>Article 20 22.- Appointment, Re-election, Resignation and Removal of Directors</p> <p>1. Appointment proposals that the Board of Directors submits to the General Shareholders Meeting, and any resolutions on appointments by co-option adopted by the Board, must be preceded by a proposal from the Appointments and Remuneration Committee, in the case of independent Directors, and in all cases by the relevant report from the Committee on compliance with the requirements laid down by law and under the Articles of Association and herein for Directors' appointments. The Appointments and Remuneration Committee is responsible for proposing the appointment or re-election of members of the Board of Directors if they are independent or other external Directors, and the Board of Directors is responsible for doing so in all other cases. In the case of Directors that are not considered independent or other external Directors, the proposal must be accompanied by a prior report from the Appointments and Remuneration Committee.</p> <p>In any case, the proposals for appointment or re-election of Directors must be accompanied by a explanatory report from the Board of Directors in which the proposed candidate's competence, experience and merit is evaluated, which shall be</p>

2. Proposals for the re-appointment of Directors shall be subject to the same rules as above, taking particularly into account the quality of services rendered and commitment during their previous term of office. Directors standing for re-election shall not take part in any discussions or decisions concerning their re-election. Independent directors may not be re-elected for more than three consecutive terms of office.

The Chairman, Deputy Chairmen and, where applicable, the Secretary of the Board of Directors who are re-appointed as Directors at the General Shareholders' Meeting shall remain in office without having to be re-elected, without prejudice to the Board of Director's power to terminate these appointments.

3. Directors shall vacate office when so decided by the General Shareholders' Meeting and at the end of the term for which they were appointed unless re-elected at the General Shareholders' Meeting.

The Board of Directors shall not propose the removal of any independent Directors before the end of the term for which they were appointed unless they have valid grounds for doing so on the basis of a proposal from the Appointments and Remuneration Committee. There shall be deemed to be valid grounds when Directors have failed to perform the functions inherent to their office or they are affected by any of the circumstances that are incompatible with their status as independent Directors.

4. As well as for the reasons stipulated in the Articles of Association, Directors must tender their resignation in the following circumstances:

a) In the cases of incompatibility or prohibition envisaged in the Articles of Association and herein.

b) In the case of non-independent Directors, when the shareholder whom they represent sells its entire shareholding, or in the appropriate numerical proportion to any reduction in that shareholder's stake.

c) In general, when their continuation in office could jeopardise the Company's interests.

When the aforementioned circumstances affect an individual representing a legal entity that is a Director, the latter must proceed immediately to replace that representative.

Any Director who vacate office before the end of his

attached to the minutes of the General Meeting or the Board meeting.

2. Proposals for the ~~re-appointment~~ re-election of Directors in particular **must evaluate** ~~shall be subject to the same rules as above, taking particularly into account~~—the quality of services rendered and commitment during their previous term of office. Directors standing for re-election shall not take part in any discussions or decisions concerning their re-election. ~~Independent directors may not be re-elected for more than three consecutive terms of office.~~

The Chairman, Deputy Chairmen and, where applicable, the Secretary of the Board of Directors who are re-appointed as Directors at the General Shareholders' Meeting shall remain in office without having to be re-elected, without prejudice to the Board of Director's power to terminate these appointments.

3. Directors shall cease to hold office when so decided by the General Shareholders' Meeting and at the end of the term for which they were appointed unless re-elected at the General Shareholders' Meeting.

The Board of Directors shall not propose the removal of any independent Directors before the end of the term for which they were appointed unless they have valid grounds for doing so on the basis of a proposal from the Appointments and Remuneration Committee. Just cause will be presumed when Directors have failed to perform the functions inherent to their office or they are affected by any of the circumstances that are incompatible with their status as independent Directors.

4. In addition to the reasons stipulated in the Articles of Association, Directors must tender their resignation in the following circumstances:

a) In the cases of incompatibility or prohibition envisaged in the Articles of Association and herein.

b) In the case of proprietary Directors, when the shareholder whom they represent sells its entire shareholding, or in the appropriate numerical proportion to any reduction in that shareholder's stake.

c) In general, when their continuation as Board members could jeopardise the Company's interests.

When the aforementioned circumstances affect an individual representing a legal entity that is a Director, the latter must proceed immediately to replace that representative.

Directors who stand down from the Board before the

<p>term for any reason, must explain the reasons therefore in a letter sent to all Board Members.</p>	<p>end of their term for any reason, must explain the reasons therefore in a letter sent to all Board members.</p>
<p>Article 21.- Incompatibilities, prohibitions and conflicts of interest</p> <p>Without prejudice to legal provisions and the Company's Articles of Association, Board Members shall be subject to the following rules on incompatibilities, prohibitions and conflicts of interest:</p> <p>a) Directors may not hold office or perform the functions of director, representative, manager, advisor or service provider at companies with the same, similar or complementary types of activity as the Company's, or companies wielding a dominant or controlling position thereupon, nor carry out such activities for their own account without the express and justified authorisation of the General Shareholders' Meeting, subject to a prior report by the Appointments and Remunerations Committee. This Committee must be informed of all professional commitments which may impede the Director from efficiently carrying out his functions.</p> <p>b) Independent Directors may not hold directorships at more than 4 companies whose shares are listed on Spanish or foreign stock markets, nor may they serve as Directors for more than 12 years without a break. Executive Directors may not hold directorships at any other listed company.</p> <p>c) Directors must not participate in discussions and votes by the Board of Directors and any of its Committees that refer to matters in respect of which the Directors or their related parties have a direct conflicting interest, and they must notify the Board of any such situations. Non-independent Directors must not participate in votes on matters in which the shareholders who proposed their appointment and the Company have a direct conflicting interest. At all events, the Company's Annual Corporate Governance Report shall give details of any situation of conflict of interest affecting Directors as disclosed by the Director concerned or via any other means.</p>	<p>Article 24 23 .- Incompatibilities, Prohibitions and conflicts of interest</p> <p>Without prejudice to legal provisions and the Company's Articles of Association, Board Members shall be subject to the following rules on incompatibilities, prohibitions and conflicts of interest:</p> <p>a) Directors may not hold office or perform the functions of director, representative, manager, advisor or service provider at companies with the same, similar or complementary types of activity as the Company's, or companies wielding a dominant or controlling position thereupon, nor carry out such activities for their own account without the express and justified authorisation of the General Shareholders' Meeting, subject to a prior report by the Appointments and Remunerations Committee. This Committee must be informed of all professional commitments which may impede the Director from efficiently carrying out his functions.</p> <p>b) Without prejudice to the provisions laid down by law and under the Articles of Association, independent Directors may not hold directorships at more than four companies whose shares are listed on Spanish or foreign stock markets. nor may they serve as Directors for more than 12 years without a break. Executive Directors may not hold directorships at any other listed company.</p> <p>c) Directors must not participate in discussions and votes by the Board of Directors and any of its Committees that refer to matters in respect of which the Directors or their related parties have a direct conflicting interest, and they must notify the Board of any such situations. Non-independent Directors must not participate in votes on matters in which the shareholders who proposed their appointment and the Company have a direct conflicting interest. At all events, the Company's Annual Corporate Governance Report shall give details of any situation of conflict of interest affecting Directors as disclosed by the Director concerned or via any other means.</p>
<p>Article 22.- Directors' right to information and advice</p> <p>When required for the performance of their functions, Directors shall have the broadest powers to obtain information on any aspect of Company and its Group,</p>	<p>Article 22 24.- Directors' right to information and advice</p> <p>When required for the performance of their functions, Directors shall have the broadest powers to obtain information on any aspect of Company and its Group,</p>

<p><i>and shall be granted access to any documents, registers, past records or any other information they may require.</i></p> <p><i>All requests for information shall be addressed to the Chairman and shall be dealt with by the Board Secretary who shall directly provide the information required or put the Director in contact with the appropriate person within the Company, while ensuring that the necessary measures are taken to guarantee that the Directors' right to information is met to their full satisfaction.</i></p>	<p><i>and shall be granted access to any documents, registers, past records or any other information they may require.</i></p> <p><i>All requests for information shall be addressed to the Chairman and shall be dealt with by the Secretary of the Board who shall directly provide the information required or put the Director in contact with the appropriate person within the Company, while ensuring that the necessary measures are taken to guarantee that the Directors' right to information is met to their full satisfaction.</i></p>
<p>(-)</p>	<p>Article 25.- Due diligence</p> <p>1. Directors must perform their duties and comply with the duties imposed by law and under the Articles of Association with the standard of care of an orderly businessman, taking into account the nature of the office and the functions attributed to each of them.</p> <p>2. Directors must have the dedication required, take the measures necessary to carry out adequate management and control of the Company and contribute to the Board's function of driving, directing and supervising the management and the ordinary business of the Company.</p> <p>3. Directors shall specifically be obliged to:</p> <p>a) Request from the Company the information necessary to prepare for the meetings of the Board and any Committees they belong to.</p> <p>b) Personally attend meetings of the corporate bodies they belong to and actively participate in all discussions, thereby contributing effectively to the opinion-forming and decision-taking process.</p> <p>If a justified cause prevents them from personally attending meetings to which they have been called, Directors should give instructions to the Director who is to represent them, as appropriate.</p> <p>c) Call a meeting of the corporate bodies to which they belong when they consider this to be in the Company's interests, proposing such items on the agenda as they consider necessary.</p> <p>d) Assume the specific functions entrusted to them by the body they belong to, or otherwise explain the reasons why they are unable to do so.</p>
<p>(-)</p>	<p>Article 26.- Duty of loyalty</p> <p>1. In discharging the duties of their office, Directors shall act with the diligence of loyal representatives, acting in good faith and in the Company's best interests.</p>

	<p>2. The duty of loyalty in particular obliges Directors:</p> <p>a) Not to exercise its powers for purposes other than those for which they were granted.</p> <p>b) To abstain from participating in the deliberations and voting on resolutions and decisions in which the Director or a related person has a direct or indirect conflict of interest. This obligation to abstain shall not include resolutions or decisions that affect their status as Director, such as their appointment or removal for positions on the Board of Directors or other similar decisions.</p> <p>Proprietary Directors must not participate in votes on matters in which the shareholders who proposed their appointment and the Company have a direct or indirect conflict of interest.</p> <p>c) To maintain the secrecy of information, data, reports or background documents to which they had access as a result of exercising their duties, even if they no longer hold such office, except in cases where permitted or required by law.</p> <p>d) To carry out their functions under the principle of personal responsibility with freedom of judgement and independence regarding instructions from and relationships with third parties.</p> <p>e) To adopt the measures necessary to avoid being involved in situations where their interests, either as independent professionals or as employees, may be in conflict with the Company's interests and their duties to the Company.</p>
<p>(-)</p>	<p>Article 27.- Conflicts of interest</p> <p>1. The duty to avoid conflicts of interest in particular obliges Directors to abstain, both if the beneficiary of the prohibited actions or activities is the Director or a person related thereto, from the following:</p> <p>a) Engaging in transactions with the Company, except for ordinary transactions arranged under standard terms and conditions for clients that are hardly relevant, which are understood as transactions that do not need to be reported in order to present a true and fair view of the Company's equity, financial position and results.</p> <p>b) Using the Company's name or relying on their directorship to exert undue influence over the arrangement of private transactions.</p> <p>c) Making use of Company assets, including the Company's confidential information, for private</p>

	<p><i>purposes.</i></p> <p><i>d) Taking advantage, for their own benefit or the benefit of a third party, of any investment or commercial opportunities or other transactions that they have knowledge of in the performance of their duties using the information resources of the Company or Group companies.</i></p> <p><i>e) Obtaining rewards or remuneration from third parties other than the Company and its group when these are associated with discharging their duties, with the exception of complimentary or courtesy gifts and rewards.</i></p> <p><i>f) Engaging in activities as an independent professional or an employee when these effectively compete with the business of the Company or Group companies, including one-off or potential transactions, or which otherwise place the Director in a situation of permanent conflict with their interests.</i></p> <p><i>2. Directors shall notify the other Directors and, where applicable, the Board of Directors of any situation that may entail a direct or indirect conflict of interest between them or any persons related thereto and the Company.</i></p> <p><i>3. The Company may dispense with the prohibitions contained in this article in unique cases, authorising a Director or a person related thereto to carry out a certain transaction with the Company, use certain company assets, take advantage of a specific business opportunity, or obtain rewards or remuneration from a third party, according to the terms, form or procedure established in current legislation.</i></p>
<p>Article 23.- Directors' general duties</p> <p><i>1. Directors have a duty to contribute to the Board's function of driving, directing and supervising the management and the ordinary business of the Company. In the performance of their duties, Directors must act with the diligence of responsible businessmen and loyal representatives, also fulfilling the duties of fidelity and confidentiality laid down by law.</i></p> <p><i>2. Specifically, Directors shall be obliged to:</i></p> <p><i>a) Request the necessary information and adequately prepare for the meetings of the Board and any Committees they belong to.</i></p> <p><i>b) Attend meetings of the corporate bodies they belong to and actively participate in all discussions, thereby contributing effectively to the opinion-forming</i></p>	<p>Article 23.- Directors' general duties</p> <p><i>1. Directors have a duty to contribute to the Board's function of driving, directing and supervising the management and the ordinary business of the Company. In the performance of their duties, Directors must act with the diligence of responsible businessmen and loyal representatives, also fulfilling the duties of fidelity and confidentiality laid down by law.</i></p> <p><i>2. Specifically, Directors shall be obliged to:</i></p> <p><i>a) Request the necessary information and adequately prepare for the meetings of the Board and any Committees they belong to.</i></p> <p><i>b) Attend meetings of the corporate bodies they belong to and actively participate in all discussions, thereby contributing effectively to the opinion-forming and decision-taking process. If a justified cause prevents them from attending</i></p>

<p>and decision-taking process. If a justified cause prevents them from attending meetings to which they have been called, Directors should give instructions to the Director who is to represent them, as appropriate</p> <p>Directors should call for a meeting of the corporate bodies to which they belong when they consider this to be in the Company's interests, proposing such items on the Agenda as they consider necessary.</p> <p>c) Assume the specific functions entrusted to them by the body they belong to, or otherwise explain the reasons why they are unable to do so.</p> <p>3. Directors affected by proposals for appointment, re-election or removal shall not take part in the deliberations and votes relating to them.</p> <p>4. Directors must keep secret all confidential information to which they have access in the performance of their duties, even when they cease to be Board members. They may not use this information until it is released into the public domain.</p>	<p>meetings to which they have been called, Directors should give instructions to the Director who is to represent them, as appropriate</p> <p>Directors should call for a meeting of the corporate bodies to which they belong when they consider this to be in the Company's interests, proposing such items on the Agenda as they consider necessary.</p> <p>c) Assume the specific functions entrusted to them by the body they belong to, or otherwise explain the reasons why they are unable to do so.</p> <p>3. Directors affected by proposals for appointment, re-election or removal shall not take part in the deliberations and votes relating to them.</p> <p>4. Directors must keep secret all confidential information to which they have access in the performance of their duties, even when they cease to be Board members. They may not use this information until it is released into the public domain.</p>
<p>Article 24.- Use of Corporate Assets</p> <p>Directors shall not use Company assets nor profit from their position within the Company to obtain capital benefits.</p> <p>Any use of Company assets which is not made in return for adequate valuable consideration shall require prior authorisation from the Audit Committee.</p>	<p>Article 24.- Use of Corporate Assets</p> <p>Directors shall not use Company assets nor profit from their position within the Company to obtain capital benefits.</p> <p>Any use of Company assets which is not made in return for adequate valuable consideration shall require prior authorisation from the Audit Committee.</p>
<p>Article 25.- Use of Inside Information</p> <p>Directors may only use non-public Company or Group company information for private purposes if:</p> <p>a) it is not used in connection with transactions to buy or sell securities or financial instruments when the relevant information refers directly or indirectly to the issuer of such securities or financial instruments.</p> <p>b) it does not give the Director an advantage over other persons or entities that have access to it.</p> <p>c) its use does not harm the Company or Group companies.</p> <p>Without prejudice to the above, Directors must abide by the rules of conduct laid down in the legislation governing Securities Markets and, particularly, that laid down in the Internal Regulations of Conduct of the Company and its Group relating to inside and confidential information.</p>	<p>Article 25.- Use of Inside Information.</p> <p>Directors may only use non-public Company or Group company information for private purposes if:</p> <p>a) it is not used in connection with transactions to buy or sell securities or financial instruments when the relevant information refers directly or indirectly to the issuer of such securities or financial instruments.</p> <p>b) it does not give the Director an advantage over other persons or entities that have access to it.</p> <p>c) its use does not harm the Company or Group companies.</p> <p>Without prejudice to the above, Directors must abide by the rules of conduct laid down in the legislation governing Securities Markets and, particularly, that laid down in the Internal Regulations of Conduct of the Company and its Group relating to inside and confidential information.</p>

<p>Article 26.- Business Opportunities</p> <p>Directors may not take advantage, for their own benefit or the benefit of a third party, of any opportunities to invest or perform commercial or other transactions that they have knowledge of in the performance of their duties using the information resources of the Company or Group companies. This prohibition shall not apply when they have first offered the business opportunity to the Company or they have the authorisation of the Board of Directors, subject to a prior report by the Audit Committee.</p> <p>Nor may Directors use the Company's name or invoke their status as a director to perform transactions on their own account or on the account of related parties.</p>	<p>Article 26.- Business Opportunities</p> <p>Directors may not take advantage, for their own benefit or the benefit of a third party, of any opportunities to invest or perform commercial or other transactions that they have knowledge of in the performance of their duties using the information resources of the Company or Group companies. This prohibition shall not apply when they have first offered the business opportunity to the Company or they have the authorisation of the Board of Directors, subject to a prior report by the Audit Committee.</p> <p>Nor may Directors use the Company's name or invoke their status as a director to perform transactions on their own account or on the account of related parties.</p>
<p>Article 27.- Directors' duties of disclosure</p> <p>Directors must notify the Company, via its Chairman, of any positions they hold at other companies or entities, and before accepting any directorship or management position in another company or entity, should inform the Audit Committee of their intention to do so. Similarly, Directors shall disclose any fact or situation which may affect the nature or terms under which their appointment as Directors was made, or which could materially influence their activity as Directors.</p> <p>They must also disclose any stake they, both the Director and his/her related parties, may have in the share capital of companies with the same, similar, or complementary type of activity as that of the Company's corporate purpose, as well as any posts or duties held by such related parties in these companies. In that respect, related persons shall always have the meaning provided for in the regulations in force.</p> <p>Directors must report and any legal, administrative or other types of claims affecting them that, because of their importance, could seriously affect the Company's reputation.</p>	<p>Article 27 28.- Directors-Other duties of disclosure for Directors</p> <p>Directors must notify the Company, via its Chairman, and maintain the information up to date relating to: of</p> <p>a) Any positions they hold at other companies or entities, and before accepting any directorship or management position in another company or entity, should inform the Audit Committee of their intention to do so. Similarly, Directors shall disclose any fact or situation which may affect the nature or terms under which their appointment as Directors was made, or which could materially influence their activity as Directors.</p> <p>b) Any fact or situation which may affect the nature or terms under which their appointment as Directors was made, or which could materially influence their activity as Directors.</p> <p>They must also disclose any stake they, both the Director and his/her related parties, may have in the share capital of companies with the same, similar, or complementary type of activity as that of the Company's corporate purpose, as well as any posts or duties held by such related parties in these companies. In that respect, related persons shall always have the meaning provided for in the regulations in force.</p> <p>c) Directors must report and Any legal, administrative or other types of claims affecting them that, because of their importance, could seriously affect the Company's reputation.</p> <p>d) Directors shall also notify the Board immediately of Any criminal proceedings in which they are defendants an accused party and all of the</p>

<p>Directors shall also notify the Board immediately of any criminal proceedings in which they are defendants and all subsequent legal developments relating thereto.</p>	<p>subsequent legal developments relating thereto progress of the proceedings.</p>
<p>Article 28.- Directors' relations with Group companies and significant shareholders in respect of the markets and systems managed by them.</p> <p>Given the markets- and systems-related activities carried on by the Group companies, transactions, operations or actions undertaken by Directors and significant shareholders and/or their related parties in their activities on the markets and systems managed by Group companies shall not require prior authorisation, nor shall they be subject to disclosure obligations, provided that they are within the ordinary course of business of the parties involved and on an arm's length basis, without prejudice to compliance with any regulations applicable to transactions with related parties. Otherwise, such operations or activities must be authorised by the Board in full.</p>	<p>Article 28 29.- Directors' relations with Group companies and significant shareholders in respect of the markets and systems managed by them.</p> <p>Given the markets- and systems-related activities carried on by the Group companies, transactions, operations or actions undertaken by Directors and significant shareholders and/or their related parties in their activities on the markets and systems managed by Group companies shall not require prior authorisation, nor shall they be subject to disclosure obligations, provided that they are within the ordinary course of business of the parties involved and on an arm's length basis, without prejudice to compliance with any regulations applicable to transactions with related parties. Otherwise, such operations or activities must be authorised by the Board in full.</p>
<p>Article 29.- Directors' remuneration</p> <p>1. Any resolution adopted by the Board of Directors or proposal submitted to the General Shareholders' Meeting relating to Directors' remuneration shall be made on the basis of a previous report by the Appointments and Remuneration Committee, having regard to corporate governance standards and market conditions, bearing in mind the Company's nature and activity and the Directors' commitment. In any event, the Board of Directors must express an opinion on the amount of the fixed remuneration and the per diems for attendance at Board and Committee meetings, the items of any type of variable remuneration, the terms and conditions that must be laid down in the contracts entered into by the Company and Directors performing senior management functions and, where applicable, benefit schemes.</p> <p>2. The Board's proposals to the General Shareholders' Meeting for setting the appropriate fixed annual sum payable to each Board member must take into account the type of Director and the offices, functions and commitment of each of the Directors on the Board and the Board Committees.</p> <p>If the Board's proposal is for a fixed annual amount to be set for the whole Board, the sum set should be distributed among the Board members on the basis of same criteria as those set forth in the previous paragraph.</p>	<p>Article 29 30.- Directors' remuneration</p> <p>1. Any resolution adopted by the Board of Directors or proposal submitted to the General Shareholders' Meeting relating to Directors' remuneration shall be made on the basis of a previous report by the Appointments and Remuneration Committee, having regard to corporate governance standards and market conditions, bearing in mind the Company's nature and activity and the Directors' commitment. In any event, the Board of Directors must express an opinion on the amount of the fixed remuneration and the per diems for attendance at Board and Committee meetings, the items of any type of variable remuneration, the terms and conditions that must be laid down in the contracts entered into by the Company and Directors performing senior management functions and, where applicable, benefit schemes.</p> <p>2. The Board's proposals to the General Shareholders' Meeting for setting the appropriate fixed annual sum payable to each Board member must take into account the type of Director and the offices, functions and commitment of each of the Directors on the Board and the Board Committees.</p> <p>If the Board's proposal is for a fixed annual amount to be set for the whole Board, the sum set should be distributed among the Board members on the basis of same criteria as those set forth in the previous paragraph.</p>

It shall also be the responsibility of the Board of Directors to submit to the General Shareholders' Meeting for approval any remuneration in addition to that relating to their status as Directors payable to Directors with executive functions in the Company, based on service provision, senior management or similar contracts entered into by the Company and such Directors, and which may consist of allowances, variable pay, pensions or compensation of any kind.

3. The Company's annual report and annual corporate governance report shall disclose the remuneration paid to Board Members in compliance with the requirements for the transparency of information envisaged in the most widely recognized good corporate governance recommendations. Without prejudice to the foregoing, the Board of Directors shall approve an annual report on Directors' remuneration, which will be put to a consultative vote as a separate item on the agenda at the Ordinary General Shareholders' Meeting.

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1. The remuneration to be received by Directors acting as such and based on the executive functions attributed thereto will be brought into line with that established for such purpose in the Articles of Association and in the Directors' remuneration policy, which will be approved at the General Shareholders' Meeting pursuant to current legislation.

2. The remuneration of Directors acting as such shall be determined by the Board of Directors within the maximum annual remuneration to be paid to the Board of Directors as set forth in the remuneration policy. For the purpose of setting each Director's individual remuneration, the functions and responsibilities attributed thereto, membership on Board Committees and any other objective circumstances deemed relevant shall be taken into account.

3. The Board of Directors shall adopt the resolutions relating to setting Directors' remuneration based on the executive functions carried out under the terms and conditions of the contracts entered into with these Directors and which, in any case, will be in line with the remuneration policy.

CHAPTER V
BOARD RELATIONS

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Article 30.- Relations with shareholders and the securities markets in general

1. The Board of Directors shall adopt the necessary measures to enable the General Shareholders' Meeting and the Company's shareholders to perform their functions and exercise their rights under the law and the Articles of Association.

In particular, without prejudice to the information supplied on the Company's website and in the Annual Corporate Governance Report, when the Board of Directors calls a General Shareholders' Meeting, it shall make all the information required by law and under the Articles of Association available to shareholders.

Similarly, it shall respond with the utmost diligence to all requests for information submitted by shareholders prior to the General Shareholders' Meeting or in questions asked at the Meeting as provided in current legislation.

2. With the collaboration of the Company's senior management team, the Board of Directors may organise briefings on the performance of the Company and its Group, and report on them at the next Board meeting.

Regular briefings on the Company's performance may also be arranged with shareholders, particularly institutional shareholders, who, while forming part of the Company's shareholder structure are nonetheless not represented on its Board of Directors.

The Audit Committee shall monitor such briefings, taking particular care to ensure that all the shareholders and the market in general have access to the same information regarding the performance of the Company and its Group, so that the aforementioned briefings in no way violate the principle of equal treatment of shareholders by granting some a position of privilege or an advantage over others.

3. The Board of Directors shall immediately inform the public of any significant event, which may materially affect the formation of the Company's share price, and of any substantial changes in the shareholding structure it becomes aware of or any material amendment to the Company's rules of governance.

Also, the Board of Directors shall adopt the necessary measures to ensure that the half-yearly, quarterly, and any other financial reporting that is made available to

Article 30 31.- Relations with shareholders and the securities markets in general

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Also, the Board of Directors shall adopt the necessary measures to ensure that the half-yearly, quarterly, and any other financial reporting that is made available to the securities' markets is prepared in accordance with the same principles and practices as those used in the preparation of the Company's annual financial

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<p>Article 31.- Relations with external auditors</p> <p><i>1. The Board of Directors shall establish an objective, professional and continuous relationship with the external auditors of the Company's accounts appointed at the General Shareholders' Meeting, ensuring their independence and making available to them all the information necessary for them to perform their functions.</i></p> <p><i>The aforementioned relations with the Company's external auditors, and also the relations with the internal audit service, shall be channelled through the Audit Committee.</i></p> <p><i>2. In the manner laid down by law, the Board of Directors shall publish the fees that the Company has paid to the audit firm both for audit and for other services, including the companies in the Group to which the auditors belong.</i></p>	<p>Article 31.- Relations with external auditors</p> <p><i>1. The Board of Directors shall establish an objective, professional and continuous relationship with the external auditors of the Company's accounts appointed at the General Shareholders' Meeting, ensuring their independence and making available to them all the information necessary for them to perform their functions.</i></p> <p><i>The aforementioned relations with the Company's external auditors, and also the relations with the internal audit service, shall be channelled through the Audit Committee.</i></p> <p><i>2. In the manner laid down by law, the Board of Directors shall publish the fees that the Company has paid to the audit firm both for audit and for other services, including the companies in the Group to which the auditors belong.</i></p>