

REPORT ON THE AMENDMENT TO THE RULES OF THE BOARD OF DIRECTORS PROPOSED TO THE BOARD OF DIRECTORS FOR THEIR ADAPTATION TO LAW 31/2014 AND THE NEW GOOD CORPORATE GOVERNANCE CODE [CÓDIGO DE BUEN GOBIERNO CORPORATIVO]

1. Introduction: reason for the reform of the Rules of the Board of Directors

The essential purpose of the reform of the Rules of the Board of Directors, submitted for approval, is to adapt their content to the updates made to the legal regime applicable to the board of directors and, in general, to the board members of limited companies, listed or not, by Law 31/2014, of 3 December, which amended the Spanish Companies Law (*Ley de Sociedades de Capital* – LSC) for the improvement of corporate governance.

This Law, which has entailed a far-reaching reform of the LSC, in particular in matters relating to corporate bodies, fully entered into force on 1 January 2015. Its transitional provision establishes that the amendments relating to board members' remuneration, non-delegable powers of the board, assessment of the board and committees “must be agreed in the first general meeting held”. In this regard, the Board will submit separate proposals for the amendment of the Bylaws and the General Meeting Bylaws to the General Meeting, and it is equally appropriate to simultaneously proceed to reform the Rules of the Board of Directors, a reform which, pursuant to that set forth in Article 528 of the LSC, must be informed at the General Shareholders' Meeting.

The new Good Governance Code for listed companies, published recently (on 24 February) by the Spanish National Stock Market Commission (CNMV) has also been taken into account in the drafting of the proposed amendments.

2. Proposed amendments

A clean version of the text whose approval is proposed to the Board of Directors is attached to this Report along with a compared version showing the changes with respect to the current text.

Apart from improvements of a purely technical nature (to incorporate the reforms, consistencies, numbering of articles, etc. into the current text), the amendments proposed, which in part reproduce the legal regime (to ensure that the Rules sufficiently reflect the system of organisation and operation of the Board), can be summarised as follows:

Article 3. Appointment of Directors

This article is amended to incorporate updates relating to appointments of directors by co-optation (among them the requirement that the appointee be a shareholder) and the appointment procedure (including the requirement for a report or proposal, as applicable, by the Appointments and Remuneration Committee).

Article 4. Categories of Directors

Pursuant to the legal regime, this article contains the different categories of Directors, including the requirements for a director to be considered independent.

Article 5. Non-delegable powers of the Board

This article, relating to the functions of the Board of Directors, incorporates the new legal list of non-delegable powers, which make up the nucleus of the tasks that correspond to the body.

Article 9. Assessment of the Board

This article incorporates both the rules of the LSC and Recommendation 36 of the new Good Governance Code, dealing with the annual assessment of the functioning of the Board.

Article 10. Coordinating Director

This article is amended to include a reference to the coordinating Director and to remove the reference, now obsolete, to telex, telegram and telefax as ways of convening Board meetings.

Article 11. Delegation of attendance

This article is amended to incorporate the legal rule that non-executive Directors can only delegate their representation to another non-executive Director (as well as removing the reference to telex, telegram and telefax).

Article 13. Term of appointment for Directors

The rule, which will also figure in the Bylaws, providing for a four-year term of appointment for Directors (maximum by law following the reform) is incorporated.

Articles 14, 15 and 16. Duties of Directors and conflicts of interest

These articles are amended to adapt them to the legal reform in all matters relating to the duties of Directors and conflicts of interest, including the possibility of exemption.

Article 17. Information to Directors

The legal principle that, except in cases of emergency, information must be provided to the Directors with sufficient prior notice is incorporated.

Article 18. Chairman and coordinating Director

This article regulates the figures of the Chairman and coordinating Director, on the basis of the legal regime and the recommendations of the new Good Governance Code in this area.

Article 20. The Chief Executive Officer

In this article, relating to the Chief Executive Officer, the new legal provisions on the said party's contract with the Company (which must be approved during their appointment and included as an appendix to the minutes) are incorporated.

Article 21. Secretary of the Board

This article is adapted to that laid down in the reform and in the Good Governance Code (appointment procedure, responsibility of overseeing that the recommendations of good corporate governance are taken into account).

Article 24. The Audit Committee

In respect of the Audit Committee, the new legal regime, which has affected, among other aspects, its composition and functions, is incorporated. Furthermore, the additional functions recommended in the new Good Governance Code in terms of information systems, internal control and relations with the auditor (Recommendation 42) are assigned to it.

Article 25. Corporate governance and corporate social responsibility

In this article, the Audit Committee is also assigned the functions relating to corporate governance and corporate social responsibility (those that the new Good Governance Code recommends – Recommendations 53 and 54 – be allocated to *ad hoc* committees, either to the appointments and remuneration committee or to the audit committee, with the latter seeming the most convenient solution).

Article 26. Appointments and Remuneration Committee

This article deals with the Appointments and Remuneration Committee. The new legal regime, which has affected aspects such as its composition and functions, is incorporated. Furthermore, the additional functions recommended in the new Good Governance Code (Recommendation 50) are assigned to it.

(version compared)

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.

**RULES
OF THE
BOARD OF DIRECTORS**

24 March 2015

PRELIMINARY TITLE

Article 1°.- Purpose

These Rules are laid down for the purpose of regulating the organisation and operation of the Board of Directors, in addition to the Commissions ~~or Committees~~ that it sets up, subordinate to the provisions of the legislation in force and the Company Bylaws.

Article 2°.- Legal effect and interpretation

These Rules shall come into effect as from their approval and the Board of Directors itself shall be responsible for clarifying any doubts that may arise from their application, by complementing them insofar as it may be necessary.

TITLE ONE

THE BOARD OF DIRECTORS

Article 3°.- Composition and appointments

1. Within the limits laid down by Article 13 of the Company Bylaws in effect and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting both the number of Board Members and the persons, natural or legal, to be appointed. The appointment proposal must specify the proposed Members' condition of executive, representing substantial shareholders, independent or external.

Furthermore, ~~in the event that should any~~ vacancies ~~were to~~ arise, the Board of Directors ~~would be able to may~~ provisionally fill them ~~from among the shareholders~~ by appointing Directors by co-optation until the next General ~~Shareholders'~~ Shareholders' Meeting where ~~thea~~ definitive ~~choice would~~ appointment shall take place. Should a vacancy arise once the General Meeting has been convened and before it is held, the Board of Directors may appoint a Director until the next General Meeting is held. The Director appointed by the Board does not necessarily have to be a Company shareholder.

2. The proposed appointment or re-election of Board members corresponds to the Appointments and Remuneration Committee in the event of Independent Directors

and to the Board itself in the remaining cases. In any case, the proposal must be made-accompanied by a Board of Directors' report justifying its decisions, which assesses the competences, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders' Meeting or of the Board itself. The proposed appointment or re-election of any Non-Independent Director must also be preceded by a report by the Appointments and Remuneration Committee.

The Board of Directors must ensure that the selection procedures of its members favour a diversity of gender, experiences and knowledge, and they are not biased in any such way as to enable discrimination. Above all, such procedures must facilitate the selection of female directors.

3. This article will also apply to individuals who are appointed as representatives of a Director which is a legal entity. The proposal of a representative who is an individual must be included in the Appointments and Remuneration Committee report.

Article 4º.- Categories of Directors.

1. Executive Directors perform management functions within the Company or its group, whatever the legal link with the Company. When a Director performs management functions and, at the same time, is or represents a significant shareholder, or when he/she is represented on the Board of Directors, he/she will be deemed to be an Executive Director.
2. Non-Executive Directors are all the remaining Company Directors, and they may be Proprietary, Independent or other External Directors.
3. Proprietary Directors are deemed to be those who own an equity interest equal to or exceeding that legally deemed to be significant, or those who have been appointed in their capacity as shareholders, even if their shareholder investment does not attain that amount, together with those representing the shareholders of those mentioned above.
4. The Proprietary Directors who lose their status as such as a result of the sale of their investment by the shareholder they represented may only be re-elected as Independent Directors when the shareholder they represented until that date has sold all its shares in the Company.
5. Independent Directors are deemed to be those who, appointed in line with their personal and professional status, may carry out their functions without being conditioned by relationships with the Company or its group, its significant shareholders or its executives.

Independent Directors can in no case be considered to be those found to be in the following situations:

- a) Employees or Executive Directors of Group Companies, unless 3-5 years, respectively, have elapsed since such relationships ended.

- b) Those who receive from the Company, or from its Group, any amount or benefit for items other than Directors' remuneration, unless it is insignificant. For these purposes, neither the dividends nor the pension supplements received by the Director as a result of his/her previous professional or employment relationship will be taken into account, if such supplements are unconditional and, accordingly, if the Company which pays them cannot suspend, modify or revoke their accrual on a discretionary basis without breaching its obligations.
- c) Those who are or have been in the last three years partners of the external auditor or head of the auditors' report, since it involves the audit during this this period of the listed Company or of any other Company of its group.
- d) Executive Directors or senior executives of another Company other than that in which an Executive Director or senior executive of the Company is an External Director.
- e) Those who hold, or who have held in the last year, a significant business relationship with the Company or with any Group company, be it in their own name or as a significant shareholder, Director or senior executive of an entity which maintains or has maintained such relationship. Business relationships will be deemed to be those involving the supplier of goods or services, including financial services, and those involving advisors or consultants.
- f) Significant shareholders, Executive Directors or senior executives of an entity which receives, or has received during the last three years, donations from the Company or from its Group. This article will not include those who are mere employers of a foundation which receives donations.
- g) Spouses, people tied by a similar relationship of affectivity or relatives up to the second degree of an Executive Director or senior executive of the Company.
- h) Those who have not been proposed, either for appointment or renewal, by the Appointments Committee.
- i) Those who have been Directors for an on-going period exceeding 12 years.
- j) Those who find themselves with respect to any significant shareholder or representative on the Board of Directors in any of the cases indicated in letters a), e), f) or g) above. In the event of any relationship by affinity indicated in letter g), the restriction will be applied not only to the shareholder, but also with respect to its Proprietary Directors at the Investee.

A Director who owns an ownership interest in the Company may be deemed to be an Independent Director, provided that he/she meets all the conditions stipulated in this article and that his/her interest is not material.

Article 5º.- Functions

1. In accordance with the terms of Article 18 of the Company Bylaws in effect, the Board of Directors is responsible for representing the Company and administering its business and for carrying out whatever operations may be involved in its purpose or may be related to it.

In carrying out its functions, the Board of Directors shall act in accordance with ~~company~~Company interests ~~and~~, safeguarding the interests of the shareholders.

2. ~~Particularly, Under no circumstances may the Board of Directors shall have~~delegate the following ~~responsibilities, which powers~~:

- a) The supervision of the effective functioning of the Committees set up by it, and of the procedures of the executive bodies and of the executives appointed by it.
- b) The determination of the Company's general policies and strategies.
- c) The authorisation or dispensation of obligations arising from the duty of loyalty.
- d) Its own organisation and functioning.
- e) The preparation of financial statements and their presentation to the General Meeting.
- f) The preparation of any type of report required by law by the governing body, provided that the operation referred to in the report cannot be delegated.

~~—Accepting the resignation of Board Members.~~

- ~~g) Appointing, dischargingThe appointment and accepting removal of Executive Directors of the Company, and the resignation~~establishment~~ of the positions~~conditions~~ of Chairman, Vice Chairmantheir contracts.~~

- ~~h) The appointment and Secretary~~removal~~ of executives which were directly answerable to the Board or any of its members, and the establishment of the basic conditions of their contracts, including their remuneration.~~

~~—Appointing, discharging and accepting the resignation of Board Members who must form part of the Committees described herein.~~

~~—Delegating~~Decisions relating to any of their members, wholly or partly, the powers corresponding to the Board, except those which cannot be delegated.

- ~~i) Preparing the individual and consolidated financial statements~~remuneration of Directors, in accordance with the Bylaws and directors' reports and submitting them for approval~~, where appropriate, the remunerations policy approved by the General Shareholders' Meeting. ~~Also, drawing up an annual consultative report~~~~

~~on the Board Member's remuneration policy, which shall be submitted to the Company's General Shareholders' Meeting as a separate item on the agenda.~~

~~j) Drawing up the reports, including the Annual Report on Corporate Governance, The announcement of the General Shareholders' Meeting and the proposals, which, in accordance with the legislation in force preparation of the agenda and the Company Bylaws, proposed resolutions.~~

~~k) The policy relating to shares or own shares.~~

~~-l) The powers delegated by the General Shareholders' Meeting to the Board of Directors is responsible for adopting, unless it has been expressly authorised by the former to sub-delegate them.~~

~~- Approving the yearly budget.~~

~~- Approving the merger, acquisition, division or concentration operations in which the main subsidiary companies of the Group where the Company is dominant.~~

~~- Approving the block issue of debentures, notes, bonds or similar security by the main companies of the Group where the Company is dominant.~~

~~- Approving the assignation of rights over the trademark, brands and other intellectual and industrial property rights that belong to the Company or the companies of its Group, whenever they are of financial relevance.~~

~~- Annually assessing: the quality and efficiency of its operation; the Chairman and, if appropriate, CEO's performance of their functions, following the issuance of a report by the Appointment and Remuneration Committee; and the operation of the Board of Director's Committees, following the issuance of a report by these Committees.~~

~~- Amending these Rules.~~

~~- In general, to carry out all the functions which by law, by regulation or in accordance with these Rules, it is responsible for, and to carry out other functions which have been delegated to it by the General Shareholders' Meeting, and empowered, in turn, to delegate only those which have been expressly permitted in the delegation agreement with the General Shareholders' Meeting.~~

~~Additionally, the Board of Directors shall be responsible for and may not delegate the responsibility of defining the company's strategy and the exact organization required for its performance, as well as the supervision and control of Management in order to assure the fulfilment of the approved objectives. For this purpose, the Board of Directors shall be responsible for approving the following:~~

~~1) The company's general policies and strategies, and specifically:~~

- ~~The~~ The approval of the strategic or business plan, ~~as well as the annual~~ management ~~objectives.~~
- ~~The~~ targets and annual budgets and of investment and financing ~~policy.~~
- ~~The~~ structure of the group of companies.
- m) Corporate governance and, corporate social responsibility and dividend policies.
- ~~Senior executive management evaluation and remuneration policies.~~
- n) The risk control and management policy for controlling and managing risks, including tax risks, and the ~~periodic monitoringsupervision~~ of the internal ~~information and control and reporting~~ systems.
- ~~The~~ determination of the Company's corporate governance policy ~~on dividends~~ and ~~on treasury stock~~ that of the group of which it is the parent; its organisation and ~~its limits.~~
- ~~Related party transactions, following a report prepared by the Audit Committee,~~ unless such transactions meet the following three conditions:
 - a) ~~They are performed~~ functioning and, ~~in accordance with standard contract~~ conditions;
 - b) ~~They are performed at the general prices or rates set by~~ particular, the ~~supplier of the good or service at issue; and~~
 - c) ~~The transaction amount does not exceed 1% of the company's annual~~ revenues.
- 2) ~~The following decisions:~~
 - ~~The~~ appointment, at the proposal of the Chairman, of senior executives, as well as ~~their compensation clauses.~~
 - o) The distribution among the board members, of the overall remuneration agreed by the General Shareholders' Meeting, approval and ~~if appropriate,~~ the ~~establishment of supplementary remuneration and other supplementary pay~~ corresponding to executive directors in relation to their functions amendment of its own regulations.

•p) The approval of the financial information to be periodically made public by the Company given that it is listed on the stock exchange.

q) InvestmentsThe definition of the structure of the group of Companies of which the Company is the parent.

•r) The approval of investments or transactions of a operations considered strategic nature or of relative importance, except where these are to be approvedhave a particular tax risk by the General Shareholders' virtue of their high amount or special characteristics, unless their approval corresponds to the General Meeting.

•~~The approval of the creation or acquisition of ownership interests in special purpose vehicles or entities or entities residingresident in countries or territories considered to be tax havens, as well asand any other operationtransactions or transaction whichoperations of a similar nature whose complexity might diminishimpair the transparency of the company or group.~~

•s) The establishment and supervision of a mechanism enabling employees to confidentially report any regularities they know of,Company and particularly financial and accounting regularities of special significance, to the Audit Committee, through its Secretary. its Group.

t) The approval, subject to an Audit Committee report, of the transactions which the Company or Companies of its group perform with Directors, in the terms envisaged in the legislation in force, or with significant shareholders, individually or in agreement with others, including shareholders represented on the Board of Directors of the Company or of other Companies forming part of the same group or with persons related thereto. The Directors in question or which represent or are related to the shareholders in question must abstain from participating in the deliberation and voting of the resolution in issue. This approval will only exclude the operations which simultaneously meet the following three characteristics:

1. They are governed by standard contracts applied on an across-the-board basis to a large number of clients;

2. They are performed at the general prices or rates set by the supplier of the good or service at issue; and

3. Their amount is no more than 1% of the Company's annual revenue.

u) The determination of the Company's tax strategy.

When urgent circumstances arise, which are duly justified, the decisions relating to previous matters may be adopted by the bodies or persons delegated, which must be ratified at the first Board Meeting held following the adoption of the decision.

Article 5^o6^o.- Duty to Inform Shareholdersinform shareholders

1. In order for the General Shareholders' Meeting to appropriately perform its functions, the Company's Board of Directors must make available to shareholders, prior to each Meeting being held, all information that may be legally required or which, without being so, must reasonably be provided in accordance with the interests of the company and of the shareholders, in order for them to lay down criteria. Following this line, the Board of Directors shall be obliged to deal with shareholders' requests either before or after the Meeting, with the maximum diligence, providing the Company's interests are not harmed.
2. For the purposes of transparency and maximum distribution of the corresponding information and to facilitate immediate access to it by shareholders, and investors in general, the Board of Directors shall have a Company web page that includes all those documents that are for general dissemination and, especially, the Company Bylaws; the Regulations of the General Shareholders' Meeting; the Regulations of the Board of Directors; the reports which, in accordance with legislation in force, must be given to the stock markets; the call notices to the General Shareholders' Meetings and the proposals that are submitted for the deliberation and approval thereof, as well as the resolutions adopted at recently held General Shareholders' Meetings.

Additionally, the Web Page shall include the composition of the Board of Directors, and the professional profile of each Board Member; other Boards of Directors of which he/she is a member, whether he/she is an Executive or Proprietary Board Member, and the shareholder which he represents; or whether he/she is an Independent or External Board Member; the date on which he/she was first appointed, and if applicable, re-elected; and the Company shares or share options which he/she holds.

Article 6^o7^o.- Preparation of Accountsaccounts

The Board of Directors, in view of the report issued by the Audit Commission, shall prepare the Financial Statements and Directors' Reports, both individual and consolidated, in such terms that, in addition to complying with the legislation in force, make them easy for shareholders and for the general public to understand.

The Minutes of the Board Meeting at which these Financial Statements are prepared shall specify the observations that may be made by the different Board Members individually, especially those that may affect the availability of the necessary information for forming an opinion and casting a vote.

Article 7^o8.- Duties arising from its status as a listed company

The Board of Directors shall be obliged to adopt or promote the adoption of any measures necessary or expedient in order to safeguard transparency in the Company's activities on the financial markets and to carry out any function that may arise from its status as a ~~company~~Company listed on the Stock Market.

Article 8^o9.- Annual assessment

1. The Board of Directors must perform an annual assessment of its functioning and that of its Committees and propose, on the basis of its outcome, an action plan to correct the weaknesses detected. The outcome of the assessment will be recorded in the minutes of the related meeting or attached thereto as an appendix.
2. The assessment process will refer in particular to the following aspects:
 - a) The quality and efficiency of the Board's functioning.
 - b) The functioning and breakdown of its Committees.
 - c) Diversity in the breakdown and competences of the Board of Directors.
 - d) The performance of the Chairman of the Board of Directors and of the Company's CEO should he/she not be the Chairman.
 - e) The performance and contribution of each Director, paying special attention to the heads of the different Board Committees.
3. The assessment of the different Committees will be based on the report submitted by them to the Board of Directors. The assessment of the Board of Directors will be based on the report submitted by the Appointments and Remuneration Committee.
4. Every three years, the Board of Directors will be assisted in the performance of the assessment by an external consultant, whose independence will be verified by the Appointments and Remuneration Committee.

Article 10^o.- Sessions and notice

1. The Board shall meet whenever required to do so ~~by~~in the Company's interests, ~~prior~~subject to notice from the Chairman or, in ~~his or her~~its absence, ~~by~~from a ~~Vice-Deputy~~ Chairman, either on his or her own initiative or on the request of, at least, two Board Members ~~or of the coordinating Director referred to in Article 18 of these Rules.~~ In any event, the Board shall meet at least ~~six~~eight times a year to periodically examine the Group's progress compared to the budgets and ~~the~~ previous accounting period.

~~2. Notice~~ Call notice shall be ~~given by means of~~ granted via letter, ~~telex, telegram, telefax~~ email or any other means of written communication that permits verification that it has been received by the ~~different~~ various Board Members, including the agenda.

Except in cases of emergency, ~~to which shall~~ be freely ~~judged~~ determined by the Chairman, notice must be given at least three days in advance of the date ~~of convening on which~~ the Board Meeting is expected to be held.

~~3. The Board of Directors shall meet in~~ at the ~~Company offices~~ Company's registered office or ~~in~~ at any other ~~place~~ location determined by the Chairman ~~may decide and specify~~ specified in the ~~call~~ notice of meeting.

~~The Board of Directors shall empower one of the independent Non-Executive Directors to do the following:~~

- ~~1. Request the calling of meetings of the Board of Directors.~~
- ~~2. Request that new items be added to the agenda of the Board of Director's meeting.~~
- ~~3. State and coordinate the voicing of concerns by independent, proprietary and non-executive Board Members.~~
- ~~4. Direct the evaluation by the Board of Directors of its Chairman.~~

~~4. Attendance of Board Members at the Board of Directors meetings shall be equally valid by means of remote communication, provided that these means allow the Board Members attending to mutually recognise and identify each other, to be in permanent communication, and to take the floor and vote in real time. Board of Director meetings that are attended by Board Members through means of remote communication, in accordance with that provided in this article, shall be considered unique and held at the location from where the Chairman of the body, or whoever stands in for him, is attending. The meeting minutes and certificates of the resolutions must express the form of adoption thereof.~~

Article 9^o11^o.- Quorum of attendance

~~1. The Board shall be deemed to be set up~~ constituted when ~~half of its components plus one attend, by presence or representation~~ a majority of the attendees are either present or represented at the meeting.

~~2. Notwithstanding their obligation to attend~~ Without prejudice to attendance obligations, Board Members who ~~could not personally~~ are unable to attend a meeting

~~in person~~ may ~~have themselves~~ be represented and cast ~~their~~ vote ~~by delegating it~~ ~~to~~ ~~through~~ another Board Member. This delegation must be ~~made~~ in writing, ~~addressed~~ to the Chairman and ~~delivered by~~ ~~must be in the form of a~~ letter, ~~telegram,~~ ~~telex~~ ~~or~~ ~~telex~~ ~~email~~ or any other written ~~procedure~~ ~~means~~ that ~~allows its~~ ~~reception~~ ~~acknowledges receipt~~ by the addressee ~~to be verified~~. The Non-Executive Directors may only delegate their representation to another Non-Executive Director.

3. Nevertheless, the Board may be set up, without ~~requiring the need~~ to be convened, when ~~attending, by presence or representation,~~ all its members ~~are in attendance, in person or via representatives~~, and they unanimously decide to set up a session of the Board of Directors together with its agenda.

Article 10¹².- Adopting agreements

Unless otherwise stipulated in the legislation in force, in the Company Bylaws or in these Rules, the Board of Directors' agreements shall be adopted by absolute majority of the Board Members attending the meeting, whether present or represented.

The adoption of agreements in writing and without ~~a~~ meeting, shall only be admissible when no Board Member is in disagreement and the other requisites laid down by the legislation in force are complied with.

SECOND TITLE

REGARDING BOARD MEMBERS

Article 11¹³.- Term of appointment for Board Members

1. ~~Board Members shall hold their positions during the six-year term~~ ~~Directors will be~~ ~~appointed~~ for ~~which they were elected~~ ~~four years~~. They may be re-elected one or more times for terms of the same maximum duration.

~~Should a vacancy exist for any reason, the Board may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive appointment shall take place.~~

The appointment of the Board Members shall expire when the term has ended and the ~~subsequent~~ ~~next~~ General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether ~~or not~~ to approve the financial statements for the previous year.

2. Notwithstanding the above, ~~proprietary directors shall~~ Proprietary Board Members must resign when the shareholder they represent fully disposes of ~~his~~ its shares by any ~~title~~ means.

Article 12^o14^o.- Duties of Board Members

1. Board Members shall carry out General duty of diligence.

The Directors must perform their functions applying and comply with the duties imposed by the laws and Bylaws with the diligence of a prudent orderly businessman and of a loyal, taking into account the nature of the post and the functions attributed to each of them.

The Directors must have adequate devotion and will adopt the measures required to correctly manage and control the Company.

When performing its functions, the Director must request and has the right to collect the adequate information required from the Company which will serve to comply with its obligations.

2. Duty of loyalty

The Directors must perform their tasks with the loyalty of a faithful representative, acting in defence of good faith and in the company's best interests. Particularly, Board Members

In particular, the duty of loyalty bounds the Director:

- a) To not exercise their powers for purposes other than those for which they were granted.
- b) To keep information, data, reports or history secret to which he/she has had access during the performance of his/her duties, even when he/she has ceased to occupy such positions, except when permitted or required by law.
- c) To abstain from participating in the deliberation and voting of agreements or decisions in which he/she or a related person has a direct or indirect conflict of interests. This obligation to abstain will exclude the resolutions or decisions affecting him/her in his/her capacity as Director, such as his/her appointment or revocation with respect to posts on the Board of Directors or others of similar significance.
- d) The Directors must perform their functions under the principle of personal liability with freedom of criteria or judgement and independence with respect to third party instructions or ties.

- e) To adopt the measures required to avoid situations in which their interests, be they for their own account or for the account of third parties, may enter into conflict with Company interests and with Company duties.
3. The individual appointed to permanently exercise the functions inherent in the post of legal entity Director must meet the legal requirements set by the Directors, be submitted to the same duties and be jointly and severally liable to the legal entity Director.

Article 15°.- Conflicts of interest

1. The duty to avoid conflicts of interests referred to in letter e) of the previous article bind the Directors to abstain from:
- a) The Directors may not perform transactions with the Company, except for ordinary transactions performed in standard conditions for the customers and of scant importance, understood to be those whose information is not required to express fairly the Company's equity, financial position and results.
 - b) Using the Company's name or invoking his/her status as Director to unduly influence the performance of private operations.
 - c) Making use of Company assets, including confidential Company information, for private purposes.
 - d) Taking advantage of Company business opportunities.
 - e) Obtaining advantages or remuneration from third parties other than the Company and its Group associated with the discharge of their duties, except when such perks ~~are obliged to:~~ mere courtesy.
 - f) Performing activities, for their own account or for the account of others which involve effective competition, be it current or potential, with the Company or which, in any other way, place them in an on-going conflict vis-à-vis the Company's interests.
2. The foregoing obligation to abstain will also apply when the beneficiary of the acts or activities prohibited is a person tied to the Director. Persons tied to the Directors will also be deemed to be:
- a) The spouse of the Director or the persons with a similar relationship of affectivity.
 - b) The ascendants, descendants and brothers and sisters of the Director or of his/her spouse.
 - c) The spouses of the ascendants, descendants and brothers and sisters of the Director.

d) The Companies in which the Director, by him/herself or via an intermediary, is in any of the situations envisaged in section one of article 42 of the Spanish Code of Commerce.

3. With respect to the legal entity Director, the following will be deemed to be related parties:

a) The shareholders who, with respect to the legal entity Director, are in any of the situations envisaged in section one of article 42 of the Spanish Code of Commerce.

b) The Directors, in fact or in law, the liquidators, and the representatives with general powers of the legal entity Director.

c) The Companies which form part of the same group and their shareholders.

d) The persons who, with respect to the representative of the legal entity Director, are considered to be related parties vis-à-vis the Directors in conformity with that set forth in the preceding paragraph.

4. Directors must notify the Board of Directors of any direct or indirect conflict which they or parties related to them may have with respect to the Company's interests.

Conflicts of interest involving Directors must be disclosed in the notes to the financial statements in the terms envisaged in the legislation in force.

Article 16°.-

~~—Attend meetings of the Board and of the Committees that form part of it, unless a due to a justified cause, in which case they shall endeavour to delegate their representation and vote to another Board Member.~~

~~—Study and adequately prepare the meetings of the Board, and participate on its discussions.~~

~~—Oppose the adoption of any agreements they deem to constitute a breach of law or of the Company Bylaws or which prejudice the company's interests, registering their position in the Minutes.~~

~~—Maintain the Board's discussions in secret, in addition to any information obtained in carrying out the functions of a Board Member and which are not public knowledge.~~

Article 13°.- Conflicts of interest

~~Considering the duty of loyalty that corresponds to them, Board Members shall avoid conflicts of interests between themselves, or their most direct relatives, and the Company, in all cases notifying the Board of Directors of the existence of such conflict in the event that they could not be avoided, a written record of which shall be made in the Minutes of the first Board Meeting held. Furthermore, they must notify the Company, in the shortest possible term, and in all cases, within the five following days, of the shares, stock options or~~

~~derivatives referring to the share value which may be held, directly or indirectly, either by the Board Members themselves and by their most direct relatives.~~

~~Board Members must notify the Company of the most significant changes that take place in their professional circumstances, and especially, those affecting the qualities taken into account for appointing them as such. Furthermore, they shall notify the Company of any legal or administrative proceedings which, on account of their importance, may seriously affect the Company's reputation.~~

~~Board Members shall abstain from taking part in the discussions and from casting their vote on those matters where they have a private interest, which will be expressly registered in the Minutes.~~

Article 14°. Dedication, non-competition and use of information

~~Board members may not form part of more than five management bodies of companies other than those in the group of companies in which the company is the parent, without previous express authorization from the Board provided on a reasonable basis. For these purposes, companies in the same group shall be considered as a single company.~~

~~Board Members may not hold, neither directly nor indirectly, positions in companies or organisations in competition against the Company or against any company of its Group nor provide services of representation for them.~~

~~Board Members may not make any use for private purposes of the non-public information of which they have become aware in carrying out their functions as Board Member. Especially, Board Members, unless expressly authorized by the Board of Directors, may not take advantage, in their own benefit, of the commercial operations of which they have become aware in carrying out the said functions.~~

~~Except in cases of duly authorized allowance in kind, Board Members may not make use of the Company's assets nor take advantage of their position to obtain advantages relating to assets without satisfying adequate consideration.~~

Article 15°System of dispensation

1. The Company may dispense of the prohibitions set forth in the preceding article in specific cases, authorising the performance by a Director or a related person of a certain transaction with the Company, the use of certain social assets, the use of a specific business opportunity, the obtainment of an advantage or the remuneration of a third party.

Authorisation must be necessarily granted by the General Shareholders' Meeting when it intends to dispense of the prohibition from obtaining an advantage or remuneration from a third party, or it affects a transaction whose value exceeds ten (10) per cent of Company assets. In the remaining cases, authorisation may also be granted by the Board of Directors provided that the independence of members which grant it with respect to the Director dispensed off is guaranteed. Furthermore, it will

be necessary to ensure the harmlessness of the operation authorised for Company assets or, where appropriate, its performance on an arm's length basis and the transparency of the process.

2. The Company's obligation not to compete may only be dispensed of in the event it is not expected to cause damage for the Company or that it is expected to be offset by the benefits the Company expects to obtain therefrom. Such dispensation will be granted via a separate express resolution adopted by the General Meeting.

Article 17°.- Information to Board Members

~~So as to better perform their tasks, Board Members may request, through the Chairman or through the Secretary to Unless the Board of Directors, the was set up or convened on an exceptional emergency basis, Directors must be furnished sufficiently in advance with the information that he or she may deem necessary, which under special circumstances, may consist in external assistance at the company's expense.~~

~~required to deliberate on~~**Article 16°.- Remuneration**

~~Board Members shall be remunerated in accordance with the provisions of the legislation in force and adopt the resolutions on the matters to be dealt with. In conjunction with the Company Bylaws.~~

~~For this purpose Secretary, the Board Chairman of Directors, subject to a report from the Remuneration Committee, shall determine the definitive distribution of the overall amount that may correspond, in addition to the periods in which payment is made.~~

~~Remuneration received by the Board of Directors shall be registered in the Annual Report in accordance with the provisions of the legislation in force will oversee compliance with this provision.~~

THIRD TITLE

REGARDING POSITIONS ON THE BOARD OF DIRECTORS

Article 17°18°.- The Chairman and the coordinating Director

1. The Board shall elect Subject to a report by the Appointments and Remuneration Committee, the Board of Directors will appoint a Chairman from among its members, who, and, where appropriate, one or several Deputy Chairmen.
2. The Chairman is the ultimate person in addition to the charge of the efficient functioning of the Board of Directors and it will have, among others, the following functions and powers:

- a) To convene and chair Board meetings, establishing the meeting agenda and leading debates and deliberations.
- b) Unless stated otherwise in the Bylaws, to chair the General Shareholders' Meeting.
- c) To ensure that ~~may correspond in accordance~~ Directors receive sufficient information in advance to deliberate on the points on the agenda.
- d) To stimulate debate and the active participation of Directors during the meetings, safeguarding their free posture, ensuring that sufficient time is devoted to discuss strategic matters.
- e) To organise and coordinate the frequent assessment of the Board, and of the Company's CEO, if the Chairman does not hold such position.
- f) To ensure that refresher programmes exist which enable Directors to bring themselves up to date with their knowledge when ~~the legislation in force, the Company Bylaws~~ circumstances so advise.
- g) To prepare and these Rules, shall perform the tasks ~~corresponding~~ submit to his or her condition as the Company's maximum executive manager, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors a programme of dates and ~~the~~ matters to be dealt with.

3. The position of Chairman of the Board of Directors may fall to an Executive Committee Director. In this case, the appointment of the Chairman will require the favourable vote of two thirds of Board members.

~~The Chairman shall enjoy the broadest powers for performing his or her tasks and, except due to legal prohibition, may delegate such powers, totally or partially, to other Board Members and the Company's management staff and, in general, whoever he or she deems expedient or necessary.~~

4. In the event the Chairman is an Executive Director, the Board of Directors, with the abstention of the Executive Directors, must appoint a coordinating Director from among the Independent Directors, who will have the following powers and responsibilities:

- a) To chair the Board in the absence of the Chairman and Deputy Chairmen.
- b) To request that a Board meeting be called or that new points be included on the agenda of an already convened Board meeting.
- c) To coordinate and assemble Non-Executive Directors and to reiterate their concerns, in particular, in relation with the Company's corporate governance.
- d) To manage, where appropriate, the periodic assessment of the Chairman of the Board of Directors.
- e) To coordinate the Chairman's succession plan.

Article 18°19°.- The Vice-Deputy Chairmen

~~Likewise, the~~The Board may also elect from among its ~~members~~Board Members one or two ~~Vice-Deputy~~ Chairmen who shall ~~substitute~~act as the Chairman in cases of delegation, absence or illness and, in general, perform all the tasks that may be entrusted to them by the Chairman, the Executive Committee and the Board of Directors.

Substitution of the Chairman shall take place by chronological order of the ~~Vice Chairmen's~~Deputy Chairmen's appointment and, in the absence of such order, by order of seniority and, lastly, by order of greater to lesser age.

Article 19°.- Article 20°.- The Chief Executive Officer

The Board may appoint ~~a one or various~~ Chief Executive ~~Officer~~Officers, delegating him/her the powers deemed expedient except those which, by law or ~~Company under the Company's~~ Bylaws, cannot be delegated.

When a Board member is appointed CEO or is attributed executive functions by another means, it will be necessary for him/her to enter into a contract with the Company which must be previously approved by the Board of Directors with the favourable vote of two thirds of its members. The Director in question must abstain from deliberation and from participating in the voting. The contract approved must be included as an appendix to the minutes of the meeting.

Article 21°. - ~~Article 20°.-~~ The Secretary

1. ~~Following the issuance of~~Subject to a report by the ~~Appointment~~Appointments and Remuneration Committee, the Board of Directors shallwill appoint a Secretary, ~~who and, where appropriate, one or several Deputy Secretaries. The same procedure will be followed to agree the separation of the Secretary and, where appropriate, of each Deputy Secretary. The Secretary and the Deputy Secretaries may or may not be a non-member, and who must be a practising lawyer. Apart~~Directors.
2. ~~Aside from the functions laid down~~assigned by law and under the ~~legislation in force, the Company~~Company's Bylaws and/or these Rules, the Secretary ~~to the Board of Directors is responsible for: ensuring that actions arising from the company bodies it forms part of~~ must perform the following tasks:
 - a) ~~Conserve the documentation of the Board of Directors, make a record in the Minutes books of the holding of the meetings and attest to their content and to the resolutions adopted.~~
 - b) ~~Ensure the Board of Directors' procedures comply with the requirements of applicable regulations, the law, issuing warnings in this respect~~Company's

Bylaws and registering them in other internal rules, and take into account the Minutes; and good governance recommendations generally accepted or considered by the Spanish listed companies.

- c) Aid the Chairman in ensuring that the Board of Directors bears in mind receive the relevant information to exercise their functions sufficiently in its actions the recommendations on good corporate governance of the unified Code advance in forethe adequate format.

TITLE FOUR

REGARDING THE BOARD COMMITTEES

Article 21^o22^o.- The Committees

For the purposes of greater efficiency in its functions and notwithstanding the powers conferred to the Board by the Bylaws for setting up the Committees it may deem expedient, an Executive Committee shall be created, with powers delegated by the Board, in addition to an Audit Committee and an AppointmentAppointments and Remuneration Committee, with functions which, within the scope of the legislation in force and of the CompanyCompany's Bylaws, are laid down by these Rules.

Article 22^o23^o.- The Executive Committee

1. The Executive Committee shall be made up of the Chairman of the Board of Directors, who shall act as its Chairman, and by the Vice-Deputy Chairman or both Vice-Deputy Chairmen, in the event that these positions had been appointed, byof Board Members appointed by the Board of Directors for such purpose, and byof the Secretary to the Board-of Directors, with entitlementthe right to particiipatespeak but not to vote, who shall act as its Secretary.

The Executive Committee shall meet as often as it is convened by its Chairman, on his or her own initiative or on at the request byof, at least, two of its members. It shall be deemed to be set up when the majority of its members attend, present or represented, and unless the legislation in force, the Company Bylaws or these Rules provide otherwise, it shall adopt its agreements by the majority vote of those attending, present or represented.

2. The Executive Committee shall have,exercise all duties delegated thereto by delegation-of the Board of Directors, all the powers that correspond to it except those which, by law or bylaw, that cannot be delegated by law or under the Company's

Bylaws. Nevertheless, the Board of Directors may pass on knowledge of and the decision upon any matter of its competence, and on its part, the Executive Committee may ~~subject~~submit the decision on any matter to the Board of Directors, which even though a matter of its competence, it deems necessary or expedient for the Board to decide upon.

Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Executive Committee shall be governed by the provisions of these ~~rules~~Rules regarding the ~~operation~~functioning of the Board of Directors.

Article 23°24°.- The Audit Committee

1. In accordance with the provisions of Article ~~20-bis~~21 of the Company Bylaws, there shall ~~exist~~be an Audit Committee ~~to be~~ made up of a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. Under no circumstances may such appointment ~~correspond~~fall to ~~whoever is~~anyone who currently ~~performing~~performs or who has ~~performed in~~carried out tasks of an executive or labour-related nature at the Company during the three immediately ~~previous~~preceding years, ~~functions of an executive or industrial nature in the Company.~~ At least two of the members of the Audit Committee shall be Independent Directors and one of them shall be appointed on the basis of his or her knowledge and experience in accounting or auditing or both. The Chairman's appointment ~~of the Chairman~~, also to be ~~made~~carried out by the Board of Directors, ~~must~~shall necessarily correspond to one of the ~~Company's non-executive Board Members and he or she may~~Company's Independent Directors, who may not remain in ~~the~~such position for a ~~term~~period in excess of four years. ~~They, although he/she~~ may, nevertheless, be ~~eligible for re-election~~elected after the term of one year has elapsed ~~since~~from the ~~end~~moment of ~~his or her term of office~~cessation. The Secretary to the Board of Directors shall attend the Committee's meetings, and shall act as its Secretary, with entitlement to participate but not to vote, and he/she shall ~~write up~~draft the ~~minutes~~Minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

2. ~~It~~ Under the supervision of the Audit Committee, it will have a unit which will assume the internal audit function to oversee the sound functioning of the reporting and internal control systems. From a functional standpoint, it will be answerable to the Non-Executive Chairman of the Board or to that of the Audit Committee. The head of internal audit should present an annual work program to the Audit Committee; inform it directly of any incidents arising during its implementation; and submit an activities report at the end of each year.

3. The Audit Committee shall only be deemed to be ~~set up~~constituted when the majority of its members attend and it shall adopt its agreements by the majority vote of those attending, with the Chairman having the casting vote in the event of ~~an equal number~~

~~of votes. It shall a tie. It will meet, prior notice from as many times as convened by its Chairman, at least twice a year, coinciding and, in any case, it must coincide with the initial and final stages/phases of the period when audit of the Company's financial statements of the Company and the consolidated accounts/financial statements of the Business/its Group are audited, and always of Companies, prior to the issue/issuance of the corresponding audit/auditors' reports. Its, as well as upon the process of preparing financial reporting packages which must be made public by the Company.~~

~~The Company's Auditor may attend such Audit Committee meetings may be attended, when specially, whenever especially convened, by the Company Auditor, for the purposes/purpose of explaining the most significant aspects of the audits conducted/performed.~~

4. ~~The Audit Committee shall have the following functions:~~

- ~~a) Report to~~ To inform the General Shareholders' Meeting of Shareholders on the questions that ~~shareholders may raise there on~~ matters of its competence.
- ~~b) Propose to envisaged in relation to those issues which are the competency of the Company's Board of Directors, for submission to the General Meeting of Shareholders, the appointment of external accounts auditors referred to under Section 204 of the Public Limited Companies Act (Revised Text).~~ Committee.
- ~~b) Review and approve significant changes in the accounting policies~~ To supervise the effectiveness of the Company and Company's internal control, internal audit and risk management systems, including tax risks, and discuss any significant weaknesses in the internal control system identified during the performance of the subsidiaries comprised within its Business Group and of the Group itself. In addition, in general, liaise/audit with the external auditors/auditor.
- ~~c) To supervise the preparation and presentation of the mandatory financial information.~~
- ~~d) To submit to the Board of Directors the proposals for the selection, appointment, re-election and substitution of the external auditor, and the conditions of its hiring, and to regularly receive information from the auditor on those matters that the audit plan and its implementation, as well as to preserve its independence in the exercise of its functions.~~
- ~~e) To establish the appropriate relationships with the external auditor for the purpose of receiving information on any matter which may endanger the/compromise its independence, for examination by the Committee, and any other matter relating to the proceedings/process of auditing the accounts/audit, in addition to any other communication stipulated/laid down in the/Spanish legislation on accounts/regarding auditing and on technical auditing standards. In any case, the Company must receive an annual declaration from the external auditors regarding their independence vis-à-vis the entities directly or indirectly~~

related to the Company, together with information on additional services of any kind provided and the related fees received from these companies by the external auditor or by persons or entities related thereto, in accordance with the audit legislation in force.

f) ReceiveTo issue annually, prior to the issue of the auditors' report, a report in which it gives its opinion on the independence of the auditor. In any case, this report should inform on the provision of the additional services referred to in the previous section, individually and globally considered, other than the legal audit and in relation with the independence system or the audit regulations.

g) To inform the Board of Directors in advance of all matters envisaged by law, in the Company's Bylaws and in these Rules and, in particular, of:

1. the financial information which must be periodically disclosed by the Company;

2. the creation or acquisition of holdings in special purpose vehicles or entities domiciled in countries or territories deemed to be tax havens; and

3.- related party transactions.

h) To directly supervise compliance with the internal control and risk management functions exercised by a Company unit or department.

That stipulated in letters d), e) and f) above will be understood without prejudice to the audit regulations.

5. Aside from the functions envisaged in the previous section, the Audit Committee will exercise the following in relation to the reporting and internal control systems and to the external auditor:

a) Supervise the preparation and integrity of the financial information of the Company and, if applicable, of the Group, and check compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.

~~d)~~b) Oversee the independence of the unit which assumes the internal audit function; propose the selection, appointment, re-election and cessation of the head of the internal audit service; propose the budget for such service; approve the guidance and its work plans, ensuring that its activity is mainly focused on the Company's significant risks; receive periodic reports from the internal auditing services and supervise its operation; propose the appointment, re-election and termination of its head; assure its independence and efficiency; propose a budget for this service; information on its activities; and verify that senior management takes into account itsthe conclusions and recommendationsof its reports.

~~e) — Supervise compliance with internal conduct codes and corporate governance~~

rules.

- ~~f) Be aware of the financial information process and the company's internal control systems.~~
- ~~g) Periodically review the risk control and management systems, assuring that they appropriately define the different types of risks (operating, technological, financial, including contingent, legal, and image liabilities, etc.) faced by the company; define the acceptable risk level and establish the appropriate measures for mitigating the risks identified in the event that such risks were to arise.~~
- ~~h) Review and report on the estimates made by the management of the Company and of those forming part of its Business Group with respect to possible significant fiscal and legal contingencies.~~
- ~~i) Be aware of the results of inspections carried out by official agencies.~~
- ~~j) Be aware of the information periodically provided to the Stock Market on the company's accounts.~~
- c) Previously inform Establish and monitor a mechanism whereby employees can report, in a confidential manner, any potentially significant irregularities within the Company, particularly of a financial and accounting nature.
- d) Should the external auditor resign, examine the circumstances leading to such decision.
- e) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- f) Ensure that the Company notifies any change of auditors to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditors and, if any, of their content.
- g) Ensure that the external auditor holds an annual meeting with the Board of Directors of any related party transactions to be submitted to inform it of the work performed and of the evolution of the Company's accounting situation and risks.
- h) Ensure that the Company and the external auditor comply with the applicable laws regarding the provision of services other than auditing services, restrictions on the concentration of the external auditor's business, and, in general, with other laws stipulated to safeguard the independence of auditors.
- k)6. Also, the Audit Committee may convene any Company employee or manager, even ordering their appearance without the presence of another senior executive. Likewise, the Audit Committee must be informed of the operations involving structural and corporate modifications planned to be performed by the Company for its approval, analysis and preliminary report to the Board of Directors on their

economic conditions and accounting impact and, especially, where appropriate, on the proposed exchange ratio.

~~1) — Any other matters under its competence pursuant to these Rules, which may be especially entrusted to it by the Board of Directors.~~

7. Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Audit Committee shall be governed by the provisions of these ~~rules~~Rules regarding the ~~operation~~functioning of the Board of Directors.

Article 24°.-25°.- Functions of the Audit Committee in the area of corporate governance and social responsibility

In addition to the functions listed in the previous article, the Audit Committee will supervise compliance with the corporate governance rules, the internal codes of conduct and the corporate social responsibility policy, and it has been attributed the following functions:

- a) Supervision of compliance with the Company's internal codes of conduct and corporate governance rules.
- b) Supervision of the communication strategy and relationship with shareholders and investors, including small- and medium-sized shareholders.
- c) Periodic assessment of the adaptation of the Company's corporate governance system, in order to comply with its mission of promoting social interest and taking into account, where appropriate, the legitimate interests of the remaining groups of interest.
- d) Review of the Company's corporate responsibility policy, ensuring that it is aimed at creating value.
- e) Monitoring of the corporate social responsibility strategy and practice and assessment of the extent to which it is complied with.
- f) Supervision and assessment of the relationship processes with the different groups of interest.
- g) ~~The Appointment~~assessment of everything related to the Company's non-financial risks - including operating, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the reporting process of non-financial information and on diversity, in accordance with the applicable regulations and the international benchmark standards.

Article 26°.- Appointments and Remuneration Committee

1. Likewise, the Board of Directors shall set up an ~~Appointment~~Appointments and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and ~~moved~~removed, from among its members, by the Board of Directors, and who shall perform their ~~functions~~duties indefinitely or during the term for which they were elected. At least two members of the Appointments and Remuneration Committee shall be Independent Directors. The appointment of the Chairman must fall ~~onto~~ one of the ~~independent Board Members.~~ ~~Its meetings shall be attended by the~~Independent Directors. The Secretary to the Board of Directors, ~~shall attend the Committee's meetings, and shall act as its Secretary,~~ with entitlement to participate but not to vote, ~~who~~and it shall ~~act as its Secretary, and shall write up~~draft the ~~minutes~~Minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

~~It~~The Appointments and Remuneration Committee shall only be deemed to be ~~set up~~constituted when the majority of its members attend and ~~it shall adopt its~~ agreements ~~by~~shall be adopted by the majority vote of those attending, with the Chairman having the casting vote in the event of ~~an equal number of votes.~~ ~~It a tie.~~ The Committee shall meet, ~~prior notice from its~~ when convened by the Chairman, at least twice a year.

~~The Appointment~~The Appointments and Remuneration Committee should consult with the Board of Directors' Chairman and the Company's CEO, especially on matters relating to Executive Directors and senior executives. Any Board Member may suggest Board Membership candidates to the Appointments Committee for its consideration.

2. The Appointments and Remuneration Committee has the following ~~tasks~~duties:

- ~~1. Report on the remuneration system for the Chairman of the Board of Directors and other top executives in the Company. Where appropriate, make the pertinent recommendations to the Board so that the succession of the Chairman and, if applicable, Chief Executive Officer, proceeds in a planned and orderly manner. It will also consult with the Chairman, and if appropriate, the Chief Executive Officer, on any matters within its competence affecting the Company's executive Board Members and other senior executives.~~
- a) Report on the distribution among the members of the ~~To assess the required competences, knowledge and experience to sit on the Board of Directors. For this purpose, it will define the functions and capabilities required of the candidates to fill each vacancy, and it will assess the time and dedication necessary for them to effectively perform their duties.~~
- b) To establish a target representation for the least represented gender on the Board of Directors and to prepare guidance on how to attain this target.
- c) To submit to the Board of Directors the proposals for the appointment of Independent Directors for their appointment by co-optation or to be submitted to

the decision of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remunerations as well as the proposals for the re-election or separation of these directors by the General Shareholders' Meeting.

d) To notify the appointment proposals of the remaining Directors for their appointment by co-optation or to be submitted to the decision of the General Shareholders' Meeting, as well as the proposals for the re-election or separation of these Directors by the General Shareholders' Meeting.

~~2. To notify the appointment and separation proposals of senior executives and other supplementary payments corresponding to executive directors in relation to their functions.~~

~~3. Report inform on the remuneration of Board Members.~~

~~4. Report on multi-annual plans that may be set up according to stock value such as stock option plans.~~

~~5. Proposed appointment or re-appointment of independent Board members and report on the proposed appointment of other Board Members and of the Secretary to the Board of Directors. For these purposes, the skills, knowledge, experience and dedication to the good performance of their duties of those proposed as Board Members should be assessed. It shall also report on the proposed early resignation of any Independent Board Members.~~

~~6.e) Proposed appointment of Senior Executives, especially those who will form part of the Group's Management Committee, and promote the basic conditions of their contracts.~~

~~7. Issues relating to gender diversity on the To examine and organise the succession of the Chairman of the Board of Directors.~~

~~8.f) Any other matters under its competence pursuant to these Rules, which may be especially entrusted to it by the and of the Company's CEO and, where appropriate, make proposals to the Board of Directors to ensure that such succession takes place in an ordered planned manner.~~

g) To propose to the Board of Directors the remuneration policy of the Directors and of the general managers or of those performing their senior management functions under the direct control of the Board of Directors, of the Executive Committees or of the CEOs, as well as the individual remuneration and other contractual conditions of the Executive Directors, overseeing their compliance therewith.

h) To oversee compliance with the remuneration policy set by the Company.

- i) To periodically review the remuneration policy applied to Directors and senior executives, including the remuneration systems with shares and their application, and to guarantee that their individual remuneration is in proportion to that paid to the remaining Directors and senior executives of the Company.
- j) To ensure that potential conflicts of interest do not affect the independence of the external advisory services provided to the Committee.
- k) To verify the information on the remuneration of Directors and senior executives contained in the different corporate documents, including the annual report on Directors' remuneration.

Insofar as it were deemed necessary, and with the natural adaptations, the operation of the ~~Appointment~~Appointments and Remuneration Commission shall be governed by the provisions of these ~~rules~~Rules regarding the ~~operation~~functioning of the Board of Directors.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.

**RULES
OF THE
BOARD OF DIRECTORS**

24 March 2015

PRELIMINARY TITLE

Article 1º.- Purpose

These Rules are laid down for the purpose of regulating the organisation and operation of the Board of Directors, in addition to the Commissions that it sets up, subordinate to the provisions of the legislation in force and the Company Bylaws.

Article 2º.- Legal effect and interpretation

These Rules shall come into effect as from their approval and the Board of Directors itself shall be responsible for clarifying any doubts that may arise from their application, by complementing them insofar as it may be necessary.

TITLE ONE

THE BOARD OF DIRECTORS

Article 3º.- Composition and appointments

1. Within the limits stipulated in Article 13 of the Company Bylaws in force and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting the number of Board Members and individuals or legal entities to be appointed. The appointment proposal must specify whether the Board Member is an Executive, Proprietary, Independent or External Board Member.

Furthermore, should any vacancies arise, the Board of Directors may provisionally fill them by appointing Directors by co-optation until the next General Shareholders' Meeting where a definitive appointment shall take place. Should a vacancy arise once the General Meeting has been convened and before it is held, the Board of Directors may appoint a Director until the next General Meeting is held. The Director appointed by the Board does not necessarily have to be a Company shareholder.

2. The proposed appointment or re-election of Board members corresponds to the Appointments and Remuneration Committee in the event of Independent Directors and to the Board itself in the remaining cases. In any case, the proposal must be accompanied by a Board of Directors' report justifying its decisions, which assesses the competences, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders' Meeting or of the Board itself. The proposed appointment or re-election of any Non-Independent Director must also be preceded by a report by the Appointments and Remuneration Committee.

The Board of Directors must ensure that the selection procedures of its members favour a diversity of gender, experiences and knowledge, and they are not biased in any such way as to enable discrimination. Above all, such procedures must facilitate the selection of female directors.

3. This article will also apply to individuals who are appointed as representatives of a Director which is a legal entity. The proposal of a representative who is an individual must be included in the Appointments and Remuneration Committee report.

Article 4°.- Categories of Directors.

1. Executive Directors perform management functions within the Company or its group, whatever the legal link with the Company. When a Director performs management functions and, at the same time, is or represents a significant shareholder, or when he/she is represented on the Board of Directors, he/she will be deemed to be an Executive Director.
2. Non-Executive Directors are all the remaining Company Directors, and they may be Proprietary, Independent or other External Directors.
3. Proprietary Directors are deemed to be those who own an equity interest equal to or exceeding that legally deemed to be significant, or those who have been appointed in their capacity as shareholders, even if their shareholder investment does not attain that amount, together with those representing the shareholders of those mentioned above.
4. The Proprietary Directors who lose their status as such as a result of the sale of their investment by the shareholder they represented may only be re-elected as Independent Directors when the shareholder they represented until that date has sold all its shares in the Company.
5. Independent Directors are deemed to be those who, appointed in line with their personal and professional status, may carry out their functions without being conditioned by relationships with the Company or its group, its significant shareholders or its executives.

Independent Directors can in no case be considered to be those found to be in the following situations:

- a) Employees or Executive Directors of Group Companies, unless 3-5 years, respectively, have elapsed since such relationships ended.
- b) Those who receive from the Company, or from its Group, any amount or benefit for items other than Directors' remuneration, unless it is insignificant. For these purposes, neither the dividends nor the pension supplements received by the Director as a result of his/her previous professional or employment relationship will be taken into account, if such supplements are unconditional and, accordingly, if the Company which pays them cannot suspend, modify or revoke their accrual on a discretionary basis without breaching its obligations.
- c) Those who are or have been in the last three years partners of the external auditor or head of the auditors' report, since it involves the audit during this this period of the listed Company or of any other Company of its group.
- d) Executive Directors or senior executives of another Company other than that in which an Executive Director or senior executive of the Company is an External Director.

- e) Those who hold, or who have held in the last year, a significant business relationship with the Company or with any Group company, be it in their own name or as a significant shareholder, Director or senior executive of an entity which maintains or has maintained such relationship. Business relationships will be deemed to be those involving the supplier of goods or services, including financial services, and those involving advisors or consultants.
- f) Significant shareholders, Executive Directors or senior executives of an entity which receives, or has received during the last three years, donations from the Company or from its Group. This article will not include those who are mere employers of a foundation which receives donations.
- g) Spouses, people tied by a similar relationship of affectivity or relatives up to the second degree of an Executive Director or senior executive of the Company.
- h) Those who have not been proposed, either for appointment or renewal, by the Appointments Committee.
- i) Those who have been Directors for an on-going period exceeding 12 years.
- j) Those who find themselves with respect to any significant shareholder or representative on the Board of Directors in any of the cases indicated in letters a), e), f) or g) above. In the event of any relationship by affinity indicated in letter g), the restriction will be applied not only to the shareholder, but also with respect to its Proprietary Directors at the Investee.

A Director who owns an ownership interest in the Company may be deemed to be an Independent Director, provided that he/she meets all the conditions stipulated in this article and that his/her interest is not material.

Article 5°.- Functions

1. In accordance with the terms of Article 18 of the Company Bylaws in effect, the Board of Directors is responsible for representing the Company and administering its business and for carrying out whatever operations may be involved in its purpose or may be related to it.

In carrying out its functions, the Board of Directors shall act in accordance with Company interests, safeguarding the interests of the shareholders.

2. Under no circumstances may the Board of Directors delegate the following powers:
 - a) The supervision of the effective functioning of the Committees set up by it, and of the procedures of the executive bodies and of the executives appointed by it.
 - b) The determination of the Company's general policies and strategies.
 - c) The authorisation or dispensation of obligations arising from the duty of loyalty.
 - d) Its own organisation and functioning.

- e) The preparation of financial statements and their presentation to the General Meeting.
- f) The preparation of any type of report required by law by the governing body, provided that the operation referred to in the report cannot be delegated.
- g) The appointment and removal of Executive Directors of the Company, and the establishment of the conditions of their contracts.
- h) The appointment and removal of executives which were directly answerable to the Board or any of its members, and the establishment of the basic conditions of their contracts, including their remuneration.
- i) Decisions relating to the remuneration of Directors, in accordance with the Bylaws and, where appropriate, the remunerations policy approved by the General Meeting.
- j) The announcement of the General Shareholders' Meeting and the preparation of the agenda and the proposed resolutions.
- k) The policy relating to shares or own shares.
- l) The powers delegated by the General Shareholders' Meeting to the Board of Directors, unless it has been expressly authorised by the former to sub-delegate them.
- m) The approval of the strategic or business plan, management targets and annual budgets and of investment and financing, corporate social responsibility and dividend policies.
- n) The policy for controlling and managing risks, including tax risks, and the supervision of the internal control and reporting systems.
- o) The determination of the Company's corporate governance policy and that of the group of which it is the parent; its organisation and functioning and, in particular, the approval and amendment of its own regulations.
- p) The approval of the financial information to be periodically made public by the Company given that it is listed on the stock exchange.
- q) The definition of the structure of the group of Companies of which the Company is the parent.
- r) The approval of investments or operations considered strategic or to have a particular tax risk by virtue of their high amount or special characteristics, unless their approval corresponds to the General Meeting.
- s) The approval of the creation or acquisition of ownership interests in special purpose vehicles or entities resident in countries or territories considered to be tax havens, and any other transactions or operations of a similar nature whose complexity might impair the transparency of the Company and its Group.

- t) The approval, subject to an Audit Committee report, of the transactions which the Company or Companies of its group perform with Directors, in the terms envisaged in the legislation in force, or with significant shareholders, individually or in agreement with others, including shareholders represented on the Board of Directors of the Company or of other Companies forming part of the same group or with persons related thereto. The Directors in question or which represent or are related to the shareholders in question must abstain from participating in the deliberation and voting of the resolution in issue. This approval will only exclude the operations which simultaneously meet the following three characteristics:
1. They are governed by standard contracts applied on an across-the-board basis to a large number of clients;
 2. They are performed at the general prices or rates set by the supplier of the good or service at issue; and
 3. Their amount is no more than 1% of the Company's annual revenue.
- u) The determination of the Company's tax strategy.

When urgent circumstances arise, which are duly justified, the decisions relating to previous matters may be adopted by the bodies or persons delegated, which must be ratified at the first Board Meeting held following the adoption of the decision.

Article 6º.- Duty to inform shareholders

1. In order for the General Shareholders' Meeting to appropriately perform its functions, the Company's Board of Directors must make available to shareholders, prior to each Meeting being held, all information that may be legally required or which, without being so, must reasonably be provided in accordance with the interests of the company and of the shareholders, in order for them to lay down criteria. Following this line, the Board of Directors shall be obliged to deal with shareholders' requests either before or after the Meeting, with the maximum diligence, providing the Company's interests are not harmed.
2. For the purposes of transparency and maximum distribution of the corresponding information and to facilitate immediate access to it by shareholders, and investors in general, the Board of Directors shall have a Company web page that includes all those documents that are for general dissemination and, especially, the Company Bylaws; the Regulations of the General Shareholders' Meeting; the Regulations of the Board of Directors; the reports which, in accordance with legislation in force, must be given to the stock markets; the call notices to the General Shareholders' Meetings and the proposals that are submitted for the deliberation and approval thereof, as well as the resolutions adopted at recently held General Shareholders' Meetings.

Additionally, the Web Page shall include the composition of the Board of Directors, and the professional profile of each Board Member; other Boards of Directors of which he/she is a member, whether he/she is an Executive or Proprietary Board Member, and the shareholder which he represents; or whether he/she is an

Independent or External Board Member; the date on which he/she was first appointed, and if applicable, re-elected; and the Company shares or share options which he/she holds.

Article 7°.- Preparation of accounts

The Board of Directors, in view of the report issued by the Audit Committee, shall prepare the Financial Statements and Directors' Reports, both individual and consolidated, in such terms that, in addition to complying with the legislation in force, make them easy for shareholders and for the general public to understand.

The Minutes of the Board Meeting at which these Financial Statements are prepared shall specify the observations that may be made by the different Board Members individually, especially those that may affect the availability of the necessary information for forming an opinion and casting a vote.

Article 8°.- Duties arising from its status as a listed company

The Board of Directors shall be obliged to adopt or promote the adoption of any measures necessary or expedient in order to safeguard transparency in the Company's activities on the financial markets and to carry out any function that may arise from its status as a Company listed on the Stock Market.

Article 9°.- Annual assessment

1. The Board of Directors must perform an annual assessment of its functioning and that of its Committees and propose, on the basis of its outcome, an action plan to correct the weaknesses detected. The outcome of the assessment will be recorded in the minutes of the related meeting or attached thereto as an appendix.
2. The assessment process will refer in particular to the following aspects:
 - a) The quality and efficiency of the Board's functioning.
 - b) The functioning and breakdown of its Committees.
 - c) Diversity in the breakdown and competences of the Board of Directors.
 - d) The performance of the Chairman of the Board of Directors and of the Company's CEO should he/she not be the Chairman.
 - e) The performance and contribution of each Director, paying special attention to the heads of the different Board Committees.
3. The assessment of the different Committees will be based on the report submitted by them to the Board of Directors. The assessment of the Board of Directors will be based on the report submitted by the Appointments and Remuneration Committee.
4. Every three years, the Board of Directors will be assisted in the performance of the assessment by an external consultant, whose independence will be verified by the Appointments and Remuneration Committee.

Article 10°.- Sessions and notice

1. The Board shall meet whenever required to do so in the Company's interests, subject to notice from the Chairman or, in its absence, from a Deputy Chairman, either on his or her own initiative or on the request of, at least, two Board Members or of the coordinating Director referred to in Article 18 of these Rules. In any event, the Board shall meet at least eight times a year to periodically examine the Group's progress compared to the budgets and the previous accounting period.
2. Call notice shall be granted via letter, email or any other means of written communication that permits verification that it has been received by the various Board Members, including the agenda.

Except in cases of emergency, which shall be freely determined by the Chairman, notice must be given at least three days in advance of the date on which the Board Meeting is expected to be held.

3. The Board of Directors shall meet at the Company's registered office or at any other location determined by the Chairman and specified in the call notice.
4. Attendance of Board Members at the Board of Directors meetings shall be equally valid by means of remote communication, provided that these means allow the Board Members attending to mutually recognise and identify each other, to be in permanent communication, and to take the floor and vote in real time. Board of Director meetings that are attended by Board Members through means of remote communication, in accordance with that provided in this article, shall be considered unique and held at the location from where the Chairman of the body, or whoever stands in for him, is attending. The meeting minutes and certificates of the resolutions must express the form of adoption thereof.

Article 11°.- Quorum of attendance

1. The Board shall be deemed to be constituted when a majority of the attendees are either present or represented at the meeting.
2. Without prejudice to attendance obligations, Board Members who are unable to attend a meeting in person may be represented and cast a vote through another Board Member. This delegation must be in writing to the Chairman and must be in the form of a letter, email or any other written means that acknowledges receipt by the addressee. The Non-Executive Directors may only delegate their representation to another Non-Executive Director.
3. Nevertheless, the Board may be set up, without the need to be convened, when all its members are in attendance, in person or via representatives, and they unanimously decide to set up a session of the Board of Directors together with its agenda.

Article 12°.- Adopting agreements

Unless otherwise stipulated in the legislation in force, in the Company Bylaws or in these Rules, the Board of Directors' agreements shall be adopted by absolute majority of the Board Members attending the meeting, whether present or represented.

The adoption of agreements in writing and without a meeting, shall only be admissible when no Board Member is in disagreement and the other requisites laid down by the legislation in force are complied with.

SECOND TITLE

REGARDING BOARD MEMBERS

Article 13º.- Term of appointment for Board Members

1. Directors will be appointed for four years. They may be re-elected one or more times for terms of the same maximum duration.

The appointment of the Board Members shall expire when the term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year.

2. Notwithstanding the above, Proprietary Board Members must resign when the shareholder they represent fully disposes of its shares by any means.

Article 14º.- Duties of Board Members

1. General duty of diligence.

The Directors must perform their functions and comply with the duties imposed by the laws and Bylaws with the diligence of an orderly businessman, taking into account the nature of the post and the functions attributed to each of them.

The Directors must have adequate devotion and will adopt the measures required to correctly manage and control the Company.

When performing its functions, the Director must request and has the right to collect the adequate information required from the Company which will serve to comply with its obligations.

2. Duty of loyalty

The Directors must perform their tasks with the loyalty of a faithful representative, acting in good faith and in the Company's best interests.

In particular, the duty of loyalty bounds the Director:

- a) To not exercise their powers for purposes other than those for which they were granted.
- b) To keep information, data, reports or history secret to which he/she has had access during the performance of his/her duties, even when he/she has ceased to occupy such positions, except when permitted or required by law.

- c) To abstain from participating in the deliberation and voting of agreements or decisions in which he/she or a related person has a direct or indirect conflict of interests. This obligation to abstain will exclude the resolutions or decisions affecting him/her in his/her capacity as Director, such as his/her appointment or revocation with respect to posts on the Board of Directors or others of similar significance.
 - d) The Directors must perform their functions under the principle of personal liability with freedom of criteria or judgement and independence with respect to third party instructions or ties.
 - e) To adopt the measures required to avoid situations in which their interests, be they for their own account or for the account of third parties, may enter into conflict with Company interests and with Company duties.
3. The individual appointed to permanently exercise the functions inherent in the post of legal entity Director must meet the legal requirements set by the Directors, be submitted to the same duties and be jointly and severally liable to the legal entity Director.

Article 15°.- Conflicts of interest

1. The duty to avoid conflicts of interests referred to in letter e) of the previous article bind the Directors to abstain from:
- a) The Directors may not perform transactions with the Company, except for ordinary transactions performed in standard conditions for the customers and of scant importance, understood to be those whose information is not required to express fairly the Company's equity, financial position and results.
 - b) Using the Company's name or invoking his/her status as Director to unduly influence the performance of private operations.
 - c) Making use of Company assets, including confidential Company information, for private purposes.
 - d) Taking advantage of Company business opportunities.
 - e) Obtaining advantages or remuneration from third parties other than the Company and its Group associated with the discharge of their duties, except when such perks are mere courtesy.
 - f) Performing activities, for their own account or for the account of others which involve effective competition, be it current or potential, with the Company or which, in any other way, place them in an on-going conflict vis-à-vis the Company's interests.
2. The foregoing obligation to abstain will also apply when the beneficiary of the acts or activities prohibited is a person tied to the Director. Persons tied to the Directors will also be deemed to be:

- a) The spouse of the Director or the persons with a similar relationship of affectivity.
 - b) The ascendants, descendants and brothers and sisters of the Director or of his/her spouse.
 - c) The spouses of the ascendants, descendants and brothers and sisters of the Director.
 - d) The Companies in which the Director, by him/herself or via an intermediary, is in any of the situations envisaged in section one of article 42 of the Spanish Code of Commerce.
3. With respect to the legal entity Director, the following will be deemed to be related parties:
- a) The shareholders who, with respect to the legal entity Director, are in any of the situations envisaged in section one of article 42 of the Spanish Code of Commerce.
 - b) The Directors, in fact or in law, the liquidators, and the representatives with general powers of the legal entity Director.
 - c) The Companies which form part of the same group and their shareholders.
 - d) The persons who, with respect to the representative of the legal entity Director, are considered to be related parties vis-à-vis the Directors in conformity with that set forth in the preceding paragraph.
4. Directors must notify the Board of Directors of any direct or indirect conflict which they or parties related to them may have with respect to the Company's interests.

Conflicts of interest involving Directors must be disclosed in the notes to the financial statements in the terms envisaged in the legislation in force.

Article 16º.- System of dispensation

1. The Company may dispense of the prohibitions set forth in the preceding article in specific cases, authorising the performance by a Director or a related person of a certain transaction with the Company, the use of certain social assets, the use of a specific business opportunity, the obtainment of an advantage or the remuneration of a third party.

Authorisation must be necessarily granted by the General Shareholders' Meeting when it intends to dispense of the prohibition from obtaining an advantage or remuneration from a third party, or it affects a transaction whose value exceeds ten (10) per cent of Company assets. In the remaining cases, authorisation may also be granted by the Board of Directors provided that the independence of members which grant it with respect to the Director dispensed off is guaranteed. Furthermore, it will be necessary to ensure the harmlessness of the operation authorised for Company assets or, where appropriate, its performance on an arm's length basis and the transparency of the process.

2. The Company's obligation not to compete may only be dispensed of in the event it is not expected to cause damage for the Company or that it is expected to be offset by the benefits the Company expects to obtain therefrom. Such dispensation will be granted via a separate express resolution adopted by the General Meeting.

Article 17°.- Information to Board Members

Unless the Board of Directors was set up or convened on an exceptional emergency basis, Directors must be furnished sufficiently in advance with the information required to deliberate on and adopt the resolutions on the matters to be dealt with. In conjunction with the Secretary, the Chairman of the Board of Directors will oversee compliance with this provision.

THIRD TITLE

REGARDING POSITIONS ON THE BOARD OF DIRECTORS

Article 18°.- The Chairman and the coordinating Director

1. Subject to a report by the Appointments and Remuneration Committee, the Board of Directors will appoint a Chairman from among its members and, where appropriate, one or several Deputy Chairmen.
2. The Chairman is the ultimate person in charge of the efficient functioning of the Board of Directors and it will have, among others, the following functions and powers:
 - a) To convene and chair Board meetings, establishing the meeting agenda and leading debates and deliberations.
 - b) Unless stated otherwise in the Bylaws, to chair the General Shareholders' Meeting.
 - c) To ensure that Directors receive sufficient information in advance to deliberate on the points on the agenda.
 - d) To stimulate debate and the active participation of Directors during the meetings, safeguarding their free posture, ensuring that sufficient time is devoted to discuss strategic matters.
 - e) To organise and coordinate the frequent assessment of the Board, and of the Company's CEO, if the Chairman does not hold such position.
 - f) To ensure that refresher programmes exist which enable Directors to bring themselves up to date with their knowledge when the circumstances so advise.
 - g) To prepare and submit to the Board of Directors a programme of dates and matters to be dealt with.

3. The position of Chairman of the Board of Directors may fall to an Executive Director. In this case, the appointment of the Chairman will require the favourable vote of two thirds of Board members.
4. In the event the Chairman is an Executive Director, the Board of Directors, with the abstention of the Executive Directors, must appoint a coordinating Director from among the Independent Directors, who will have the following powers and responsibilities:
 - a) To chair the Board in the absence of the Chairman and Deputy Chairmen.
 - b) To request that a Board meeting be called or that new points be included on the agenda of an already convened Board meeting.
 - c) To coordinate and assemble Non-Executive Directors and to reiterate their concerns, in particular, in relation with the Company's corporate governance.
 - d) To manage, where appropriate, the periodic assessment of the Chairman of the Board of Directors.
 - e) To coordinate the Chairman's succession plan.

Article 19°.- The Deputy Chairmen

The Board may also elect from among its Board Members one or two Deputy Chairmen who shall act as the Chairman in cases of delegation, absence or illness and, in general, perform all the tasks that may be entrusted to them by the Chairman, the Executive Committee and the Board of Directors.

Substitution of the Chairman shall take place by chronological order of the Deputy Chairmen's appointment and, in the absence of such order, by order of seniority and, lastly, by order of greater to lesser age.

Article 20°.- The Chief Executive Officer

The Board may appoint one or various Chief Executive Officers, delegating him/her the powers deemed expedient except those which, by law or under the Company's Bylaws, cannot be delegated.

When a Board member is appointed CEO or is attributed executive functions by another means, it will be necessary for him/her to enter into a contract with the Company which must be previously approved by the Board of Directors with the favourable vote of two thirds of its members. The Director in question must abstain from deliberation and from participating in the voting. The contract approved must be included as an appendix to the minutes of the meeting.

Article 21°.- The Secretary

1. Subject to a report by the Appointments and Remuneration Committee, the Board of Directors will appoint a Secretary and, where appropriate, one or several Deputy Secretaries. The same procedure will be followed to agree the separation of the

Secretary and, where appropriate, of each Deputy Secretary. The Secretary and the Deputy Secretaries may or may not be Directors.

2. Aside from the functions assigned by law and under the Company's Bylaws or these Rules, the Secretary must perform the following tasks:
 - a) Conserve the documentation of the Board of Directors, make a record in the Minutes books of the holding of the meetings and attest to their content and to the resolutions adopted.
 - b) Ensure the Board of Directors' procedures comply with the applicable regulations, the Company's Bylaws and other internal rules, and take into account the good governance recommendations generally accepted or considered by the Spanish listed companies.
 - c) Aid the Chairman in ensuring that the Directors receive the relevant information to exercise their functions sufficiently in advance in the adequate format.

TITLE FOUR

REGARDING THE BOARD COMMITTEES

Article 22°.- The Committees

For the purposes of greater efficiency in its functions and notwithstanding the powers conferred to the Board by the Bylaws for setting up the Committees it may deem expedient, an Executive Committee shall be created, with powers delegated by the Board, in addition to an Audit Committee and an Appointments and Remuneration Committee, with functions which, within the scope of the legislation in force and of the Company's Bylaws, are laid down by these Rules.

Article 23°.- The Executive Committee

1. The Executive Committee shall be made up of the Chairman of the Board of Directors, who shall act as its Chairman, and by the Deputy Chairman or both Deputy Chairmen, in the event that these positions had been appointed, of Board Members appointed by the Board of Directors for such purpose, and of the Secretary to the Board, with the right to speak but not to vote, who shall act as its Secretary.

The Executive Committee shall meet as often as it is convened by its Chairman, on his or her own initiative or at the request of, at least, two of its members. It shall be deemed to be set up when the majority of its members attend, present or represented, and unless the legislation in force, the Company Bylaws or these Rules provide otherwise, it shall adopt its agreements by the majority vote of those attending, present or represented.

2. The Executive Committee shall exercise all duties delegated thereto by the Board of Directors, except those that cannot be delegated by law or under the Company's Bylaws. Nevertheless, the Board of Directors may pass on knowledge of and the decision upon any matter of its competence, and on its part, the Executive Committee may submit the decision on any matter to the Board of Directors, which even though

a matter of its competence, it deems necessary or expedient for the Board to decide upon.

Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Executive Committee shall be governed by the provisions of these Rules regarding the functioning of the Board of Directors.

Article 24°.- The Audit Committee

1. In accordance with the provisions of Article 21 of the Company Bylaws, there shall be an Audit Committee made up of a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. Under no circumstances may such appointment fall to anyone who currently performs or who has carried out tasks of an executive or labour-related nature at the Company during the three immediately preceding years. At least two of the members of the Audit Committee shall be Independent Directors and one of them shall be appointed on the basis of his or her knowledge and experience in accounting or auditing or both. The Chairman's appointment, also to be carried out by the Board of Directors, shall necessarily correspond to one of the Company's Independent Directors, who may not remain in such position for a period in excess of four years, although he/she may, nevertheless, be re-elected after the term of one year has elapsed from the moment of cessation. The Secretary to the Board of Directors shall attend the Committee's meetings, and shall act as its Secretary, with entitlement to participate but not to vote, and he/she shall draft the Minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.
2. Under the supervision of the Audit Committee, it will have a unit which will assume the internal audit function to oversee the sound functioning of the reporting and internal control systems. From a functional standpoint, it will be answerable to the Non-Executive Chairman of the Board or to that of the Audit Committee. The head of internal audit should present an annual work program to the Audit Committee; inform it directly of any incidents arising during its implementation; and submit an activities report at the end of each year.
3. The Audit Committee shall only be deemed to be constituted when the majority of its members attend and it shall adopt its agreements by the majority vote of those attending, with the Chairman having the casting vote in the event of a tie. It will meet as many times as convened by its Chairman and, in any case, it must coincide with the initial and final phases of the audit of the Company's financial statements and the consolidated financial statements of its Group of Companies, prior to the issuance of the corresponding auditors' reports, as well as upon the process of preparing financial reporting packages which must be made public by the Company.

The Company's Auditor may attend such Audit Committee meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audits performed.

4. The Audit Committee shall have the following functions:
 - a) To inform the General Shareholders' Meeting of matters envisaged in relation to those issues which are the competency of the Committee.

- b) To supervise the effectiveness of the Company's internal control, internal audit and risk management systems, including tax risks, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditor.
- c) To supervise the preparation and presentation of the mandatory financial information.
- d) To submit to the Board of Directors the proposals for the selection, appointment, re-election and substitution of the external auditor, and the conditions of its hiring, and to regularly receive information from the auditor on the audit plan and its implementation, as well as to preserve its independence in the exercise of its functions.
- e) To establish the appropriate relationships with the external auditor for the purpose of receiving information on any matter which may compromise its independence, for examination by the Committee, and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing and auditing standards. In any case, the Company must receive an annual declaration from the external auditors regarding their independence vis-à-vis the entities directly or indirectly related to the Company, together with information on additional services of any kind provided and the related fees received from these companies by the external auditor or by persons or entities related thereto, in accordance with the audit legislation in force.
- f) To issue annually, prior to the issue of the auditors' report, a report in which it gives its opinion on the independence of the auditor. In any case, this report should inform on the provision of the additional services referred to in the previous section, individually and globally considered, other than the legal audit and in relation with the independence system or the audit regulations.
- g) To inform the Board of Directors in advance of all matters envisaged by law, in the Company's Bylaws and in these Rules and, in particular, of:
 - 1. the financial information which must be periodically disclosed by the Company;
 - 2. the creation or acquisition of holdings in special purpose vehicles or entities domiciled in countries or territories deemed to be tax havens; and
 - 3.- related party transactions.
- h) To directly supervise compliance with the internal control and risk management functions exercised by a Company unit or department.

That stipulated in letters d), e) and f) above will be understood without prejudice to the audit regulations.

- 5. Aside from the functions envisaged in the previous section, the Audit Committee will exercise the following in relation to the reporting and internal control systems and to the external auditor:

- a) Supervise the preparation and integrity of the financial information of the Company and, if applicable, of the Group, and check compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.
 - b) Oversee the independence of the unit which assumes the internal audit function; propose the selection, appointment, re-election and cessation of the head of the internal audit service; propose the budget for such service; approve the guidance and its work plans, ensuring that its activity is mainly focused on the Company's significant risks; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
 - c) Establish and monitor a mechanism whereby employees can report, in a confidential manner, any potentially significant irregularities within the Company, particularly of a financial and accounting nature.
 - d) Should the external auditor resign, examine the circumstances leading to such decision.
 - e) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
 - f) Ensure that the Company notifies any change of auditors to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditors and, if any, of their content.
 - g) Ensure that the external auditor holds an annual meeting with the Board of Directors to inform it of the work performed and of the evolution of the Company's accounting situation and risks.
 - h) Ensure that the Company and the external auditor comply with the applicable laws regarding the provision of services other than auditing services, restrictions on the concentration of the external auditor's business, and, in general, with other laws stipulated to safeguard the independence of auditors.
6. Also, the Audit Committee may convene any Company employee or manager, even ordering their appearance without the presence of another senior executive. Likewise, the Audit Committee must be informed of the operations involving structural and corporate modifications planned to be performed by the Company for its analysis and preliminary report to the Board of Directors on their economic conditions and accounting impact and, especially, where appropriate, on the proposed exchange ratio.
 7. Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Audit Committee shall be governed by the provisions of these Rules regarding the functioning of the Board of Directors.

Article 25°.- Functions of the Audit Committee in the area of corporate governance and social responsibility

In addition to the functions listed in the previous article, the Audit Committee will supervise compliance with the corporate governance rules, the internal codes of conduct and the corporate social responsibility policy, and it has been attributed the following functions:

- a) Supervision of compliance with the Company's internal codes of conduct and corporate governance rules.
- b) Supervision of the communication strategy and relationship with shareholders and investors, including small- and medium-sized shareholders.
- c) Periodic assessment of the adaptation of the Company's corporate governance system, in order to comply with its mission of promoting social interest and taking into account, where appropriate, the legitimate interests of the remaining groups of interest.
- d) Review of the Company's corporate responsibility policy, ensuring that it is aimed at creating value.
- e) Monitoring of the corporate social responsibility strategy and practice and assessment of the extent to which it is complied with.
- f) Supervision and assessment of the relationship processes with the different groups of interest.
- g) The assessment of everything related to the Company's non-financial risks - including operating, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the reporting process of non-financial information and on diversity, in accordance with the applicable regulations and the international benchmark standards.

Article 26°.- Appointments and Remuneration Committee

1. Likewise, the Board of Directors shall set up an Appointments and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and removed, from among its members, by the Board of Directors, and who shall perform their duties indefinitely or during the term for which they were elected. At least two members of the Appointments and Remuneration Committee shall be Independent Directors. The appointment of the Chairman must fall to one of the Independent Directors. The Secretary to the Board of Directors shall attend the Committee's meetings, and shall act as its Secretary, with entitlement to participate but not to vote, and it shall draft the Minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

The Appointments and Remuneration Committee shall only be deemed to be constituted when the majority of its members attend and agreements shall be adopted by the majority vote of those attending, with the Chairman having the casting vote in

the event of a tie. The Committee shall meet, when convened by the Chairman, at least twice a year.

The Appointments and Remuneration Committee should consult with the Board of Directors' Chairman and the Company's CEO, especially on matters relating to Executive Directors and senior executives. Any Board Member may suggest Board Membership candidates to the Appointments Committee for its consideration.

2. The Appointments and Remuneration Committee has the following duties:
 - a) To assess the required competences, knowledge and experience to sit on the Board of Directors. For this purpose, it will define the functions and capabilities required of the candidates to fill each vacancy, and it will assess the time and dedication necessary for them to effectively perform their duties.
 - b) To establish a target representation for the least represented gender on the Board of Directors and to prepare guidance on how to attain this target.
 - c) To submit to the Board of Directors the proposals for the appointment of Independent Directors for their appointment by co-optation or to be submitted to the decision of the General Shareholders' Meeting, as well as the proposals for the re-election or separation of these directors by the General Shareholders' Meeting.
 - d) To notify the appointment proposals of the remaining Directors for their appointment by co-optation or to be submitted to the decision of the General Shareholders' Meeting, as well as the proposals for the re-election or separation of these Directors by the General Shareholders' Meeting.
 - e) To notify the appointment and separation proposals of senior executives and inform on and promote the basic conditions of their contracts.
 - f) To examine and organise the succession of the Chairman of the Board of Directors and of the Company's CEO and, where appropriate, make proposals to the Board of Directors to ensure that such succession takes place in an ordered planned manner.
 - g) To propose to the Board of Directors the remuneration policy of the Directors and of the general managers or of those performing their senior management functions under the direct control of the Board of Directors, of the Executive Committees or of the CEOs, as well as the individual remuneration and other contractual conditions of the Executive Directors, overseeing their compliance therewith.
 - h) To oversee compliance with the remuneration policy set by the Company.
 - i) To periodically review the remuneration policy applied to Directors and senior executives, including the remuneration systems with shares and their application, and to guarantee that their individual remuneration is in proportion to that paid to the remaining Directors and senior executives of the Company.

- j) To ensure that potential conflicts of interest do not affect the independence of the external advisory services provided to the Committee.
- k) To verify the information on the remuneration of Directors and senior executives contained in the different corporate documents, including the annual report on Directors' remuneration.

Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Appointments and Remuneration Committee shall be governed by the provisions of these Rules regarding the functioning of the Board of Directors.