

REGULATIONS OF THE BOARD OF DIRECTORS OF
TÉCNICAS REUNIDAS, S.A.

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CHAPTER I

BACKGROUND

Article 1. Purpose

1. The purpose of these Regulations is to determine the guiding principles of the Board of Directors of “Técnicas Reunidas, S.A.” (hereinafter, the “**Company**”), the basic rules of its organization and operation and code of conduct of its members.
2. The code of conduct established in these Regulations for Company Directors shall also be applicable to senior executives of the Company, whenever these are compatible with their specific nature.

Article 2. Interpretation

1. These Regulations shall be interpreted in accordance with the legal and statutory rules that may be applicable and the principles and recommendations for corporate governance of approved listed companies or issued by Spanish authorities and surrounding countries that are in effect at any time.
2. The Board of Directors shall resolve any doubts that may arise from the application and interpretation of these Regulations based on the general interpretation criteria of legal rules.

Article 3. Modification

1. These Regulations may only be modified on request of the Chairman or one third of the Directors or the Audit Committee, which shall accompany their modification proposal with a justification report.
2. The text of the proposal and the justification report of its authors shall be attached to the notification for the Board meeting where it shall be discussed. The notification shall be made with a minimum advance of ten days.
3. To be valid, the modification of the Regulations shall require the resolution be passed by the absolute majority of the Directors present or represented.
4. These Regulations shall be updated as required to adapt its content to current provisions that may be applicable.

Article 4. Distribution

1. Directors and senior executives have the obligation to know, comply and make others comply with these Regulations. To such purpose, the Secretary of the Board shall provide all of them a copy when they accept their

respective nominations or when their hire becomes effective, depending on the case; they must provide the Secretary a signed statement, as per Appendix I of these Regulations, in which they state to know and accept the content of these Regulations, committing to comply with any obligations that may be required in their virtue.

2. The Board of Directors of the Company shall adopt the appropriate measures so that the Regulations are suitably distributed to shareholders and investor public in general. In particular, the current text of these Regulations shall be notified to the National Securities Market Commission, registered in the Company Register and available on the corporate website of the Company as set forth herein.

CHAPTER II

FUNCTION OF THE BOARD

Article 5. General function of the Board

1. Except for the matters reserved to the competence of the Meeting of Shareholders, the Board of Directors is the highest decision body of the Company, and shall assume the power legally reserved for its direct knowledge, as well as any others necessary for responsibly exercising the general function of supervising, including among others but not limited to the functions attributed by the Capital Companies Act and, in particular, the functions assumed and that cannot be delegated:
 - (i) the formulation of the annual financial statements, the management report and the proposal for application of the earnings of the Company, as well as the consolidated financial statements and report, and their presentation at the Meeting of Shareholders for approval;
 - (ii) the financial information that, as a consequence of listed company, must be made publicly available;
 - (iii) the call of the Meeting of Shareholders as well as the publication of associated announcements and preparing the agenda, making the appropriate proposals, attending to the nature of each Meeting of Shareholders;
 - (iv) the appointment of directors by co-opting and elevation of proposals to the Meeting of Shareholders on the nomination, ratification, re-election or dismissal of directors;
 - (v) the designation and renewal of internal functions of the Board of Directors and members of the Commissions;
 - (vi) the distribution among its members of the remuneration of the directors, on proposal of the Nominations and Remunerations Commission;
 - (vii) the pronouncing on any takeover bid formulated over securities issued by the Company;
 - (viii) the authorization or dispensing of obligations derived from the duty of loyalty when legally corresponding to the Board and as legally set forth;
 - (ix) its own organization and operation;
 - (x) the determination and approval of the policies and general strategies of the Company. In particular, the following shall be considered:
 - (a) The strategic or business Plan, as well as the management objectives and annual budget;
 - (b) The investment and financing policy;

- (c) The definition of the corporate group structure of which the Company is the parent company;
 - (d) The corporate governance policy of the Company and its group, its organization and operation and, in particular, the approval and modification of its own Regulations;
 - (e) The corporate social responsibility policy;
 - (f) The dividends policy;
 - (g) The remunerations policy and performance appraisal of senior executives;
 - (h) The risk control and management policy, including tax, as well as periodic follow-up of internal information and control systems;
 - (i) The treasury shares policy and, in particular, its limits;
 - (j) The determination of the tax strategy of the Company.
- (xi) the approval of the following operating decisions:
- (a) The nomination and dismissal of Company directors, as well as the establishing of their contract conditions;
 - (b) The nomination and dismissal of senior executives reporting directly to the Board or any of its members, as well as the establishing of the basic conditions of their contracts, including remuneration;
 - (c) Any decisions regarding the remuneration of board members, within the statutory framework and, if applicable, the remunerations policy approved during the meeting of shareholders;
 - (d) Investments, including investments in affiliate companies or taking shares in companies, in Spain or abroad, or transactions of all kinds that, due to their high amount or special characteristics, are strategic or of special tax risk, unless these should be approved during a Meeting of Shareholders;
 - (e) The creation or acquisition of investments in special purpose entities or registered in countries or territories considered tax havens, as well as any other transactions or operations of analogous nature that, due to their complexity, may undermine the transparency of the Company and its group;
- (xii) The approval, previous report of the Audit and Control Committee, of the operations that the Company, or other companies of its group, transacts with directors, or with shareholders, individually or in combination with others, of a significant holding, including shareholders represented in the Board of Directors of the Company or in other companies that are part of the same group or related persons (“Related Operations”).
- Affected directors or that represent or are related to affected shareholders shall abstain from taking part in the deliberation and voting of the resolution in question.
- However, Related Operations meeting the following three conditions shall not require authorization from the Board of Directors:
- 1^a. That are carried out by virtue of contracts with standardized conditions and applied en mass to a large number of customers;
 - 2^a. That are performed at market prices or rates, generally set by whoever acts as supplier of the good or service at hand;
 - 3^a. That the transaction amount does not exceed one percent (1%) of annual income of the Company.
- The approval of Related Operations shall require the prior favourable report of the Audit Committee. Affected directors, in addition to not

- exercising or delegating their voting right, shall leave the meeting room while the Board resolves and votes on them.
- (xiii) Supervision of the effective operation of the Commissions and, as well as the supervision of the effective operation of the delegate bodies and executives that have been appointed;
 - (xiv) The formulation of any kind of report required in law to the Board of Directors, whenever the operation referred to by the report cannot be delegated;
 - (xv) Any power delegated by the Meeting of Shareholders, unless expressly authorized by it to sub-delegate these;
 - (xvi) Any other matter that the Regulations of the Board of Directors or the articles of association reserve to the knowledge of the body as a whole.
2. In the event of duly justified, urgent circumstances, it shall be possible for the delegated bodies or persons to adopt the corresponding decisions for the aforementioned matters, which shall have to be ratified during the first Board Meeting held after the adoption of the corresponding decision.
 3. The policy of the Board is to delegate ordinary management of the Company on the management team and focus its activity on the general function of supervising and adopting the most relevant decisions for management of the Company.
 4. The Board of Directors shall ensure the compliance by the Company of its ethical duties and its duty to act in good faith.
 5. The Board of Directors shall also ensure that no shareholder shall receive a privilege treatment over others.
 6. The Board of Directors shall carry out an annual assessment of its operation and its Commissions, as well as its Chairmen, based on the report raised by the Nomination and Remuneration Commission or the Audit Committee, if applicable, and propose, based on its result, an action plan to correct any deficiencies that have been found. The results of the assessment shall be documented in the minutes of the meeting or added to it as an attachment.

CHAPTER III

COMPOSITION OF THE BOARD

Article 6. Qualitative composition

1. The Board of Directors, in the exercising of its proposal power to the General Meeting of Shareholders and co-opting to cover vacancies, shall aim that, in the measure when possible, in the composition of the body, external and non executive directors do not represent a broad majority over executive directors.

To this purpose, it shall be understood that executive directors are those performing management functions in the Company or its group, regardless of the legal relation with it. However, directors that are senior executives or directors of companies belonging to the group of the dominant entity of the Company shall be considered as dominical.

When a director carries out management function and, at the same time, is or represents a significant shareholder or that is represented in the Board of Directors, he shall be considered as executive.

Therefore, the remaining directors of the Company shall be considered as external or non executive, who may be dominical, independent or other external.

2. The Board shall also seek to integrate dominical and independent directors in the majority group of external directors. The aforementioned definitions of director qualifications shall be interpreted as per the rules or recommendations of good governance in effect at any time. Furthermore, the Board shall also seek that, within the group of external directors, the number of dominical directors over the total non executive directors shall reflect the existing proportion between the capital of the Company represented by dominical directors and the rest of capital. In any case, the number of independent directors shall represent at least one third of the total of directors.
3. The Board of Directors shall ensure that the procedures for selecting its members favour diversity in terms of gender, experience and knowledge and do not suffer from implicit bias that may entail any kind of discrimination and, in particular, that facilitate the selection of female directors.

Article 7. Quantitative composition

1. The Board of Directors shall consist of no less than seven (7) members and not more than twelve (12), which shall be determined by the General Meeting of Shareholders.
2. The Board shall propose the number to the Meeting of Shareholders that, in accordance with the changing circumstances of the Company and within the statutory boundaries, is most suitable to ensure the due representativeness and effective operation of the body.

CHAPTER IV

STRUCTURE OF THE BOARD OF DIRECTORS

Article 8. The Chairman of the Board

1. The Chairman of the Board of Directors shall be elected, prior report from the Nomination and Remuneration Commission, from its members in compliance with the provisions set forth in the articles of association of the Company.
2. The Chairman will be an executive Director and will have all the authorities of the Board of Directors (except appointing Chairman and Vice Chairman and those not delegable according to the law or the Bylaws). The function of Chairman of the Board may be assigned to an executive director. In this case, the appointment of the Chairman shall require the favourable vote of two third of the members of the Board. In this case, the appointment of the Chairman shall require the favourable vote of two third of the members of the Board.

3. In addition to the power that is legally granted, the Chairman shall have the ordinary power to convene and chair the Board meetings, to produce the agenda of the meetings and to moderate discussions. The Chairman, however, shall convene Board meetings and include in the agenda the required items when required by three directors, the Vice-Chairman or the coordinator director, if applicable. In addition, unless expressly resolved otherwise, he shall chair the General Meeting of Shareholders.
4. In the event of a voting tie, the Chairman's vote shall be deciding.
5. The Chairman shall be considered as the highest executive of the Company, empowered with the necessary attributions to exercise this authority, including, in particular,
 - a) Ensure the directors receive, in advance, sufficient information to deliberate on the items on the agenda; ensure the Articles of Association are fulfilled in full and the resolutions of the General Meeting of Shareholders and Board of Directors are faithfully executed;
 - b) Exercise senior inspection of the Company and all its services; and
 - c) Stimulate discussion and active involvement of the directors during the sessions, protecting their free taking of position.
6. In addition, the Chairman shall, under the statutorily provided terms, have the power and rights of the Board except for those that cannot be legally or statutorily delegated.
7. In the event the Chairman should have the condition of executive director, the Board of Director, with the abstention of executive directors, shall necessarily appoint a coordinator director from the independent directors, which shall be especially empowered to convene the Board of Director's meeting or the inclusion of new items on the agenda of an already convened Director's meeting, coordinate and gather non executive directors and direct, if appropriate, the periodic assessment of the Chairman of the Board of Directors.

Article 9. Vice-Chairmen

1. The Board, prior report from the Nominations and Remunerations Commission, shall necessarily appoint from its members one or more Vice-Chairmen, of which at least one shall be independent. The First Vice-Chairman shall substitute the Chairman in the event of impossibility or absence, or when determined by the Chairman himself. Likewise, the Second Vice-Chairman shall substitute the First Vice-Chairman in the event of impossibility or absence, or when determined by the Vice-Chairman himself.
2. The First Vice-Chairman may convene the Board when, having been requested by three directors to the Chairman, their request had not been attended to within a period of one week. The same power shall correspond to the Second Vice-Chairman in the event the First Vice-Chairman should not convene the Board meeting under the aforementioned terms.

Article 10. The Secretary of the Board

1. The Board of Directors shall elect, prior report from the Nominations and Remunerations Commission, a Secretary whose nomination shall fall on a person, that may be a director or not, with aptitude to perform the duties specific to such function. In the event the Secretary of the Board of Directors is not a director, he shall have a voice but not vote.
2. The Secretary shall assist the Chairman in his duties and shall provide for the proper operation of the Board occupying himself, very especially, of providing directors with the necessary advice and information, maintaining company documentation, duly reflecting the development of the meetings in the minutes and to certify the resolutions of the body.
3. The Secretary shall ensure that the activities of the Board of Directors are compliant with applicable legislation and in line with the Articles of Association and other internal regulations; he shall ensure formal and material legality of the Board's activities, and shall check the fulfilment of provisions resulting from regulatory bodies and ensure the observance of the Company's corporate governance criteria and rules set forth in the Regulations of the Board of Directors.
4. In addition, the Secretary shall assist the Chairman so that the directors receive relevant information for the exercising of their functions with sufficient advance and in the appropriate format.

Article 11. The Vice-Secretary of the Board

1. The Board of Directors, prior report from the Nominations and Remunerations Commission, may appoint a Vice-Secretary, who shall not need to be a Director, to assist the Secretary of the Board of Directors or to substitute him in his absence in the execution of such function.
2. Unless otherwise resolved by the Board of Directors, the Vice-Secretary may attend the sessions of the Board to assist the Secretary in drafting the minutes of the meeting.

Article 12. Delegate bodies of the Board of Directors

1. The Board of Directors may appoint in its heart an Executive Commission or one or more Directors, regardless of the power it may confer to any person, delegating on them, in full or in part, temporarily or permanently, all power that may not be delegated as per applicable legislation and the articles of association. The delegation and nomination of the members of the Board that must hold such functions shall require for validity the favourable vote of two thirds of the members of the Board, and shall not be effective until registered in the Company Register.
2. In addition, the Board may create other commissions with consulting or advisory functions regardless that exceptionally they may be assigned some decision power.
3. In any case, the Board shall constitute both the audit and the nominations and remunerations committees as per legal requirements.

Article 13. Audit and Control Committee. Composition, responsibilities and operation

1. Within the core of the Board of Directors, an Audit and Control Committee shall be created in accordance with the following rules:
 - a) The Audit and Control Committee shall be formed by a minimum of three (3) and a maximum of five (5) directors, appointed by the Board of Directors from among its non executive directors, the majority of which, at least, shall be independent directors.
 - b) The Chairman of the Audit and Control Committee shall be elected from among the independent directors forming part thereof, who shall be replaced every four years, and may be re-elected after a period of one year from the end of his tenure.
 - c) At least one independent director member of the Audit and Control Committee and in particular, the Chairman, shall be appointed based on their knowledge and experience in accounting, auditing or both. In any case, as a whole, the members of the Committee will have the appropriate expertise in relation with the sector of activity of the audited entity.
2. Regardless of any other duties that may be assigned to it by the Board, the Audit and Control Committee shall exercise the following functions:
 - Inform the General Meeting on matters raised on it in any subjects of its responsibility and, in particular, in the outcome of the auditory, explaining how has the auditory contributed to the integrity of the financial information and the role of the Committee in this process.
 - Elevate to the Board any selection, nomination, re-election and substitution of accounts auditor proposals, as well as the hiring conditions and regularly collect information from him on the audit plan and its execution, in addition to preserve his independence while executing his functions.
 - Review the accounts of the Company, and ensure the fulfilment of legal requirements and the proper application of accounting principles, counting with the direct collaboration of external and internal auditors.
 - Supervise the elaboration and presentation process of mandatory financial information of the Company and, if applicable, the group, and make recommendations or proposals to the board of directors, aimed to safeguard its integrity, reviewing the fulfilment of regulatory requirements and the proper application of accounting criteria; know and supervise the internal control systems of the Company, check their suitability and integrity; and review the nomination or substitution of the managers.
 - Periodically supervise the efficiency of the internal control of the Company and its risk management systems, as well as discuss with account auditors any significant weaknesses of the internal control system detected during the execution of the audit, all of it without disrupting its independence. To that end, in case, the Committee will be

entitled to make recommendations to the Board of Directors and the correspondent term for monitorization.

- Establish suitable relations with the external auditor to receive information on any matters that may form a threat to his independence, for review by the Committee and any others related with the account auditing process and, if appropriate, to authorize the services other than those prohibited, as well as any other communications established in account auditing legislation and audit rules. In any case, the external auditors shall provide a declaration of their independence with regards to the Company or related entities to it directly or indirectly, as well as detailed and individualised information of additional services of any kind provided and the corresponding fees perceived from these entities by the external auditor or by persons or related entities to it in accordance with the provisions established in the rules governing account auditing.
- Supervise the fulfilment of the audit contract, seeking that the opinion on the annual financial statements and main content of the audit report be drafted in a clear and precise manner, as well as assess the results of each audit regularly receiving information from the external auditor on the audit plan and the results of the execution, also ensuring that senior management takes its recommendations into account. The Committee shall also ensure the rules in effect regarding the provision of services other than audit are respected, and the limits to the concentration of the auditor business and, in general, other rules established to ensure the independence of the auditors.
- Review the periodic financial information that, as a listed company, the Company must provide to the markets and its supervision bodies, ensuring that the intermediate financial statements are formulated with the same accounting criteria as the annual financial statements.
- Examine the compliance with the Internal Code of Conduct, of these Regulations and, in general, with the governance rules of the Company and make the necessary proposals for its improvement.
- Issue each year and prior to the issuance of the account audit report, a report expressing an opinion on whether the independence of the accounts auditors or accounts firms is compromised. This report shall contain, in any case, the reasoned consideration of providing each and every additional services referenced in the previous item, considered individually and as a whole, other than legal auditing and with regards to the regime of independence or with the regulatory accounts audit activity rules.
- Be aware of tax policies applied by the Company. In this sense, receive information from the person in charge of tax matters on the tax policies that have been applied, at least, prior to the formulation of the annual financial statements and the presentation of the Corporate Income Tax declaration and, when relevant, on the tax consequences of corporate transactions that have been submitted for approval by the Board of Directors.

- The function of controlling and monitoring the risk control and management policy, directly or through Subcommittees set up for this purpose.
 - Any other reporting and proposal function that may be entrusted by the Board of Directors in general or specifically, or that may be established by regulations in effect at any time.
 - Inform the Board of Directors, prior to the adoption by it of the corresponding decisions, on all matters established in Law, the Articles of Association and the Regulations of the Board and in particular, on:
 - a) The financial information that the Company must make public regularly.
 - b) The creation or acquisition of investments in special purpose entities or registered in countries or territories considered tax havens; and
 - c) Related Operations.
3. The Audit and Control Committee shall meet, ordinarily, on a quarterly basis, in order to review periodic financial information to be submitted to stock market authorities as well as information that the Board of Directors must approve and include as part of its annual public documentation. In addition, it shall meet whenever convened by its Chairman, who shall do so whenever the Board or its Chairman should request the issuance of a report or the adoption of proposals by the Audit and Control Committee and, in any case, when requested by any of the members of the Audit and Control Committee or is convenient for the proper execution of its functions.
 4. The Audit and Control Committee shall produce an annual report on its operation highlighting the main incidents that have emerged, if any, with regards to its specific functions. In addition, whenever considered appropriate by the Audit Committee, the report shall include proposals to improve the rules of governance of the Company. The Audit and Control Committee report shall be attached to the annual report on corporate governance of the Company and shall be made available to shareholders and investors through the website.
 5. The members of the management team or personnel of the Company and its group will be required to attend the Audit and Control Committee meetings and provide their collaboration and access to information on request of the Committee. The Committee may also require the attendance of account auditors to its meetings.
 6. To better fulfil its functions, the Audit and Control Committee may obtain advice from external experts, when considered necessary for the suitable fulfilment of its functions.

Article 14. Nomination and Remunerations Commission. Composition, responsibilities and operation

1. Within the core of the Board of Directors, a Nomination and Remuneration Commission shall be created in accordance with the following rules:

- a) The Nomination and Remuneration Commission shall be formed by a minimum of three (3) and a maximum of five (5) directors, appointed by the Board of Directors from among its non executive directors, two of which, at least, shall be independent directors.
- b) The Chairman of the Nomination and Remuneration Commission shall be elected from the independent directors forming part of the Commission, for a four year period, and may be re-elected one or more times for periods of equal duration.

2. Regardless of other functions that may be assigned by the Board of Directors, the Nomination and Remuneration Commission shall have the following basic responsibilities:

- Assess the necessary competences, knowledge and experience in the Board of Directors. To such purpose, it shall define the necessary functions and skills of candidates to be covered by each vacancy and assess the time and dedication required in order to efficiently fulfil their duties.
- Establish a representation objective for the least represented gender in the Board of Directors and produce guidelines on how to reach such objective.
- Raise to the Board of Directors any proposals for nomination of independent directors to be designated by co-opting or for submission for resolution during the General Meeting of Shareholders, as well as the proposals for re-election or separation of such directors by the General Meeting of Shareholders.
- Formulate and review the criteria to be following for the composition of the management team of the Company and its affiliates and for the selection of candidates and to inform the Board of Directors on the appointment or dismissal of directors that report directly to the Board of Directors.
- Inform the Meeting of Shareholders or, in the case of co-opting, the Board of Directors on the nomination or directors prior to their appointment by the Meeting of Shareholders or, if applicable, by the Board of Directors by the co-opting procedure.
- Inform appointment proposals of the remaining directors for designation via co-opting or for submission for resolution of the General Meeting of Shareholders, as well as the proposals for re-election or separation by the General Meeting of Shareholders.
- Report any nomination and separation proposals of senior executives and the basic conditions of their contracts.
- Inform the Board of Directors on the appointment of internal functions (Chairman, Vice-Chairmen, Chief Executive Officer, if applicable, and Secretary and Vice-Secretary, if applicable) of the Board of Directors.

- Examine and organize the succession of the Chairman of the Board and the first executive of the Company and, if applicable, formulate proposals to the Board of Directors so that such succession takes place in an orderly and planned manner.
 - Propose to the Board of Directors, the remunerations policy of directors and general managers or who carry out senior management functions reporting directly to the Board, of executive commissions or directors, as well as the individual remuneration and other contractual conditions of executive directors, ensuring their observance.
 - Issue and review the criteria which must be followed for the composition of the senior management team of the Company and its subsidiaries and for the selection of candidates and report to the Board of Directors on the appointment or dismissal of those senior executives answering directly to the Board of Directors.
 - Raise to the Board of Directors any nomination proposals of senior executives that must report directly to it, so it proceeds to appoint them.
 - Analyze, formulate and periodically review the proposals of executive hiring, loyalty and dismissal policies.
 - Analyze, formulate and periodically review the remuneration proposal policies of executives, considering their suitability and performance.
 - Inform the Board of Directors each year on the performance appraisal of the Company's senior management.
 - Inform the Board of Directors on the systems and amount of annual remunerations to directors and senior executives and produce information to be included in the annual public information on director remuneration.
 - Ensure the transparency of remunerations.
 - Inform the Board of Directors with regards to transactions that imply or may imply a conflict of interests.
 - Inform of nominations and dismissals of senior executives of the Company, as well as, if applicable, propose the basic conditions of contracts formalized with them.
- 3.** The Nomination and Remuneration Commission shall meet, ordinarily, once a year to prepare the information on director remuneration that the Board of Directors must approve and make public. In addition, it shall meet whenever convened by its Chairman, who shall do so whenever the Board or its Chairman should request the issuance of a report or the adoption of proposals and, in any case, when convenient for the proper execution of its functions.
- 4.** The request for information from the Nomination and Remuneration Commission shall be formulated by the Board of Directors or its Chairman. Furthermore, the Nomination and Remuneration Commission shall consider

any suggestions sent by the members of the Board, executives or shareholders of the Company.

CHAPTER V

OPERATION OF THE BOARD

Article 15. Meetings of the Board of Directors

1. The Board of Directors shall meet with the frequency that Company matters require and in any case, at least, once every two months and, on initiative of the Chairman, as often as he deems appropriate for the proper operation of the Company, as well as when required by the coordinator director as set forth herein. The Board of Directors shall also meet on request to the Chairman of at least one third of its members, indicating the agenda, in which case the Chairman shall convene the meeting to take place within one month after the request. If after this period, the Chairman should not have convened the meeting without a justified reason, the directors constituting at least one third of the members of the Board shall convene it to take place in the town of the registered address of the Company.
2. The meetings of the Board of Directors shall be convened by the Secretary, on request of the Chairman or, in his absence or incapacity, on request of the coordinating director, the First Vice-Chairman, Second Vice-Chairman and so forth.
3. The call for ordinary sessions shall be made personally, by letter, fax or e-mail, and shall be authorized with the signature of the Chairman or, if applicable, that of the Secretary or Vice-Secretary by order of the Chairman or the conveners. The call shall be processed with a minimum advance notice of five (5) days.

The call shall always include the agenda of the session and include the relevant information duly summarised and prepared.

4. The Chairman of the Board may convene extraordinary meetings of the Board when in his judgment the circumstances so justify it by telephone. Regardless of the above, the documentation that, if appropriate, should be provided to the Directors, shall be provided whenever possible with the sufficient advance. In addition, the Board shall be considered duly incorporated without the need for a call if, present or represented all of its members, they should unanimously accept to hold a meeting.
5. The Board may also resolve in writing without the need for a meeting, as established in the Capital Companies Act.
6. The Board shall produce an annual calendar of its ordinary meetings.

Article 16. Development of the meetings

1. The Board shall be validly constituted when at least the majority of its members concur, present or represented.

2. The directors shall do everything possible to attend the meetings of the Board and, when they cannot do so personally, shall seek to grant their representation in writing and especially for each meeting to another member of the Board including the appropriate instructions and notifying the Chairman of the Board of Directors. Regardless of the above, non executive directors may only delegate their representation on another non executive directors.
3. The Chairman shall coordinate the discussion seeking and promoting involvement of all directors in the deliberations of the body.
4. Except in the cases in which the Law or the articles of association specifically establish other majorities, resolutions shall be adopted by an absolute majority of meeting attendants. In the event of a voting tie, the Chairman's vote shall be deciding.
5. Minutes shall be produced of the meetings of the Board of Directors, which shall be signed by at least the Chairman and Secretary or Vice-Secretary, and shall be transcribed or collected, as set forth in legal regulations, in a Book of Minutes of the Board.
6. The minutes shall be approved by the Board of Directors at the end of the meeting or in a subsequent meeting.

CHAPTER VI

APPOINTMENT AND DISMISSAL OF DIRECTORS

Article 17. Appointment of Directors

The Directors shall be appointed, previous proposal of the Nominations and Remunerations Commission, by the General Meeting of Shareholders or by the Board of Directors according to the Capital Companies Act.

The appointment and re-election proposals of directors submitted by the Board of Directors for consideration by the General Meeting of Shareholders and the appointment resolutions adopted by such body by virtue of the co-opting power it has been legally attributed shall be submitted, in any case, to the policies of selecting of directors approved by the Board at any time, which shall be preceded by:

- a) The corresponding proposal from the Nominations and Remunerations Commission, in the case of independent directors; and
- b) The corresponding proposal of the Board of Directors, in the case of remaining directors, which shall be accompanied by a justifying report appraising the competition, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Meeting of the Shareholders or the Board itself. The appointment or re-election proposal of any non independent director shall be also preceded by a report from the Nomination and Remuneration Commission.

Article 18. Appointment of external Directors

The Board of Directors shall seek that the election of candidates falls on persons of renowned solvency, competence and experience, having to extreme the rigour with regards to those called to cover the independent director posts as set forth in article 6 of these Regulations.

Article 19. Re-election of Directors

The Board of Directors, prior to proposing the re-election of Directors to the General Meeting of Shareholders, shall assess, with the abstention of the affected parties, as set forth in article 22.1, the quality of work and dedication to the function of the proposed Directors during the previous mandate.

Article 20. Duration of the function

1. Directors shall hold their function for a period of four (4) years, regardless of the possibility of being dismissed before by the General Meeting of Shareholders. At the end of their mandate, they may be re-elected one or more times for periods of equal duration.
2. The appointment of directors shall expire when, at the end of the period, the following Meeting of Shareholders has been held or the legal period for the Meeting has passed that must resolve on the approval of the accounts of the previous fiscal period.
3. Vacancies that take place may be covered by the Board of Directors through co-opting, as per the law, as an interim solution until the meeting of the first General Meeting of Shareholders to be held, which may confirm the appointments, elect persons to substitute non ratified directors or amortize vacancies.
4. The directors appointed through co-opting must see their functions ratified on the date of the next General Meeting of Shareholders.
5. The Director ending his mandate or for any other reason ends performing his function may not be a director or occupy executive functions in another entity with an analogous corporate purpose as that of the Company for a period of two (2) years.

The Board of Directors, if considered appropriate, may dispense the outgoing director from this obligation or shorten the period of its duration.

Article 21. Dismissal of Directors

1. Directors shall be dismissed from their function at the end of the period they were appointed for and when resolved by the Meeting of Shareholders in the use of the attributions it is conferred in law or statutorily. In the case of independent directors, when they have held such function for an uninterrupted period of 12 years, from the moment in which the Company shares are admitted for trading in the Stock Market.

2. Directors shall place their jobs at the disposal of the Board of Directors and formalize, if it considers it convenient, the corresponding resignation in the following cases:
 - a) When ending the executive functions associated to their appointment as director.
 - b) When immersed in any of the scenarios of incompatibility or prohibition that have been defined in law.
 - c) When seriously warned by the Board of Directors due to having breached their obligations as directors.
 - d) When their permanence in the Board may endanger the interests of the Company or when the reasons why they were appointed have disappeared (for example, when a dominical director divests his investment in the Company).

3. Directors shall immediately notify the Board of any criminal causes in which they appear as defendant, as well as their subsequent procedural vicissitudes.

As soon as they are prosecuted or the procedure of opening of hearing is passed for any one of the crimes mentioned in section 213 of the Capital Companies Act, the Board shall necessarily examine the case and, in light of the specific circumstances and the potential effect on the credit and reputation of the Company, shall decide if the director should resign or not. The Board shall report all this in a reasoned manner in the Annual Corporate Governance Report.

4. When, either by dismissal or for other reasons, a director should end his function before the end of his mandate, he shall explain the reasons in a letter to be sent to all members of the Board. The reasons of the resignation shall be reported in any case in the Annual Corporate Governance Report.

Article 22. Objectivity and secrecy of voting

1. In compliance with the provisions set forth in article 29 of these Regulations, the directors affected by appointment, re-election or dismissal proposals shall abstain from intervening in deliberations and voting about them.
2. All voting of the Board on the appointment, re-election or dismissal of directors shall be secret.

CHAPTER VII

INFORMATION OF THE DIRECTOR

Article 23. Power of information and inspection

1. The director may ask for information on any aspect of the Company and examine the books, records, documents and other documentation. The right to information shall be extended to companies with an investment in whenever possible.

2. The request for information shall be sent to the Secretary of the Board of Directors, who shall provide it to the Chairman of the Board of Directors and the appropriate mediator in the Company.
3. The Secretary shall warn the director of the confidential nature of the information being requested and received and the duty of confidentiality in accordance with the provisions established in these Regulations.
4. The Chairman may deny such information if he considers: (i) it is not necessary for the full execution of the functions entrusted to the director or (ii) that the cost is not reasonable in light of the importance of the problem and the assets and income of the Company.

Article 24. Assistance of experts

1. In order to be aided in the exercising of their functions, external directors may ask for legal, accounting, financial or other expert advisors to be hired at the expense of the Company.

This request must necessarily cover specific problems of certain relevance and complexity arising in the execution of the function.

2. The decision to hire must be notified to the Chairman of the Company and may be vetoed by the Board of Directors if it accredits:
 - a) That it is not necessary for the full performance of the functions entrusted to the external directors;
 - b) that the cost is not reasonable in light of the importance of the problem and the assets and income of the Company; or
 - c) That the technical assistance obtained can be suitably provided by experts and technicians of the Company.

CHAPTER VIII

REMUNERATION OF DIRECTORS AND MEMBERS OF BOARD COMMISSIONS

Article 25. Remuneration of directors and members of Board Commissions

1. The members of the Board of Directors shall perceive in their condition as such a statutory remuneration, which the annual maximum for the Board as a whole shall be determined by the General Meeting of Shareholders depending on the indices and figures defined by the Meeting of Shareholders. This remuneration shall consist of the following concepts: (i) a fixed assignment; and (ii) expenses for effective attendance to meetings of the Board of Directors and its delegate or advisory Commissions.

The global amount of said expenses shall be established by the General Meeting of Shareholders and until not modified by it, shall be increased each year depending on the Consumer Price Index.

2. The Board of Directors shall determine, in each fiscal period, the form and moment of payment and agree on the distribution of the combined amount corresponding to the statutory remuneration set forth in item 1 above. The

distribution may be performed in individual manner considering the functions and responsibilities assigned to each director, membership of Board Commissions and other objective circumstances that the Board of Directors may consider relevant.

3. The remuneration of the directors shall be in any case to keep a reasonable proportion with the importance of the Company, the financial situation at all times and the market standards of comparable companies. The established remuneration system shall be aimed at promoting the profitability and long term sustainability of the Company and to incorporate the necessary caution to avoid the excessive assumption of risks and reward of unfavourable results.
4. In particular, the Board of Directors shall adopt any measures that are at its avail to ensure that the remuneration of external directors, including what they perceive as members of Commissions (when applicable) is in line with the following guidelines:
 - a) The external director must be remunerated depending on his effective dedication.
 - b) The external director shall be excluded from the provision systems financed by the Company for the cases of dismissal, decease or any other.
 - c) The remuneration amount of the external director shall be calculated in such a way to offer incentives for dedication, but not constituting an obstacle for his independence.
5. Executive directors shall perceive, in exchange for the execution of the executive functions that have been delegated or entrusted by the Board of Directors, the remuneration determined by the Board. Such remuneration shall be in line with the director remuneration policy approved by the Meeting of Shareholders and shall be reflected in the corresponding contract entered into by the director and the Company.
6. The Company is authorized to engage civil liability insurance for its directors.
7. The remunerations of external directors and executive directors shall be consigned in the report in individual form for each director.

CHAPTER IX

DUTIES OF THE DIRECTOR

Article 26. General obligations of the director

In the execution of their functions, directors shall work with the diligence of an orderly businessperson and a loyal representative, working in good faith and in the best interest of the Company. The standard of diligence of an orderly businessperson shall be understood as fulfilled when the director has acted in good faith, without personal interest in the matter subject of decision, with sufficient information and subject to a suitable decision process.

In particular, directors shall be required to:

- a) Be informed and suitably prepare for the meetings of the Board and, if applicable, of the delegate bodies they are members of;
- b) Attend meetings of the Board and actively take part in deliberations so that their criteria effectively contribute in the decision making process.

In the event that, for justified reasons, they cannot attend the meetings they have been convened for, they shall instruct the director that will represent them.

- c) Provide (and, to a greater extent, independent directors) their strategic vision, as well as concepts, criteria and innovative measures on the optimal execution and evolution of the Company's business.
- d) Execute any specific duty entrusted by the Board of Directors or any of its delegate and/or consulting bodies and that reasonably falls within their commitment of dedication.
- e) Investigate any irregularity in the management of the Company they may have come across and survey any risk situation.
- f) Call on people with a capacity to call meetings to convene an extraordinary meeting of the Board or to include in the agenda of the first to be held any matters considers convenient.
- g) Oppose to agreements contrary to the Law, the Articles of Association or corporate interest, and request their position is recorded in the minutes when considered most convenient for the tutelage of the company's interest.

Article 27. Duty of confidentiality of the director

1. Directors shall keep secrecy of deliberations of the Board of Directors and delegate bodies they are members of and, in general, shall abstain from revealing information they have had access to during the exercising of their function.
2. The confidentiality obligation shall subsist even after the end of the function, having to maintain secrecy of information of confidential nature and information, data, reports or background they are informed of as a consequence of the exercising of the function, which shall not be communicated to third parties or be subject to disclosure when they may have consequences that are detrimental to the interest of the company. Excluded from the duties referred to in this paragraph are the scenarios in which the laws allow for their communication or disclosure to third parties or that, if applicable, are required or must be submitted to the respective supervision authorities, in which case, the cession of information shall be in line with the provisions established in law.

Article 28. Obligation of non competition

1. Directors may not perform the function of executive officers or managers in companies with the same, analogous or complementary type of activity as the Company or perform activities, freelance or for third parties, that entail effective competition, current or sporadic, with the Company or that, in any

way represent a permanent conflict of interests of the Company, unless expressly authorized by the Company, through resolution of the General Meeting of Shareholders, under the terms established in the law and excluding the functions they may occupy, when applicable, in group companies.

2. Regardless of the above, directors may provide their professional services to entities that have a corporate purpose that is totally or partially analogous to the Company, as long as their first inform of their purpose to the Board of Directors, who may reasonably refuse their authorization to such activity.

Article 29. Conflict of interests

1. Directors shall notify the existence of conflicts of interests to the Board of Directors and abstain from attending and intervening in deliberations that affect matters in which they are personally interested.

It shall be considered there is a personal interest of directors when the matter affects any of the following persons:

- Their spouse or person with analogous affective relation;
- Ascendants, descendants and brothers of the director or the spouse of the director;
- Spouses of ascendants, descendants and brothers of the director; and
- Companies in which the director, directly or through related party, are in any of the situations considered under paragraph one of Trade Code section 42.

In the case of legal entity director, the following shall be understood as related parties:

- Shareholders that are, with regards to the legal entity director in any of the situations considered under paragraph 1 in section 42 of the Trade Code.
 - Directors, de facto or in right, liquidators and representatives with general power from the legal entity director.
 - Companies forming part of the same holding and its shareholders.
 - Persons that with regards to the representative of the legal entity director are considered as related party of the director as established in the previous paragraph.
2. Any situations of conflict of interest that may be incurred by directors shall be reported in the annual financial statements report.

Article 30. Use of company assets

Directors may not make use of Company assets, including confidential information of the Company, or make use of their position in the Company to obtain an equity

advantage, unless the corresponding dispense or authorization of the Company has been obtained under the terms legally established.

Article 31. Non public information

Directors shall observe the code of conduct established in the securities market legislation and, in particular, those consecrated in the Internal Conduct Regulations on Matters Related to Securities Markets of the Company with regards to processing privileged information and reserved information.

Article 32. Business opportunities

1. Directors may not make use for personal benefit or of a related person under the terms established in article 29 above, of a business opportunity of the Company, unless they have obtained the corresponding dispense or authorization from the Company, under the legally established terms.
2. For the purposes of the aforementioned section, a business opportunity shall be understood as any possibility of performing an investment or business transaction emerging or discovered in relation with the exercising of the function by the director, or through the use of Company information systems, or under circumstances that would make it reasonable to think that the offering from the third party was in reality addressed to the Company.

Article 33. Indirect operations

Directors shall infringe their loyalty duties with the Company if, knowing in advance, they allow or not reveal the existence of transactions carried out by the persons indicated in article 29.1 of these Regulations that have not been subject to the conditions and controls established in the previous articles.

Article 34. Duty of information of directors

1. Directors shall inform the Company of its shares they own directly or indirectly through persons indicated in article 29.1 of these Regulations, all in compliance with the provisions set forth in the Internal Conduct Regulations on Matters Related to Securities Markets.
2. Directors shall also inform the Company of functions they hold in the Boards of Directors of other listed companies and, in general, of events, circumstances or situations that may be relevant for their activities as directors of the Company in accordance with the provisions of these Regulations.

Article 35. Transactions with significant shareholders

1. The execution by the Company of any transaction with Directors and significant shareholders shall be subject to the authorization by the Board of Directors, prior report of the Audit Committee.
2. The Board of Directors, prior to authorizing the execution of transactions of this nature by the Company, shall consider the transaction from the perspective of equal treatment of shareholders and market conditions.

CHAPTER X

RELATIONS OF THE BOARD

Article 36. Relations with shareholders

1. The Board of Directors shall arbitrate suitable paths to identify proposals that may be formulated by shareholders with regards to the management of the Company.
2. The Board, through any of its directors and with the collaboration of the members from senior management considered pertinent, shall organize informative meetings on the progress of the Company and its Group, for shareholders residing in the most relevant financial centers, in Spain and other countries.
3. In its relations with the shareholders, the Board of Directors shall guarantee equal treatment, simultaneously providing presentations used in the public information meetings for the CNMV (Stock Exchange Commission) and publishing these on the Company's website.
4. The Board of Directors shall promote the informed involvement of shareholders in General Meetings of Shareholders and adopt any measures are considered appropriate to ensure the General Meeting of Shareholders effectively exercises its specific functions as per the Law and the Articles of Association.

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

- a) It shall make every effort to provide Shareholders, prior to the Meeting, any information that is legally required and any other than, even if not required, may be of interest and be reasonably supplied.
- b) Attend, with the greatest diligence, any requests for information that may be formulated by shareholders prior to the Meeting.
- c) Attend, with the greatest diligence, any questions that may be formulated by shareholders prior to the Meeting; and
- d) Ensure that the matters proposed to the Meeting of Shareholders are voted in an orderly manner and separately, giving shareholder the opportunity to intervene and express their opinion on each one of the matters submitted to voting.

Article 37. Relations with institutional shareholders

1. The Board of Directors shall also establish suitable mechanisms to exchange regular information with institutional investors forming part of the Company's shareholder structure.
2. Under no circumstance shall the relations between the Board of Directors and institutional directors be translated into the provision to these of any information that may give them a privilege or advantage situation compared to other shareholders.

Article 38. Relations with markets

1. The Board of Directors, through notifications of relevant facts to the National Securities Market Commission and the corporate website, shall immediately inform the public of all relevant information under the terms established in the Securities Market Act and its developing legislation.
2. The Board of Directors shall adopt the necessary measures to ensure that six-monthly, quarterly financial information and any other that prudence may require providing to the markets be produced in accordance with the same principles, criteria and professional practices used for preparing the annual financial statements and enjoying the same reliability as the latter.
3. The Board of Directors shall include information in its public annual documentation on the governance rules of the Company and their degree of fulfilment.

Article 39. Relations with auditors

1. The Audit Committee shall propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment (indicating the engagement conditions and the scope of the professional mandate), renovation and revocation of the auditor and supervise the fulfilment of the audit contract in accordance with article 13.2 of the Regulations of the Board of Directors.
2. The Audit Committee shall abstain from proposing to the Board of Directors, which shall in turn abstain from submitting to the Meeting of Shareholders the appointment as account auditor of the Company any auditing firm that is immersed in a cause of incompatibility as per account auditing legislation as well as any others in which the fees to be paid by the Company, for all concepts, represent more than five percent of its total income over the last fiscal period.
3. The Board of Directors shall seek to definitively formulate the accounts so as to not have any comments from the auditor. However, when the Board considers it must maintain its criteria, it shall publicly explain the content and scope of the discrepancy.

Article 40. Annual Corporate Governance Report

1. The Board of Directors shall approve yearly an Annual Corporate Governance Report of the Company with the legal information and any other that, in case, deems appropriate. In particular, the report shall provide a detailed explanation on the structure on corporate governance of the Company and its execution, including a description of the main characteristics of the internal systems of risks control and management for the issue of the financial information.
2. The Annual Corporate Governance Report shall be approved before the announcement of the call of the ordinary General Meeting of the Company of the tax year which the report is referred to and will be available for the shareholders jointly with the remaining documentation of the General Meeting.

- 3. The Company shall include the Annual Corporate Governance Report in a separate section of the management report.
- 4. Additionally, the Annual Corporate Governance Report shall be made publicly available as per the stock market applicable law. In particular, it shall be published as relevant information.

Article 41. Annual Report on the Remunerations of the Directors

Together with the Annual Corporate Governance Report, the Board of Directors shall produce and distribute an annual report on the remunerations of the directors, which shall include complete, clear and understandable information on the remunerations policy of the Company approved by the Board for the current year, as well as, if applicable, that planned for future years. It shall also include a global summary of how the remunerations policy was applied during the year, as well as the detail of individual remunerations accrued by each one of the directors.

This report shall be distributed and submitted for voting, for consulting purposes and as a separate item on the agenda, to the Ordinary General Meeting of Shareholders.

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