

REGULATIONS OF THE AUDIT COMMITTEE OF ZARDOYA OTIS, S.A.

Chapter I PROLOGUE

ARTICLE 1. PURPOSE

These regulations (the “**Regulations**”) are intended to favour the independence of the audit committee (the “**Audit Committee**” or the “**Committee**”) of ZARDOYA OTIS, S.A. and establish its principles of action and the basic rules concerning its composition, operation and competencies.

ARTICLE 2. APPROVAL, AMENDMENT, ORDER OF PREVALENCE AND INTERPRETATION

1. These Regulations and future amendments hereto will require the approval of the Board of Directors and will enter into force as of the date of approval.
2. These Regulations implement and supplement the system applicable to the Committee set out in commercial legislation, the company Bylaws and the Regulations of the Company’s Board of Directors. The rules contained therein will prevail in the event that these Regulations enter into conflict with them.
3. The Regulations will be interpreted in accordance with the law and the principles of good corporate governance. Any doubt or discrepancy concerning their interpretation must be submitted to and resolved by the Committee, reporting only the discrepancies that arise to the Board of Directors.
4. In the absence of any specific rule, the provisions set out in the Regulations of the Board of Directors concerning its operation will be applicable to the Audit Committee in so far as they are not incompatible with the Committee’s nature, in particular, the rules on calling meetings, granting proxy to another director, universal meetings, written ballots without holding a meeting, the persons acting as chairperson and secretary of the meetings and the approval of the minutes thereof.

ARTICLE 3. DISTRIBUTION

The Committee will adopt the appropriate measures for these Regulations to be distributed as necessary among the shareholders, the investor public in general, and employees and management of the Company and its group of companies.

ARTICLE 4. BASIC PRINCIPLES OF ACTION

1. **Responsibilities:** The Committee has specific responsibilities to advise the board of directors and to supervise and monitor the processes of preparation and presentation of financial information, the independence of the statutory auditor, and the effectiveness of internal systems of control and risk management, independently of the responsibilities of the Board of Directors.
2. **Sceptical stance:** Committee members must take a critical and sceptical stance, properly questioning the data, assessment processes and preliminary conclusions of the Company's managers and executives and forming their own opinion, both individually and as a body.
3. **Constructive dialogue that encourages members to speak freely:** the Committee Chairman must ensure that members freely take part in discussion, unaffected by internal or outside pressures, promoting a diversity of opinion and constructive dialogue among the members and encouraging them to speak freely and take a critical approach.
4. **Ongoing dialogue with the internal audit unit, the statutory auditor and company management:** to perform its duties properly, the Committee, basically through its Chairman, likewise involving the other members in so far as deemed appropriate, must put in place, in the terms set out in these Regulations, a channel for effective and regular communication with company management (in particular, the directorate general and financial management), the officer responsible for internal audit and the statutory auditor.
5. **Adequate analytical capability:** the Committee may seek external advice when it deems this necessary to perform its duties.

Chapter II COMPOSITION OF THE COMMITTEE

ARTICLE 5. COMPOSITION AND TERM OF OFFICE

1. The Audit Committee will be formed by three directors appointed by the Board of Directors from among the non-executive/external directors. A majority of its members must be independent directors.
2. The members of the Audit Committee will hold office while they remain in office as directors of the Company and maintain the status of non-executive external directors, unless the Board of Directors decides otherwise.

ARTICLE 6. APPOINTMENT, RE-ELECTION AND REMOVAL

1. The appointment, re-election and removal from office of the members of the Audit Committee will be governed by the resolutions of the Board of Directors.
2. Directors forming part of the Audit Committee who are re-elected as directors of the Company in a resolution passed by the General Shareholders' Meeting of the Company will continue to hold office on the Committee without the need to be re-elected thereto, unless the Board of Directors decides otherwise.

ARTICLE 7. EXPERTISE AND DIVERSITY

1. The members of the Audit Committee, taken as a whole, must have expertise and experience in accounting, auditing, finance, internal control and risk management. Likewise, the Audit Committee, taken as a whole, must have the relevant technical expertise in relation to the sector in which the Company operates.
2. For a director to be regarded as having experience and expertise in accounting, auditing or both, he or she must have:
 - a) Knowledge of accounting or auditing laws, regulations and standards, or both;
 - b) The ability to evaluate and interpret the application of accounting standards;
 - c) Experience of preparing, auditing, analyzing or evaluating financial statements of some complexity, comparable to that of the entity itself, or experience of supervising one or more people engaging in those tasks;
 - d) an understanding of the mechanisms of internal control relating to the financial reporting process..
3. In order to promote scepticism, a critical approach and differing points of view, diversity should be sought, especially as to gender, career experience, skills, sector-specific knowledge and geographical origin. At least one of the Committee members should have experience in information technology (IT).

ARTICLE 8. TRAINING

1. Before attending their first meeting as new Audit Committee members, directors will be given a guidance program that will provide them with swift and sufficient knowledge of the Company and enable them to play an active role from the outset.

2. Likewise, the Committee will have a recurring training scheme to ensure that its knowledge on subjects related to the Committee's duties is updated.

ARTICLE 9. POSITIONS

1. The Board of Directors will appoint a Chairman of the Committee from among its members and a Secretary, who need not be a Board member, at the proposal of the Nominating and Compensation Commission.
2. The Chairman of the Audit Committee will be appointed by the Board of Directors from among its independent directors who are members of it and must be replaced every four years, although he or she may be re-elected after one year has elapsed since he or she left office.
3. The Committee Chairman must have expertise and experience in accounting, auditing or risk management.
4. The Chairman of the Committee must act as its spokesperson at meetings of the Board of Directors and, as applicable, at the Company's General Shareholders' Meeting.

Chapter III DUTIES

ARTICLE 10. SCOPE AND RESOURCES

1. The Committee will have all the functions assigned to it by the Bylaws, the Regulations of the Board of Directors, the Board of Directors itself or the law and, in particular, although not limited to, the basic responsibilities regulated in this chapter.
2. The Committee must have sufficient resources to perform its role. Resource requirements should be communicated through the Secretary of the Committee or, in the event that he or she were not the same person as the Secretary of the Company's Board of Directors, the latter.

ARTICLE 11. SUPERVISION OF FINANCIAL AND NON-FINANCIAL REPORTING

1. In this area, the Committee will have the following duties:
 - a) To be informed of and oversee the process of preparing and presenting the mandatory financial reporting of the Company and, where appropriate, the Group, checking for compliance with legal requirements, the accurate demarcation of the

consolidated group and the correct application of accounting policies and ensuring the integrity of said financial reporting, and to submit recommendations or proposals aimed at ensuring its integrity to the Board of Directors.

In relation to the foregoing, the Committee will analyze the pertinent reports from internal control and internal audit officers.

- b) To determine whether the Company has correctly applied accounting policies, using its own judgement to reach a conclusion of its own, although it will use internal audit reports, other expert reports and the analyses and opinions of company managers as a basis, as well as information on the outcome of the statutory audit process.
- c) To review the clarity and integrity of all the financial information and related non-financial information made public by the Company and may, when it believes this to be appropriate, involve the statutory auditor in the review of reports other than the financial statements themselves.

Moreover, for the proper performance of this supervisory role, the Committee will hold individual meetings with management and the internal audit unit and must keep up fluid communications with the statutory auditor.

The Committee's supervisory role is to be performed both continuously and, when so requested by the Board, on specific occasions.

- d) To check that the financial information published on the Company's website is always up to date and matches the information authorized for issue by the Company's directors and published on the website of the National Securities Market Commission ("**CNMV**").
- e) To inform the Board of Directors beforehand in respect of the financial information that the Company must periodically make public. The Committee must ensure that the interim financial statements are drawn up under the same accounting policies as the annual statements and, to this end, consider the appropriateness of a limited review by the statutory auditor.
- f) To review the financial information sent to the CNMV on a quarterly basis.
- g) To ensure that the Board of Directors seeks to present the annual statements to the General Shareholders' Meeting without reservations or qualifications and, when applicable, the Chairman of the Audit Committee and the auditors must give a clear explanation to the shareholders on the content and scope of said reservations and/or qualifications.

2. If, after the review conducted by the Committee in the course of its oversight of the financial and non-financial reporting, it is dissatisfied with any issue, it must express its opinion to the Board of Directors.

ARTICLE 12. SUPERVISION OF SYSTEMS OF INTERNAL CONTROL AND RISK MANAGEMENT

In this area, the Audit Committee will have the following responsibilities, who will always exercise within the limits and subject to the provisions of the Articles of Association and the Regulations of the Board of Directors of the Company:

- a) To periodically review the effectiveness of the systems of internal control and risk management, including tax-related risks, embracing financial and non-financial risks, in order for the principal risks to be identified, managed and made known appropriately, based on the regular reports from management on the functioning of these systems and the conclusions, where appropriate, of any tests conducted on said systems by the internal auditors or any other person engaged for the purpose.
- b) To discuss any significant weaknesses detected in the internal audit system in the course of the audit with the statutory auditors, without diminishing their independence. For this purpose, the Audit Committee may submit recommendations or proposals to the Board of Directors and the corresponding deadline for the follow-up
- c) To supervise the risk unit and ensure its participation in (i) the preparation of risk strategies and in key decisions about their management, (ii) the proper functioning and effectiveness of the risk control and management systems; and (iii) adequate mitigation of risks within the framework of the policy defined by the Board of Directors.
- d) To ensure that the risk control and management policy identifies at least the following:
 - (i) the different types of risk (operational, technological, financial, legal, reputational, social, environmental, political, etc.) the Company is exposed to, including contingent liabilities and other off-balance sheet risks among the financial and economic risks,
 - (ii) determination of the risk level that the Company sees as acceptable,

- (iii) the measures in place to mitigate the impact of the risk identified, should they materialize,
- (iv) the internal reporting and control systems which will be used to control and manage said risks, including the aforementioned contingent liabilities and off-balance sheet risks.
- e) To encourage a culture in which risk is a factor that is considered in all the entity's decision-making processes and levels.
- f) To hold a meeting at least annually with the officers heading up business units, at which those officers can explain business trends and the related risks.
- g) To establish and supervise a mechanism whereby employees can report, confidentially and, if seen fit, anonymously, any potentially serious irregularities that they note within the Company, especially financial and accounting irregularities.

In its supervisory role in relation to the mechanism for communicating irregularities, the Committee must regularly receive information from the Compliance Officer on the functioning of the channel. After the information has been analyzed, the Committee Chairman will, once a year, inform the Board of Directors of the communications received.

ARTICLE 13. SUPERVISION OF INTERNAL AUDIT

In this area, the Audit Committee will supervise the effectiveness of the Internal Audit function, which is responsible for ensuring the proper functioning of the information and internal control systems. In particular, the Committee will have the following duties, who will always exercise within the limits and subject to the provisions of the Articles of Association and the Regulations of the Board of Directors of the Company:

1. To ensure and check the independence of the unit responsible for Internal Audit.
2. To directly supervise the Internal Audit area, which will report functionally to the Committee Chairman.
3. To propose the selection, appointment, reappointment and dismissal of the head of internal audit service, who will present his or her annual work program to the Audit Committee, inform the Audit Committee directly of any incidents arising in the course of implementation of the program, and submit an activity report at the end of each reporting period.

4. To annually assess and approve the functions of the internal audit area and ensure that they are adequate to the Company's real needs.
5. To propose the budget for the Internal Audit service.
6. To approve its priorities and work programs, ensuring that its activity focuses primarily on the main risks to which the Company is exposed.
7. To receive regular report-backs on its activities.
8. To review the annual work program, receiving information on any incidents that arise during its implementation.
9. To review the annual activity report.
10. To verify that senior management acts in accordance with the conclusions and recommendations contained in its reports.
11. To ensure that internal audit staff profiles are suitable and that they can work objectively and independently.
12. To assess the functioning of the internal audit unit and the performance of its leading officer, for which the Committee must seek the opinions of executive management.

ARTICLE 14 DUTIES IN RELATION TO THE STATUTORY AUDIT

1. In this area, the Audit Committee will have the following responsibilities, who will always exercise within the limits and subject to the provisions of the Articles of Association and the Regulations of the Board of Directors of the Company:
 - a) To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the recommendations for the selection, appointment, reappointment and replacement of the statutory auditor in accordance with the provisions set out below and in the applicable law, being responsible for the selection process, and engagement conditions

In the selection of the auditor, the Committee must take account of the scope of the audit, the capabilities, experience and resources of the auditor or audit firm, the fees, the auditor's independence and the effectiveness and quality of the auditing services to be provided, as well as any criteria set out in the Capital Companies Law, the Account Auditing Law and Regulation (EU) 5372014 of April 16.

b) To protect the independence of the statutory auditor in the course of its functions. For this purpose, the Committee must:

- (i) request and receive from the statutory auditor, on an annual basis, written confirmation of its independence in relation to the Company or any companies that may be related directly or indirectly thereto, together with detailed and specific information on the additional services of any nature rendered to said companies and the corresponding fees received from these entities by the auditors or by persons or entities related to the auditors in accordance with the provisions of the Account Auditing Law.
- (ii) issue an annual report, prior to the issue of the statutory audit report, expressing an opinion on whether the independence of the account auditors is compromised. Said report must also always make a pronouncement on the additional services to which point (i) above refers, considered individually and as a whole, other than the statutory audit, in relation to the system of independence or the legislation regulating account auditing.
- (iii) establish appropriate contacts with the statutory auditor to receive information on any questions which might be a threat to the latter's independence, which will be examined by the Committee
- (iv) ensure that the Company and the statutory auditor respect the current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other requirements designed to safeguard auditor independence

For this purpose, the Committee must:

- i. review and approve the Company's internal policies on personal situations and on prohibition on the provision of certain services by the auditor and approve the provision of non-audit services. In addition, the Audit Committee must ensure that the policies are known to the relevant officers of the Company so that they are correctly applied.
- ii. introduce a guideline ceiling on fees receivable by the statutory auditor for non-audit services, having regard to the provisions of the applicable legislation.
- iii. approve and review the Company's internal policies for compliance with the applicable legislation on prohibitions subsequent to the completion of the audit work.

- (v) where applicable, authorize the services other than those prohibited in the terms set out in the applicable legislation.
 - (vi) in the event of the resignation of the statutory auditor, investigate the issues giving rise thereto.
 - (vii) ensure that the remuneration of the external Account Auditor does not compromise its efficiency or independence.
 - (viii) ensure that the Company notifies any change of auditor to the CNMV as a relevant event, accompanied by a statement of any disagreements that may have arisen with the outgoing auditor and, if such disagreements exist, the contents thereof
- c) Regularly seek information from the auditor on issues related to the performance of the statutory audit, such as the audit plan, the results of its implementation and any other issue relating to the statutory auditing process, as set out in point 3 below. In particular, the Committee will seek information on any disagreement that may arise between the statutory auditor and company management.
 - d) To encourage the statutory auditor of the Group to take on the auditing of all the Group companies.
 - e) Upon completion of the audit, to review in conjunction with the statutory auditor the main findings of the audit work and the content of the audit report and of the additional report submitted to the Audit Committee.
 - f) If the Committee believes that there are matters for concern or unresolved issues as to the quality of the audit, the possibility should be considered of informing the Board of Directors and, if it is thought appropriate by the Board, supervisory authorities should likewise be informed, leaving timely record of it.
2. The Committee will maintain the communications with the statutory auditor required by accounting auditing legislation and technical audit rules, without undermining the auditor's Independence or the effectiveness of the audit, and will check that the Company's senior management is taking its recommendations into account.

Communications with the auditor will be fluid and ongoing and must be planned in a timetable of activities and an annual schedule of meetings, most of which should be held without company management being present, to address all matters that might influence the audit opinion or the independence of the statutory auditor.

3. In particular, the Committee must seek information on or discuss the following with the auditor:
 - i. the audit plan and its implementation, checking that senior management is taking its recommendations into account;
 - ii. ensure that the statutory auditor has at least one yearly meeting with the Board of Directors in full to inform it of the work undertaken and developments in the Company's risk and accounting positions.
 - iii. fulfilment of the audit contract, endeavouring to ensure that the opinion on the annual financial statements and the main contents of the audit report are worded clearly and precisely in accordance with accounting standards, applying the highest international standards, establishing joint strategies, an appropriate methodology and work programs, all of which must be consistent with the appropriate materiality limits.

ARTICLE 15. OTHER DUTIES

1. To supervise compliance with the internal codes of conduct and corporate governance rules and recommendations in force at any given moment.
2. To inform the Board of Directors, before the decision-making, on all the issues foreseen in the Law, the Company's Bylaws and these Regulations and, in particular, on the following issues:
 - (i) the creation or acquisition of shares in special-purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity may detract from the transparency of the group;
 - (ii) any structural changes or corporate transactions the Company is planning, in particular, on their economic conditions and accounting impact, especially, where applicable, the exchange ratio proposed; and
 - (iii) related-party transactions.
3. In relation to the foregoing, the Committee will submit proposals and reports to the Board, which will discuss them.

ARTICLE 16. DUTIES RELATING TO THE GENERAL SHAREHOLDERS' MEETING

1. The Committee will draw up an activity report, which, according to Recommendation 6 of the Code of Good Governance of Listed Companies, will be published on the Company's website sufficient time in advance of the Ordinary General Shareholders' Meeting to enable shareholders and other stakeholders to understand the Committee's activities over the year. Therefore, the report should at least address the following:
 - a) Rules and regulations of the Audit Committee.
 - b) Composition of the Committee.
 - c) Number of meetings held with the internal auditor and the statutory auditor.
 - d) Significant activities carried out in the period (reporting on any activities in which assistance from external experts was obtained).
 - e) Conclusions.
 - f) Date of authorization of the report by the Committee and date of approval by the Board of Directors.

2. Furthermore, the Committee, through its Chairman, will inform the General Shareholders' Meeting on issues raised thereat by shareholders that fall within the scope of its responsibilities and, in particular, if they concern the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role played by the Committee in this process.

Chapter IV OPERATION

ARTICLE 17. ACCESS TO INFORMATION

1. The Audit Committee will have free access to any kind of information or documentation held by or available to the Company (through the Chairman of the Audit Committee) that it considers necessary in order to perform its duties

2. The Chief Executive Officer will provide the Audit Committee with the information it requires to perform its duties in relation to the directors and senior management of the principal companies in which interests are held.

ARTICLE 18. ANNUAL WORK PROGRAM

Given the Committee's supervisory and advisory role, it will, before the end of each year, approve an annual work program for the following year.

ARTICLE 19. MEETINGS

1. The Audit Committee will meet at least quarterly, provided the Chairman considers it convenient or at least two members of the Committee so request, and, in any case, for each annual or interim financial reporting date, when the presence should be requested of the internal auditor, and, if any review report is issued, the statutory auditor, to address the items on the agenda for the purpose of which they were invited to attend. At least a part of meetings with the internal auditor or the statutory auditor should take place without the presence of the Company's management team, so that the specific issues emerging from the reviews carried out can be discussed.
2. The Chairman of the Audit Committee will, if applicable, report on any decisions and/or significant events that may have occurred at Committee meetings at the first Board meeting to take place after the Committee meeting in question
3. The Committee may require the presence at any of its meetings of any employee or officer (and may order them to appear without the presence of any officer), any executive director, the statutory auditor and/or the legal advisor to the Board of Directors, who should be invited to attend through the Chairman of the Committee and whose presence should be circumscribed to those items of the agenda for the purpose of which they were called to attend and should not be a regular practice.
4. Meetings must be planned by the Committee Chairman and notified to the Committee Secretary so that members receive the documentation sufficient time in advance.
5. Committee members are obliged to obtain the relevant information and prepare Committee meetings adequately.

ARTICLE 20. QUORUM AND ADOPTION OF DECISIONS

The Audit Committee will reach a quorum when a majority of the members are present or represented. Its decision will likewise be adopted by a majority of the members.

ARTICLE 21. ASSESSMENT

1. The Committee must assess its own performance independently and, if it believes this to be appropriate, may have the assistance of an outside consultant.

2. The Committee must inform the Board of the aspects assessed and the outcome of the assessment for the purposes of the annual assessment undertaken by the Board.
3. In the course of the assessment of the effectiveness of the Committee's performance, the matters addressed in the law and regulations of corporate governance must be considered.