

ZARDOYA OTIS, S.A.

Regulations of the Board of Directors (May 24, 2012)

Chapter I

PROLOGUE

ARTICLE 1. PURPOSE

These Regulations determine the principles for action of the Board of Directors of Zardoya Otis, S.A. (the “**Company**”) and the basic rules for the organization and operation thereof and the rules of conduct of its members.

ARTICLE 2. DISTRIBUTION

The directors of the Company are under the obligation to know, understand and comply and obtain compliance with these Regulations.

The Board of Directors shall adopt the appropriate measures in order for the Regulations to be distributed to the shareholders and the investor public in general.

ARTICLE 2 bis. EFFECTIVE DATE

These Regulations shall be applicable as from the first Meeting of the Board of Directors held after they have been approved.

Chapter II

MISSION OF THE BOARD

ARTICLE 3. FUNCTIONS

Apart from matters reserved to the competency of the General Shareholders' Meeting, the Board of Directors is the Company's highest decision-making body and is assigned the powers conferred under the Company's by-laws.

In particular, the Board of Directors shall submit to the General Shareholders' Meeting the following decisions:

- (a) The Company's transformation into a holding company through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the Company, even if the latter retains full control of the former.
- (b) Any acquisition or disposal of key operating assets that would effectively alter the Company's corporate purpose.
- (c) Operations that effectively add up to the Company's liquidation.

The Board of Directors delegates the normal management of the Company to its Chief Executive Officer (“**CEO**”) and, through him, the management team and the Board’s activity concentrates on the general function of executing the decisions of the Company’s General Shareholders’ Meeting and the function of the general supervision and definition of the Company’s policy. The Board of Directors shall assume the following faculties:

- (a) The approval of the following Company's general policies:
 - (i) risk control and management, and the periodic monitoring of internal information and control systems;
 - (ii) corporate governance policy; and
 - (iii) dividend policy, as well as the policies and limits applying to treasury stock.
- (b) On the proposal of the Company's CEO, the appointment and removal of senior officers.
- (c) The approval, in accordance with the by-laws, of the directors' remuneration and, in the case of executive directors, compensations for their management duties and other contract conditions.
- (d) The approval of the financial information and of the annual reports on corporate governance and on directors' compensation, pursuant to the requirements stipulated by law that the Company must periodically disclose.
- (e) The approval of the investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting.
- (f) The authorization for the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- (g) The approval of the sale and purchase transactions regarding Company's real estate.
- (h) The strategic or business plan, management targets and annual budgets.
- (i) The investment and financing policy.
- (j) The design of the structure of the corporate group.
- (k) The corporate social responsibility policy.
- (l) The decisions specifically foreseen in these Regulations and those others that may not be delegated pursuant to the law.

The Board of Directors shall perform its duties with unity of purpose and independent judgment, guided by the Company's best interest and, as such, strive to maximize its value over time in the interest of shareholders, pursuant to the corporate purpose established in the by-laws.

It shall likewise perform its duties affording all shareholders who are in the same position the same treatment, shall ensure that the Company abides by the laws and regulations in its dealings with stakeholders, fulfills its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories where it does business and upholds any additional social responsibility principles it has subscribed to voluntarily.

Chapter III

COMPOSITION OF THE BOARD

ARTICLE 4. NUMBER OF DIRECTORS

The Board of Directors shall be formed by the number of directors determined by the General Shareholders' Meeting within the limits fixed in the Company's by-laws.

ARTICLE 5. CHARACTERISTICS AND TYPES OF DIRECTORS

The Board of Directors, using its powers to make proposals to the General Shareholders' Meeting and co-opt to cover vacancies, shall propose to the General Shareholders' Meeting, the appropriate number of directors that, according to the circumstances which affect the Company, and taking into account the maximum and minimum limit established in the by-laws, are the most suitable in accordance with the recommendations of good governance to assure the representative nature and efficient operation of the body. In particular, the Board of Directors using its powers to make proposals to the General Shareholders' Meeting and co-opt to cover vacancies, shall seek to ensure that in the Board's composition, external or non-executive directors shall represent a broad majority of the Board, over executive directors.

The foregoing is applicable notwithstanding the proportional representation right corresponding to the shareholders in accordance with the provisions of the Capital Companies Law.

Likewise, the Board of Directors shall seek to ensure that the directors proposed, in addition to meeting the legal requirements for the post and those of the by-laws, are recognized as having the professional knowledge, prestige and experience appropriate for performing their functions. In the event that a legal person is appointed, the same conditions shall be required of the natural person who represents it

Executive directors shall be those who are senior officers or employees of the Company or its group.

Proprietary external directors shall be (a) those who own an equity stake above or equal to the legally determined threshold for significant stake holdings, or appointed due to their status as shareholders, even if their stake holding does not reach such

amount; and (b) those who have been appointed to represent the shareholders stated in letter (a) above.

A director shall be deemed to be appointed to represent a shareholder when: (a) he or she has been appointed in exercise of the representation right; (b) he or she is a director, senior officer, employee or regular service supplier of the said shareholder, or of companies within the same group; (c) Company's records show that the shareholder acknowledges the director as his appointee or representative; and (d) he or she is the spouse or maintains an analogous affective relationship or is a close relative of a significant shareholder.

Board members who are senior officers or directors of the Company's parent company shall be classified as proprietary external directors.

Independent external directors shall be those who are appointed because of the professional and personal conditions, can undertake their duties without being determined by their relations with the Company, its significant shareholders or its officers

The following shall not be appointed as independent external directors:

- (a) Past employees or executive directors of group companies, unless three or five years have elapsed, respectively, from the end of such relation.
- (b) Those who receive any payments or other form of compensation from the Company or its group other than their compensation as director, unless such the amount is not significant.

Dividends or pension supplements received by a director for prior employment or professional services shall not be taken into account for the purposes of this section, provided that such supplements are non contingent, and that the Company has no discretionary power to, without breaching its obligations, suspend, modify or revoke their payment.

- (c) Those who are or have been during the past three years partners, in the external auditor or the firm responsible for the audit report of the Company or any other company within its group.
- (d) Those who are executive directors or senior officers of another company where an executive director or senior officer of the Company is an external director.
- (e) Those having material business dealings with the Company or any other Company within its group or who have had such dealings in the preceding year, either on their own account or as significant shareholder, director or senior officer of an entity that has or has had such dealings.

Business dealings will include the provision of goods or services, including financial services, as well as advisory or consultancy relationships.

- (f) Those who are significant shareholders, executive directors or senior officers of an entity which receives or has received in the past three years significant donations from the Company or its group.

This provision will not apply to those who are merely patrons of a foundation receiving donations.

- (g) Those who are spouses, or partners maintaining an analogous affective relationship, or close relatives of one of the Company's executive directors or senior officers.
- (h) Those who have not been proposed for appointment or renewal by the Appointments Commission.
- (i) Those who are in some of the situations listed in a), e), f) or g) above in relation to a significant shareholder or a shareholder with Board representation. In the case of the family relations set out in letter g), the limitation shall apply not only in connection with the shareholder but also with his or her proprietary directors in the invested company.
- (j) And any other circumstances which, pursuant to the applicable law, prevent a director from qualifying as independent external director.

Proprietary directors disqualified as such due to the disposal of shares by the shareholder they represent may only be re-elected as independent directors once the said shareholder has sold all its shares in the Company.

A director with shares in the Company may qualify as independent, provided that he or she meets all the conditions stated in this article and its stake holding is not significant.

In the event that some external director can be deemed neither proprietary nor independent, according to the foregoing, the Company shall disclose this circumstance and the links that person maintains with the Company or its senior officers, or its shareholders.

The Board of Directors shall explain the nature of each director to the General Shareholders' Meeting which has to appoint or ratify his or her appointment, such determination shall be confirmed or, as the case may be, reviewed in each year's Annual Corporate Governance Report. Such Report, in addition to the disclosures required by law, shall also disclose the reasons for the appointment as proprietary directors at the request of shareholders controlling less than five per cent of the Company's share capital and explain any rejection of a formal request for a Board place from shareholders whose stake holding is equal to or greater than that of others who have successfully appointed a proprietary director.

Chapter IV

STRUCTURE OF THE BOARD OF DIRECTORS

ARTICLE 6. CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER OF THE COMPANY

The Chairman of the Board of Directors, as the person responsible for its proper operation, holds the ordinary right to call the Board of Directors' meetings, to provide directors, in advance, with sufficient information, to draw up the meetings' Agendas and to stimulate the debate and the active participation of all members, safeguarding their rights to freely express and adopt positions.

The Chief Executive Officer (or similar) is responsible for managing the Company's business with the powers delegated by the Board of Directors, with the exception of the sale or purchase of real estate.

ARTICLE 7. DEPUTY CHAIRMAN OR DEPUTY CHAIRMEN

The Board of Directors may designate up to three Deputy Chairmen. In the event that it is impossible for the Chairman to chair the meeting or that he or she is absent, the oldest Deputy Chairman will replace him or otherwise, the other Deputy Chairman or the oldest among the other two Deputy Chairmen.

ARTICLE 8. THE SECRETARY TO THE BOARD OF DIRECTORS

The Board of Directors shall, likewise, designate its Secretary, who does not need to be a director.

The Secretary of the Board of Directors shall assist the Chairman of the Board of Directors in his work and shall provide for the correct operation of the Board of Directors, providing the directors with the necessary advice and information, keeping the Company's corporate records, duly reflecting the development of the meetings in the Minutes Book and certifying the resolutions passed by the Board of Directors.

The Secretary shall specially take care to ensure that the Board's actions:

- (a) are in accordance with the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- (b) comply with the Company's by-laws and the regulations of the General Shareholders' Meeting, the regulations of the Board of Directors and other regulations which the Company may have approved; and
- (c) take into account the good governance rules or recommendations in effect from time to time.

The Secretary shall clearly express his or hers opposition when he or she considers that a proposal submitted to the Board's approval might damage the corporate interest or could go against the interests of shareholders which are not represented in the Board.

When the Board makes material or reiterated decisions about which the Secretary has expressed serious reservations, then he or she shall draw the pertinent conclusions, and if he or she decides to resign for such causes, shall explain the reasons in the resignation letter

ARTICLE 9. LEGAL COUNSEL

The Legal Counsel appointed by the Board of Directors shall provide legal advice on the legality of the resolutions passed by the Board of Directors, including the legality of any resolution to call the General Shareholders' Meeting and, if applicable, on the legality of the deliberations when present at a meeting of the Board.

Chapter V

OPERATION OF THE BOARD

ARTICLE 10. MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors shall meet with the frequency required to properly perform its duties, in accordance with the calendar and agendas set out at the beginning of the year, and it shall meet within the first three months of each fiscal year in order to draw up the annual accounts, the management report and the proposal for the application of the earnings of the previous year, and at any time it must convene a General Shareholders' Meeting.

Meetings of the Board of Directors shall be called by letter, e-mail, telegram or fax sent to each one of the directors, at the address previously provided for this purpose, with at least ten days' notice before the date fixed for the meeting, and shall include the agenda of the meeting.

A meeting of the Board of Directors not called in advance shall be valid if all the directors are present or represented and agree to hold the meeting.

The Chairman may call Board meetings as many times as he or she considers it convenient, establishing its agenda. It will be compulsory to call a meeting if it is requested by one third of the directors. In that event, following the request to the Chairman, if the Chairman, without a reasonable cause has not called the meeting within a term of one month, the aforementioned directors representing at least one third of the members of the Board may call it, establishing its agenda so as to hold the meeting in the municipality where the registered address of the Company is located. Without prejudice of the preceding paragraph, the Board of Directors shall meet at the Company's registered address or at such other place, either in Spain or abroad, as is designated in the call to the meeting.

The Board meeting may as well be held simultaneously in several places, connected by multi-conference systems which permit the recognition and identification of the attendees, permanent communication among the attendees regardless of their location, and participation in discussion and the casting of votes, all in real time. Attendees at any of such places shall be deemed to have attended the same meeting for all purposes relating to the Board of Directors. The meeting shall be deemed to have been held where the majority of the directors are located and, if they are located in different places in equal numbers, where the director chairing the meeting is located.

The Secretary of the Board shall identify, under his responsibility, the attendees and ensure that the provisions of this paragraph are complied with.

As an exception, if no director opposes, resolutions may be passed in writing. In this case, the directors may deliver their votes and the considerations they wish to appear in the minutes using the same means mentioned above to the Chairman (or the Secretary). Resolutions adopted by this procedure shall be recorded in minutes prepared pursuant to the law.

ARTICLE 11. MEETING PROCEDURES

In order for there to be quorum at a meeting of the Board of Directors, half plus one of the number of directors on the Board must be present or represented at the meeting.

Each director may confer the power to represent him to another director and there is no limit to the number of other directors that a director may represent at a Board meeting. The power to represent another director may be conferred using any written means, a telegram, e-mail or fax sent to the Chairman being valid. Each director present or duly represented shall have one vote.

Resolutions of the Board of Directors shall be adopted by an absolute majority of all directors present or represented at the meeting.

The Chairman shall organize the debate, seeking to ensure and encouraging the participation of all the directors in the deliberations of the corporate body, and shall put the matters to a vote when he or she deems them to have been sufficiently debated.

When directors or the Secretary express their concerns or opposition because they consider that a proposal submitted for the Board's approval might damage the corporate interest and such concerns are not resolved at the meeting, the person expressing them can request its recording in the minutes of the meeting.

Independent external directors and other directors which are not affected by a conflict of interest shall express their opposition to any decision which could go against the interests of the shareholders which are not represented at the Board.

ARTICLE 12. FORMATION OF COMMITTEES

The Board of Directors may form any Committees or Commissions it deems convenient in order to carry out its duties. In particular, the Board of Directors shall form an Audit Committee and an Appointments Commission from among its members.

A) The Audit Committee

1. Composition

The Board of Directors shall form a permanent Audit Committee, which shall be an internal body for reporting and consulting purposes, with no executive functions, and is able to report, advise and propose within its sphere of action.

The Audit Committee shall be formed by a minimum of three and a maximum of five directors, appointed by the Board of Directors from among the external directors. The Board of Directors shall likewise appoint a Chairman from among its members and a Secretary, who need not be a director, at the proposal of the Appointments Commission.

The members of the Audit Committee, especially the Chairman thereof, must have knowledge and experience in accounting, auditing or risk management.

The directors who form part of the Audit Committee shall hold office while they remain in office as directors of the Company and maintain the status of external directors, unless the Board of Directors resolves otherwise. The renewal, re-election and removal from office of the directors who form the Committee shall be governed by the resolutions of the board of directors. Likewise, directors forming part of the Audit Committee who are re-elected as directors of the Company in a resolution adopted by the General Shareholders' Meeting shall continue to hold office on the Committee without the need to be re-elected thereto, unless the Board of Directors resolves otherwise.

2. Functions

The Audit Committee shall have the following functions:

- (a) To report, through its Chairman, to the General Shareholders' Meeting with respect to matters relating to its functions raised thereat by the shareholders.
- (b) To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the recommendations for the selection, appointment, reappointment and removal of the external account auditor and its engagement conditions.
- (c) To supervise the Company's internal audit services and, in particular: (i) to monitor the independence and efficacy in its functions of the internal audit services; (ii) to propose the selection, appointment, reappointment and removal of the head of internal audit services; (iii) to propose the budget of said services; (iv) to receive regular report-backs on their activities; (v) to review the annual work program and the yearly activities report of the internal audit services; (vi) to be informed of any incidents arising during the implementation of the internal audit services' yearly work program; (vii) to verify that senior management acts in accordance with the conclusions and recommendations contained in their reports; and (viii) to discuss any significant weaknesses detected in the internal audit system in the course of the audit with the account auditors.
- (d) To be informed of and to monitor the financial information of the Company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidated group and the correct application of accounting principles, ensuring the integrity thereof.
- (e) To review internal control and risk management systems on a regular basis, so that main risks are properly identified, managed and disclosed. In particular, control and risk management policy shall identify, at least:

- (i) the different types of risk (operational, technological, financial, legal, reputational, etc.) the Company is exposed to, including contingent liabilities and other off-balance sheet risks among the financial and economic risks;
 - (ii) the determination of the risk level the Company sees as acceptable;
 - (iii) the measures in place to mitigate the impact of the identified risk events, should they occur; and
 - (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.
- (f) To be in contact with the external Account Auditor in order to receive information on any matters related to the process of performing the account audit, such as the progress and findings of the audit program, to maintain with the external Account Auditor those other communications required by the account auditing legislation and technical audit rules and check that the Company's senior management is acting in accordance with its recommendations. Likewise, to receive information on any issues which may place the external Account Auditor's independence at risk. To this effect:
- (i) the Company shall notify any change of auditor to the Comisión Nacional del Mercado de Valores (CNMV) as a significant event, accompanied by a statement of any disagreements that may have arisen with the outgoing auditor and, if such disagreements exist, the contents thereof;
 - (ii) the Audit Committee shall ensure that the Company and the external Account 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 auditors' independence; and
 - (iii) the Company shall establish appropriate contacts with the account auditor to receive information on any questions which might place the latter's independence at risk, which will be examined by the Audit Committee, and any other issues related to the process of conducting the account audit, together with the matters provided for in the account auditing legislation and auditing rules. In particular, the Audit Committee will receive from the account auditors, on an annual basis, written confirmation of their independence in relation to the Company or any companies that may be related directly or indirectly thereto, together with confirmation of the additional services of any nature rendered to said companies by the auditors or by persons or entities related to the auditors in accordance with the provisions of the Account Auditing Law.
 - (iv) the Audit Committee shall investigate the issues giving rise to the resignation of any external Account Auditor; and

- (v) the Audit Committee shall issue an annual report, prior to the issue of the audit report, expressing an opinion on the independence of the account auditors. Said report shall also always make a pronouncement on the additional services to which point (iii) above refers.
- (g) To urge the group auditor to take on the auditing of all the group's companies.
- (h) 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. The Chairman of the Audit Committee shall inform the Board of Directors on any reports received at the first Board meeting following receipt thereof.
- (i) To supervise compliance with the internal codes of conduct and corporate governance rules and recommendations in force at any given moment.
- (j) To inform the Board of Directors, before the decision-making, on the following issues:
 - (i) the financial information that the Company must periodically disclose. The Committee shall ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review;
 - (ii) 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; and
 - (iii) related-party transactions.
- (k) Any others that may be attributed to them by the by-laws, these Regulations, the Board of Directors or the law.

3. Rules of operation

In the performance of its activities, the Audit Committee shall be governed by the following rules of operation:

- (a) The Audit Committee shall meet at least once quarterly and whenever the Chairman considers convenient or at least two members of the Committee so request.
- (b) Meetings of the Audit Committee will reach a quorum when a majority of the members are present or represented. Its decisions shall likewise be adopted by a majority of the members.
- (c) The Chief Executive Officer shall 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.

- (d) The Audit Committee shall have free access to any kind of information or documentation held by or available to the Company that it considers necessary in order to perform its duties.
- (e) 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 other officer, in which case, their attendance shall be requested through the General Manager), any executive director, the external account auditor and/or the legal advisor to the Board of Directors.
- (f) Minutes of Audit Committee meetings shall be taken and a copy shall be sent to all the members of the Board and to the Board of Directors, sending the full contents of the minutes of the Committee meetings. Furthermore, the Chairman of the Audit Committee shall, if applicable, report on any decisions and/or significant events that may have occurred at the Committee meetings at the first Board meeting to take place after the Committee meeting in question.
- (g) The Committee shall review the financial information that is sent on a quarterly basis to the CNMV.
- (h) The Board of Directors shall discuss the proposals and/or reports presented by the Audit Committee.

In the absence of any specific rule, the provisions of these Regulations on the operation of the Board of Directors shall be applicable to the Audit Committee to the extent that they are not incompatible with the nature thereof, in particular, the rules on calling the meetings, delegating another director as a representative, universal meetings, written ballots without holding a meeting, the persons acting as chairman and secretary of the meetings and the approval of the minutes thereof.

The Board of Directors shall seek to present the annual statements to the General Shareholders' Meeting without reservations or qualifications in the audit report, and in the exceptional case that these may be included, the Chairman of the Audit Committee and the auditors shall give a clear explanation to the shareholders on the content and extent of said reservations and qualifications.

B) The Appointments Commission

1. **Composition**

The Board of Directors shall form a permanent Appointments Commission, which shall be an internal body for reporting and consulting purposes, with no executive functions, and is able to report, advise and propose within its sphere of action.

The Appointments Commission shall be formed by a minimum of three and a maximum of five directors, appointed by the Board of Directors from among the external directors. The Board of Directors shall likewise appoint a Chairman from among the members and a Secretary, who need not be a director, at the proposal of the Appointments Commission itself.

The Board of Directors shall try to ensure that the directors who form part of the Appointments Commission have appropriate knowledge, capacity and experience for the functions they are to perform.

The directors who form part of the Appointments Commission shall hold office while they remain in office as directors of the Company and maintain the status of external directors, unless the Board of Directors resolves otherwise. The renewal, re-election and removal from office of the directors who form the Committee shall be governed by the resolutions of the Board of Directors.

Directors forming part of the Appointments Commission who are re-elected as directors of the Company in a resolution adopted by the General Shareholders' Meeting shall continue to hold office on the Commission without the need to be re-elected thereto, unless the Board of Directors resolves otherwise.

2. Functions

The Appointments Commission shall have the following functions:

- (a) To assess the skills, knowledge and experience necessary on the Board and, consequently, to define the functions and abilities necessary in the candidates who are to cover any vacancies and assess the time and effort required for them to carry out their duties well.
- (b) To report on proposals for designating the internal positions to be held by the members of the Board of Directors and propose the members that should compose each of the Commissions to the Board of Directors.
- (c) To examine or organize, in the manner seen fit, the succession of the Chairman and the chief executive and, if applicable, to make proposals to the Board so that said succession takes place in an orderly and well-planned manner.
- (d) To report on the appointments and removals of members of senior management that the Company's chief executive proposes to the Board.
- (e) To ensure that, when new vacancies arise or new directors are appointed, the selection procedures are not implicitly biased in any way that might imply some kind of discrimination and to report to the Board on gender diversity issues.
- (f) Any others that may be attributed to them by the by-laws, these Regulations, the Board of Directors or the law.

The Appointments Commission shall consult the Chairman and the Company's chief executive, especially in relation to issues concerning the executive directors.

Any director may request the Appointments Commission to consider potential candidates to cover vacancies on the Board, so that it may decide on their suitability.

3. Rules of operation

In the performance of its activities, the Appointments Commission shall be governed by the following rules of operation:

- (a) The Appointments Commission shall meet before any Board of Directors meeting at which a proposal is to be put to the General Shareholders' Meeting for the appointment, removal from office, re-election or ratification of a director and before any Board of Directors meeting at which it is planned to co-opt a director to cover a vacancy. The Appointments Commission shall likewise meet whenever the Chairman considers it necessary or when at least two members of the Commission so request.
- (b) Meetings of the Appointments Commission will reach a quorum when a majority of the members are present or represented. Its decisions shall likewise be adopted by a majority of the members.
- (c) The Chief Executive Officer shall provide the Appointments Commission 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.
- (d) The Commission shall have free access to any kind of information or documentation held by or available to the Company that it considers necessary in order to perform its duties.
- (e) The Commission may require the collaboration of any director, member of senior management or employee of the Company and/or its group to enable it to better perform its functions.
- (f) Minutes of Appointments Commission meetings shall be taken and a copy shall be sent to all the members of the Board and to the Board of Directors, sending the full contents of the minutes of the Committee meetings. Furthermore, the Chairman of the Appointments Commission shall, if applicable, report on any decisions and/or significant events that may have occurred at the Committee meetings at the first Board meeting to take place after the Commission meeting in question.

In the absence of any specific rule, the provisions of these Regulations on the operation of the Board of Directors shall be applicable to the Appointments Commission to the extent that they are not incompatible with the nature thereof, in particular, the rules on calling the meetings, delegating another director as a representative, universal meetings, written ballots without holding a meeting, the persons acting as chairman and secretary of the meetings and the approval of the minutes thereof.

Chapter VI

APPOINTMENT AND RESIGNATION OF DIRECTORS

ARTICLE 13. APPOINTMENT OF DIRECTORS

The directors shall be appointed by the General Shareholders' Meeting or, provisionally, by the Board of Directors pursuant to the provisions contained in the Capital Companies Law and the by-laws.

The Board of Directors shall endeavor to ensure that, within the scope of their respective competencies, the candidates are chosen from among persons of recognized competence and experience.

The Board of Directors shall organize orientation programs for new directors to acquaint them rapidly with the Company and its corporate governance rules. Directors shall also be offered updating programs when circumstances so advise.

ARTICLE 14. TERM OF OFFICE

Directors shall hold office for an initial term of six years, pursuant to the provisions of the by-laws, and may be re-elected for successive periods which may last up to a maximum of six years.

Directors appointed by co-option shall hold office until the date on which the first General Shareholders' Meeting after their appointment is held.

ARTICLE 15. RESIGNATION OF DIRECTORS

Directors shall leave office when the term for which they were appointed has elapsed or when the General Shareholders' Meeting so decides using the attributions conferred on it by law or the by-laws.

Directors must place their post at the disposal of the Board of Directors and, if the latter considers appropriate, resign in the following cases:

- (a) When they are affected by any of the circumstances of incompatibility or prohibition legally provided for.
- (b) When they may harm the Company's name or reputation.
- (c) When they have been charged, prosecuted, in the process of trial in an ordinary criminal proceedings or found guilty in summary criminal proceedings for any serious crime, in particular, any of the crimes stated in article 213 of Capital Companies Law.
- (d) When they have been seriously admonished by the Audit Committee or because they have infringed their duties as directors.
- (e) When a external proprietary director transfers his or her shareholding in the Company or when the shareholder which proposed his appointment to the

Company sells its entire shareholding interest or reduces it to a level that requires the reduction or removal of its proprietary directors

Members of any Committees or Commissions that may exist shall resign when they cease to be directors.

ARTICLE 16. ABSTENTION AND SECRET BALLOT

Pursuant to the provisions of these Regulations, directors affected by proposals for appointment, re-election or removal from office shall refrain from participating in the deliberations and ballots that involve them.

All the ballots of the Board of Directors that concern the appointment, re-election or removal from office shall be secret.

Chapter VII

INFORMATION AVAILABLE TO DIRECTORS

ARTICLE 17. RIGHTS TO INFORMATION, INSPECTION AND ADVICE

A director may obtain, using the broadest authorization, any information or advice that he or she may require on any aspect of the Company, provided that the performance of his functions so requires. The right to information extends to subsidiary companies, be they national or foreign, and will be channeled through the Chairman, who shall attend to the director's requests for information by providing the information directly, offering him the appropriate contacts or arranging any measures that may be necessary for the examination requested.

In order to be assisted in the performance of his duties, any director may request the hiring of legal, accounting, technical, financial, commercial or other expert advisors, whose services shall be paid for by the Company.

The assignment must deal with specific issues of certain significance and complexity arising during the performance of the director's duties.

The request for an expert to be hired shall be done through the Chairman or the Secretary of the Board of Directors, who may subject it to the prior approval of the Board of Directors; such approval may be denied in well-founded circumstances, including the following:

- (a) That it is not necessary for the proper performance of the duties entrusted to the directors.
- (b) That the cost thereof is not reasonable in light of the significance of the issues and the Company's assets and income.
- (c) That the technical assistance sought may be adequately provided by the Company's own experts and technical personnel.

- (d) That it may entail a risk to the confidentiality of the information that must be made available to the expert.

The Audit Committee and Appointments Commissions may also engage external advisors, when they consider that this is necessary for the performance of its duties.

The Chairman may temporarily and exceptionally restrict access to certain information, informing the Board of Directors of this decision.

Chapter VIII

REMUNERATION OF THE DIRECTORS

ARTICLE 18. REMUNERATION OF THE DIRECTORS

Holding office as a director shall be remunerated pursuant to the provisions of the Company by-laws.

External directors' remuneration shall be sufficient to compensate them for the dedication, abilities and responsibilities that the office entails, but shall not be so high as to compromise their independence.

Chapter IX

DUTIES OF DIRECTORS

ARTICLE 19. GENERAL DUTIES OF A DIRECTOR

In the performance of his or her duties, a director shall act with the diligence of a good businessman and faithful representative, devoting sufficient time and effort to effectively perform his or her duties, guided by the Company's interest and seeking the best defense and protection of the overall interests of the shareholders, from whom his mandate comes and to whom he or she is responsible through the General Shareholders' Meeting.

In particular, directors are obliged to:

- (a) Obtain information on and properly prepare the Board of Directors' meetings and, if applicable, the Committee or Committees on which he or she sits.
- (b) Respect the duty of confidentiality in the terms provided for in the following article.
- (c) Attend the meetings of the corporate bodies of which he or she forms part and actively participate in the deliberations, so that his or her criteria makes an efficient contribution to the decision-making process. If, for a justified reason, he or she is not able to attend the meetings to which he or she has been called, he or she must instruct the director who, as the case may be, represents him.
- (d) Perform any specific task entrusted by the Board of Directors that is reasonably included in their commitment to the Company.

- (e) Refrain from performing, or suggesting that anyone performs, transactions with securities of the Company itself or subsidiaries, associated or related companies which he or she has, due to his position as a director, privileged or reserved information, until such information is made public.
- (f) Leave any meeting of any corporate body of which he or she forms part when deliberations are held on questions in which, in the opinion of said corporate body or the Board of Directors, holds direct or indirect personal interests.
- (g) Communicate, as soon as possible, to the Board any circumstance that might harm the Company's name or reputation with particular mention of any criminal charges brought against them and the progress of any subsequent trial, and, as the case may be, to resign.

In addition to these specific duties, directors have the following general duties:

- DUTY OF CONFIDENTIALITY

Each director must keep the deliberations of the Board of Directors and all the issues of a reserved or confidential nature that he or she is aware of as a result of holding office strictly secret, even after leaving office. In no case may he or she use such information until it becomes generally known

The director must likewise keep any documentation that is provided to him as a result of Board meetings or holding office confidential:

- NON COMPETE DUTY

A director may not provide his professional services in companies that compete with the Company or with its subsidiaries or companies in which it holds interests. Exception is made of any posts he or she may hold in companies that hold a significant stable shareholding in the Company.

- USE OF INFORMATION AND CORPORATE ASSETS

A director shall refrain from taking part in business in which assets of the Company may be used and from using his position in the Company to obtain an economic advantage.

- BUSINESS OPPORTUNITIES

Unless the Company desists from exploiting business opportunities previously offered by a director, the director may not use, for his own benefit, any possibility of making an investment or carrying out a commercial transaction that has arisen or been discovered while carrying out his duties, using the Company's means of information or under circumstances that make it reasonable to assume that the third-party offer was actually addressed to the Company.

Chapter X

RELATIONS OF THE BOARD

ARTICLE 20. RELATIONS WITH THE MARKETS

The Board of Directors shall ensure prompt compliance with current rules on the notification of relevant information.

The Board of Directors shall adopt the measures required to ensure that the quarterly, six-monthly and annual information are prepared, after a prior report by the Audit Committee, pursuant to the same principles, criteria and professional practices with which the annual accounts are drawn up and is as reliable as the latter.

ARTICLE 21. RELATIONS WITH THE AUDITORS

These relations shall be conducted through the Audit Committee. The Board of Directors shall inform publicly of the global fees that the Company has paid to the audit firm, distinguishing between those relating to account auditing and those relating to other services provided, and, in the Notes to the annual accounts, must provide a breakdown of payments to the account auditors, together with payments made to any company belonging to the same group of companies as the account auditor, or any other company to which the auditor is related due to common ownership, management or control.

Chapter XI

FINAL PROVISIONS

ARTICLE 22. SUBMISSION TO THESE REGULATIONS

Irrespective of the compulsory nature of these Regulations due to their approval by the Board of Directors of the Company, executing the self-regulation function attributed to it by law, the acceptance and performance of the position of director is deemed to also imply the individual voluntary acceptance of each and every one of the rules of these Regulations.

ARTICLE 23. PUBLICATION OF THE REGULATIONS

After approval hereof, the Regulations of the Board of Directors shall be available through the Company's web page.

The Regulations of the Board of Directors will be notified to the CNMV. Once such communication has been carried out, the Regulations shall be registered with the Commercial Registry, pursuant to the general rules. After registration, these Regulations of the Board of Directors will be published by the CNMV.

Con formato: Francés
(Francia)