

REGULATION OF THE BOARD

REGULATION OF THE BOARD OF DIRECTORS OF SACYR, S.A.

Chapter I. GENERAL PROVISIONS

Article 1. Purpose

This Regulation of the Board of Directors (the "**Regulation**") constitutes an element of the Sacyr Corporate Governance System, and has the purpose of establishing (i) the principles of action of the Sacyr, S.A. (the "**Company**"), (ii) the basic rules of its organization and operation and (iii) the code of conduct of its members.

Article 2. Interpretation

1. The Regulation will be interpreted according to the applicable legal and regulatory rules, taking into consideration the principles and rules contained in the By-laws, General Meeting Regulation, Internal Code Regulation and other internal regulations which are relevant for these purposes.
2. The Board of Directors will resolve the doubts or differences that arise in the application or interpretation of this Regulation.

Article 3. Modifications

1. The Regulation can only be modified by request of (i) the Chairperson, (ii) 3 directors or (iii) the Sustainability and Corporate Governance Committee.
2. The modification proposal must be accompanied with a supportive report and be reported to the Sustainability and Corporate Governance Committee. This report will not be necessary when the modification proposal has been made by the Sustainability and Corporate Governance Committee.

3. The text of the proposals, supportive report of its authors and, as the case may be, the report of the Sustainability and Corporate Governance Committee must be appended to the Board of Directors notice of meeting which is to deliberate regarding the modification. The Regulation modification must be specifically included in the notice of meeting agenda that is sent to the directors.
4. A majority of two thirds of the attending or represented directors will be necessary to validate the modification of the Regulation.

Article 4. Distribution

1. Board members and senior management have an obligation to know, comply and enforce this Regulation. For this purpose, the Board Secretary will facilitate a copy thereof to all directors.
2. The Company Board of Directors shall take appropriate measures so that this Regulation is distributed among the shareholders and the investing public in general. Among others, the Company will have at its registered address (i) one or more copies of the Regulation at the availability of the abovementioned people, as well as (ii) a copy, for its query or download, on its website. Likewise, the modification will be subject to communication to the Comisión Nacional del Mercado de Valores and recording on the Commercial Registry, according to the applicable regulation.

Chapter II. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Article 5. General supervision responsibility

1. The Board of Directors has the widest authority for the administration of the Company and, except for matters reserved to

the General Meeting, it is the maximum decision making body of the Company.

2. However, in general, the Board of Directors policy is to delegate the ordinary management of the Company over executive bodies and the management team in order to concentrate in its general supervision activity, ensuring at all times the attainment of the corporate interest.
3. Those responsibilities reserved to the direct knowledge of the Board of Directors according to the law or articles of association cannot be delegated .
4. The Board of Directors will directly exercise the following responsibilities, except when the law attributes them to the Shareholders General Meeting:
 - a. The approval of the strategic or business plan, annual budget and management objectives, investment and financing policy, sustainability policy and dividend policy;
 - b. The establishment of the control and risk management policy, including prosecutors, and the supervision of the internal information and control systems;
 - c. The establishment of the Company and group corporate governance policy and other corporate policies of which is a parent company; its organization and operation and, in particular, the approval and modification of its own regulations;
 - d. The definition of the group of companies' structure of which the company is the parent company;
 - e. the approval of the policy related to own shares;
 - f. The establishment of the company tax strategy;

- g. The approval of investments or transactions of all types that due to their high amount or special characteristics, are considered strategic or of special tax risk, unless their approval corresponds to the Shareholders Meeting;
- h. Approval for the creation or acquisition of shares in entities of special purpose or domiciled in countries or territories which have the consideration of tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the Company and its Group;
- i. the authorization or dispensation of obligations arising from the loyalty duty under the law, in all those cases in which these powers have not been legally or statutorily attributed to the General Meeting and, in particular, the approval, following a report of the Audit Committee, of the operations that the company or its group of companies made with advisors, under the terms of articles 229 and 230 of Corporate Law, or with shareholders, individually or jointly, of a significant participation, including shareholders represented on the Company Board of Directors or other companies that are part of the same group or with people related to the above, except in those cases exempted by the law;
- j. the Shareholders General Meeting notice of meeting and the preparation of the agenda and agreements proposals;
- k. the preparation of the financial statements and its submission to the Shareholders General Meeting;
- l. the formulation of the statement of non-financial information and its submission to the Shareholders General Meeting;
- m. the responsibilities that the Shareholders General Meeting has delegated over the Board of Directors, except when specifically authorized by the above to

sub-delegate them, and those specifically scheduled in the Articles of Association and the Regulation;

- n. The approval of financial and non-financial information that, by its listed status, should be made public by the Company periodically;
 - o. the supervision of the operations regarding committees that have been incorporated and the action of delegated or managerial bodies which have been appointed;
 - p. the appointment and dismissal of the Company executive director/s, as well as the establishment of their contractual conditions;
 - q. the appointment and dismissal of the managers who directly depend from the Board of Directors or some of its members as well as the establishment of their basic contractual conditions including their retribution;
 - r. the decisions related to Board members remuneration, within the statutory framework and, where applicable, the remuneration policy approved by the Shareholders General Meeting;
 - s. The establishment of the Company personnel retributive policy and, in particular, that of top management and the management team;
 - t. The preparation of any type of report required by law to the administration body as long as the operation related to the report may not be delegated.
5. When duly justified emergency circumstances concur, the decisions corresponding to the abovementioned items of the Executive committee can be adopted, and must be ratified by the first Board of Directors that is held after the decision has been adopted.

Article 6. Creation of value for the shareholder

The criterion that has to be taken into consideration at all times regarding the actions of the Board of Directors is the accomplishment of the corporate interest by the creation of value in a sustainable way , in relation to, as the case may be, the legality in effect and its Corporate governance system.

Chapter III. BOARD COMPOSITION.

Article 7. Qualitative composition and types of directors

1. The Board of Directors, within the exercise of its powers of proposal to the General Meeting and co-optation to cover vacancies, shall promote and adequate diversity of knowledge, experiences and gender and will attempt that the composition of the external boards bodies or non executive bodies represent the majority of the executive directors.
2. According to the provisions of the Corporations Act, the Directors must necessarily ascribe to one of the following categories: (i) Executive Directors or (ii) Non-executive Directors and, within this category, to Directors representing controlling shareholders, Independent Directors or Other External ones. The annual report of Corporate Governance must indicate to which category and which specific type each of the Directors belongs to.
3. Executive Directors are those who perform management functions of Company or its Group, regardless of the legal relation that is held. However, those Directors who are senior executives or Directors of companies belonging to the group of the parent Company will be considered as directors representing controlling shareholders. When a Director performs management responsibilities and, at the same time, is or represents a significant shareholders or one

represented in the Board of Directors, he/she will be considered as Executive. All remaining directors of the Company will be considered as non executive directors.

4. Directors representing controlling shareholders will be those who own shares equal or exceeding 3 percent of the capital stock or had been assigned due to his/her condition as shareholder, even if their share participation does not reach said amount, as well as those representing the abovementioned shareholders. According to what is established under the Articles of Association, the shareholding participation which will be taken into account for these purposes will be the one resulting from the Detailed Records of the participating companies in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores” (Iberclear).

5. Independent Directors will be those individuals who, appointed due to their personal or professional conditions, can develop their responsibilities without finding themselves conditioned by relations with the Company or its group, its significant shareholders or their Directors. A Director who owns shares in the Company can have the condition of independent, provided that he/she meets all the conditions established in this article and, in addition, when his/her participation is not significant. Directors representing controlling shareholders who lose said condition due to the sale of their participation of the shareholder they represented can only be reelected as independent directors when the shareholder who he/she represented until that time would have sold the totality of his/her shares in the Company. No one who finds themselves in the following situation can be considered as an independent Director:
 - a. Those who have been employees or executive directors of the group, except when a period of 3 or 5 years has elapsed, respectively, since the end of the relationship.

- b. Those who receive from the Company, or from the same group, any amount or benefit by a concept different that director remuneration, except if it is not significant for the director. For the purposes of what is established in this document neither the dividends nor the complements of pensions that are received by the director will be taken into account due to his/her previous professional or work relationship, as long as said complements are unconditional and, as a consequence, the Company that pays them cannot at its own discretion suspend, modify or cancel its accrual without default of his/her obligations.
- c. Those who are or have been during the past 3 years partners of the external auditor or supervisors of the audit report, either in relation to the audit for that listed Company period or any other company of its Group.
- d. Those who are executive directors or senior managers of a company different from the one in which any executive director or senior manager of the company is an external director.
- e. Those who maintain or have maintained during the past year, a significant business relationship with the Company or any Group company, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained said relationship. Business relations are considered to be that of suppliers of goods or services, including financial, and that of advisor or consultant.
- f. Those who are significant shareholders, executive directors or senior management of an entity that receives or has received during the last 3 years, donations from the company or its group. Those who are merely trustees of a foundation that receives donations will not be included in this document.
- g. Those who are spouses, people related by similar kinship relationship or relatives up to second

degree of a Company Executive or high management of the company or a director representing controlling shareholders.

- h. Those that have not been proposed, whether for their appointment or renewal by the Appointments and Retributions Committee.
 - i. Those who have been directors during a continuous period exceeding more than 12 years.
 - j. Those who are, in relation to any significant or represented shareholder of the Board in any of the cases stipulated in letters a), e), f) or g) above. In the case of kinship relationship mentioned in letter g), said limitation applies not only in regard to the shareholder, but also in regard to their directors representing controlling shareholders in the participated company.
6. Those Non Executive Shareholders who cannot be considered as directors representing controlling shareholders nor Independent Shareholders regarding the previously established requirements will be considered as Other External ones.

Article 8. Quantitative composition

- 1. The Board of Directors will be composed by the number of directors that are established by the General Meeting within the limitations established by the Articles of Association.
- 2. The Board of Directors will propose to the General Meeting the number that, at each time, is more adequate to ensure an adequate representation and the efficient operation of the body, taking into account the company interest and the general directives regarding the Code of good Governance of Listed Companies.

Chapter IV. STRUCTURE OF THE BOARD OF DIRECTORS

Section One.- INTERNAL POSITIONS

Article 9. Chairperson of the Board of Directors

1. The Chairperson of the Board of Directors will be elected among the directors, prior report of the Appointments and Retributions Committee. All responsibilities which can be delegated according to what is stipulated in the applicable regulations, Articles of Association and this Regulation, will be delegated, with the favorable vote of, at least, two thirds of the members of the Board of Directors.
2. In addition to other powers granted by the Corporate Act, Articles of Association or this Regulation, the Chairperson will have the following powers:
 - a. Preside the General Meeting.
 - b. Convene and chair the meetings of the Board of Directors, setting the agenda of the meetings and managing discussions and deliberations.
 - c. To ensure that directors receive sufficient prior information to deliberate on the agenda items.
 - d. Stimulate the debate and active participation of the directors during the sessions, safeguarding free expression of opinion and position taking.
3. In case of a tie during voting, the Chairperson vote will be decisive.

Article 10. Vicechairperson or Vicechairpersons of the Board of Directors

1. The Board of Directors shall appoint, following a report from the Appointments and Remuneration Committee and by proposal of the Chairperson, as the case may be, one or several Vicechairpersons from among its members, who, in case of several appointments, would be correlatively numbered.

2. In case of absence, impossibility or inability of the Chairperson, his/her responsibility will be developed by the Vicechairperson, or the 1st Vicechairperson in cases where there is more than one, or, by default of this one, by the Vicechairperson who corresponds according to the numbering order.

Article 11. Delegation of powers

1. Without prejudice of the provisions under articles 5.3 and 14, the Board of Directors can delegate some or all of its responsibilities in an Executive Committee and/or more Chief Executive Officer and establish the members of the Board of Directors who are going to be the holders of the delegated powers, as well as, if applicable, the manner in which to exercise the granted.
2. The permanent delegation of powers and the appointment of the chief executive officer or board members to whom those powers are attributed will require the validity of the favorable vote by, at least, two thirds of the Board of Directors members.
3. The director or director to whom these powers are delegated according to the previous paragraph will be responsible for the performance of the business and the top executive responsibilities of the Company, under the hierarchical dependence of the Board of Directors.

Article 12. The Coordinating Director

1. In cases in which the Chairperson of the Board of Directors exercises executive responsibilities, the Board of Directors must appoint, by proposals of the Appointments and Retributions Committee, a director from among the independent directors as coordinating director, who will be specially empowered to:
 - a. Request the Chairperson of the Board of Directors the board notice of meeting when considered appropriate.

- b) Request the inclusion of items in the already notified Board of Directors meeting agenda.
 - c) Coordinate and gather the external directors.
 - d) Promote and manage the periodic assessment of the Board of Directors Chairperson performed by the Appointments and Retributions Committee, without prejudice of the powers of the Appointments and Retributions Committee Chairperson.
 - e) Chair the Board of Directors in the absence of the Chairperson and the Vicechairpersons, if any.
2. The executive directors must abstain from participating in the deliberation and vote in the agreement for the appointment of the Coordinating Director.

Article 13. The Board of Directors Secretary

1. The Board of Directors will appoint a Secretary, who does not necessarily need to be a director. In cases in which the Board of Directors Secretary does not have the condition of director, he/she will have a voice but no vote.
2. In addition to other powers granted by the Law, Articles of Association or this Regulation, the Secretary will have the following powers:
 - a. Retain the documentation for the Board of Directors, to record in the minutes book the development of the sessions and certify its contents and the resolutions adopted.
 - b. To ensure that the actions of the Board of Directors conform to applicable regulations and are in accordance with the articles of Association and other internal regulations.
 - c. To assist the Chairperson so that directors receive relevant information for the exercise of their position with sufficient advancement and in the right format.

Likewise, he/she will also act as Secretary of the different committees incorporated by the Board of Directors.

3. The Board of Directors can also appoint a Vicesecretary, who does not need to be a director, to assist the Secretary of the Board of Directors and replaces him/her in the development of his/her responsibilities in case of absence, impossibility or indisposition. Except when otherwise decided by the Board of Directors, the Vicesecretary will be able to attend the meetings to assist the Secretary with the drafting of the minute.
4. The Secretary and the Vicesecretary will be appointed and, as appropriate, dismissed by the Board of Directors after receiving a report, in both cases, from the appointments and Retributions Committee.

Second Section.-

Delegated and consulting bodies

Article 14. Delegated and consulting bodies of the Board of Directors

1. Without prejudice of the delegation of powers that are performed individually to the Chairperson, the Chief Executive Officer or Chief Executive Officers or to the Executive Committee and the power assisting it to incorporate Committee by specific areas of activity, the Board of Directors can incorporate an Executive Committee and must incorporate a Audit Committee, a Sustainability Committee and an appointments and Retributions Committee.
2. The Board of Directors can also incorporate other exclusively internal committees or commission with the attributions that the Board of Directors itself establishes.
3. The Board of Directors will regulate the operation of the Committees, and, except when the articles of association or the Regulation establishes otherwise, it will appoint

the Chairpersons from among its members, subject to the provisions of the Articles of Association and the Regulation. Each Committee will annually prepare an action plan, which will submit to the Board of Directors.

4. In all that is not specifically specified, the operating regulations established herein will be applied over the Committees regarding the Board of Directors, as long as they are compatible with the nature and purpose of the Committee in question.

Article 15. Executive Committee

1. If there is one, the Executive Committee will be comprised by the number of directors established by the Board of Directors, complying with the requirements established in the Articles of Association.
2. The adoption of the appointment agreements regarding the Executive Committee will require the favorable vote of, at least, two thirds of the members comprising the Board of Directors.
3. Acting as:
 - a. Chairperson of the Executive Committee, will be the Chairperson of the Board of Directors, as long as (i) he/she has been delegated all powers which can be delegated pursuant the provisions of the applicable regulations or (ii) has been appointed as a member therein, subject to the provisions of section 2 above. In case the Chairperson of the Board of Directors does not comply with the abovementioned requirements, said position will be selected by the Committee from among its members.
 - b. The Vicechairperson of the Executive Committee, is the one appointed for the committee itself from among its members. In case of absence, impossibility or indisposition of the Committee Chairperson, he/she will be replaced by the Vicechairperson of said Committee for the development of his/her responsibilities.

- c. Secretary of the Executive Committee, Secretary of the Board of Directors (who if he/she is not a director, will have voice but no vote). In case of absence, impossibility or indisposition of the Secretary, he/she will be replaced by the Vicesecretary of the Board of Directors for the development of his/her responsibilities.
4. The permanent delegation of powers by the Board of Directors in favor of the Executive Committee will include all powers of the Board of Directors, except those which cannot be delegated under the law and pursuant to the Articles of Association or those which cannot be delegated pursuant to this Regulation.
5. The Executive Committee will be convened by the Chairperson when he/she considers it necessary for the good governance of the Company.
6. In those cases in which, in the opinion of the Chairperson or the majority of the Executive Committee members, the importance of the matter thus advises it, the agreements adopted by the Executive Committee will be subject to ratification of the Board of Directors plenary.

The above will also be applicable regarding those matters which the Board of Directors has forwarded for their study to the Executive Committee reserving the final decision regarding said matters.

In any other case, the agreements adopted by the Executive Committee will be valid and binding without the need for subsequent ratification by the Board of Directors plenary.

7. The Executive Committee has to inform the Board of Directors regarding the treaties and the decisions adopted in its sessions.
8. In everything that is not scheduled in the Articles of Association or in this article, the Executive Committee will regulate its own operation, applying, by default, the operational regulations established in regard to the Board of

Directors, as long as they are compatible with the nature and purpose of this Committee.

Article 16. Audit Committee

1. The members of the Audit Committee will all be, non executive directors appointed by the Board of Directors. The majority of its members must be independent directors and one of them will be appointed taking into consideration their knowledge and experience in matters of accounting, audits or both.

As a whole the Committee members will have technical knowledge belonging to the sector of activity to which the Company belongs to.

2. The Audit Committee will be composed by a minimum of 3 and a maximum of 5 directors. The establishment of the number and their appointment corresponds to the Board of Directors.

The members of the Audit and Committee will be elected for a maximum period of four years, being able to be reelected one or more times for periods with the same maximum duration.

3. The Chairperson of the Audit Committee will be appointed by the Board of Directors itself from among the corresponding Independent directors and must be replaced every four (4) years, being able to be reelected one a period of one (1) year since its termination.
4. The Audit Committee will likewise have a Secretary, who will be that of the Board of Directors, who, if not a director, will have a voice but not a vote. In case of absence, impossibility or indisposition of the Secretary, he/she will be replaced by the Vicesecretary of the Board of Directors, who will likewise have a voice but no vote.

5. The Audit will hold a meeting, at least once a quarter and all the times that is necessary, prior notice of meeting by its Chairperson, by own decision or answering to the request of two (2) of its members or the Executive Committee.
6. La Audit will be considered as validly incorporated when concurring at the meeting, attending or represented, more than half of its members. Deliberations will be moderated by the Chairperson. To adopt agreements it will be necessary to have the favorable vote of the absolute majority of the attendants, present and represented and, in case a tie, the Chairperson vote will be decisive. Except stipulation to the contrary, the responsibilities of the Audit Committee are information and to provide proposals to the Board of Directors.
7. Without prejudice of other responsibilities that are assigned by the applicable law, the Articles of Association, Board of Directors Regulation, Audit will have the following responsibilities:
 - a. Inform, through its Chairperson and/or its Secretary, the General Meeting regarding matters that are submitted to it pursuant to those subjects that are the responsibility of the Audit Committee and, specifically, regarding the result of the audit, explaining how it has contributed to the integrity of the financial information that the committee has developed in said process.
 - b. Supervise the efficiency of the systems and internal control units of the Company, such as internal audit and the risk management systems, as well as talking to the accounts auditor about the significant weaknesses of the internal control system detected during the performance of the audit, all without affecting their independence. For said purposes, as the case may be, they can submit recommendations and proposals to the Board of Directors and the corresponding period for their follow up.

- c. Supervise the preparation and submission process of the necessary financial information, and submit recommendations or proposals to the Board of Directors, with the purpose of safekeeping its integrity.
- d. Submit to the Board of Directors the selection, appointment, reelection and replacement proposals of the external auditor, as well as the contracting conditions and regularly collect information there from regarding the audit plan and its execution, in addition to preserving its independence during the development of its responsibilities.
- e. In relation to the external auditor:
 - (i) Establish the necessary relations with the external auditor to receive information regarding those questions that may represent a threat for its independence, to be examined by the committee as well as any other related with the accounts audit development process and, when necessary, the authorization of services, different from those prohibited, under the conditions established in the applicable law, as well as all those other communications scheduled in the account audit legislation and audit regulations.
 - (ii) Yearly receive the declaration of its independence from the accounts auditor regarding the entity or entities which are directly or indirectly related to it, as well as detailed and individualized information of the additional services of any type rendered and the corresponding fees received from said entities by the external auditor or by the people or entities related to it according to the provisions of the accounts auditing activities regulating code.
 - (iii) In case of resignation, examine the circumstances which have caused it.
 - (iv) Ensure that the retribution for the position does not jeopardize neither its quality nor its independence.

(v) Supervise that the Company communicates as a relevant fact to the CNMV the change of auditor and provides a declaration regarding the existence of disagreements with the exiting auditor and, if any, their content.

(vi) Ensure that a yearly meeting with the Board of Directors plenary is held to be informed about the work that has been performed as well as the evolution of the accounting situation and risks to the company.

(vii) Ensure that the Company and the external auditor comply with the regulation in effect regarding the provision of services other than auditing, the limits of the concentration of the auditor business and in general, the remaining regulations regarding the independence of auditors

f. Yearly issue, before the issuing of the accounts audit report, a report indicating an opinion about the independence of the accounts auditor. This report must contain, in any case, an assessment motivated by the rendering of additional services mentioned in the previous section, individually and jointly taken into account, different from legal audit and regarding the independence system or the audit regulating code.

g. Inform, previously, the Board of Directors about all matters scheduled under the Law, the Articles of Association and the Regulation and particularly, regarding:

1) the financial information that the Company must make public periodically;

2) the creation or acquisition of participations in special purpose entities or with registered address in countries or territories that are considered as tax havens; and

3) the operations with related parties.

- h. Ensure the independence of the unit that assumes the internal audit procedure; inform regarding the selection, appointment, election and dismissal proposals of the internal service audit supervisor; propose the budget of that service; approve the orientation and its business plans, ensuring that its activity is focused mainly towards the relevant risks of the company; receive periodic information regarding its activities; and verify that the top management takes into account the conclusions and recommendations of its reports.
 - i. Review and make improvement proposals to the Management Board, for approval or referral to the competent body, on compliance policies, taking into consideration for this purpose the recommendations of good governance regarding general recognition in international markets, with the purpose of complying with its mission of promoting the corporate interest and taking into account, as necessary, the legitimate interests of the remaining groups of interest.
 - j. Supervise the compliance of the applicable regulation to the stock market behavior, and in particular, the Internal Code of Conduct.
 - k. Report regarding the modification proposals of the Internal Code of Conduct.
 - l. Supervise the regulation compliance and criminal prevention model operation, as well as applying the code of conduct and the penalty system in case those affected are board members.
8. Any member of the management team or Company personnel who is required for said purpose has the responsibility of attending the Audit Committee sessions and provide his/her cooperation and access the available information. The

Audit and Committee may also require for accounts auditors to attend its meetings.

9. For the better fulfillment of its responsibilities, the Audit Committee can request the counseling of external professionals, for which purpose what is established under article 26 of this Regulation will be applicable.
8. In everything that is not scheduled in the Articles of Association, the Regulation or in this article, the Audit Committee will regulate its own operation, applying, by default, the operational regulations established in regard to the Board of Directors, as long as they are compatible with the nature and purpose.

Article 16 bis. Sustainability and Corporate Governance Committee

1. The members of the Sustainability and Corporate Governance Commission shall be, in their entirety, non-executive directors appointed by the Board of Directors, the majority of whom shall be independent directors.

The members of the Commission as a whole shall have the relevant expertise in relation to the sector of activity to which the Company belongs.

2. The Sustainability and Corporate Governance Commission shall consist of a minimum of 3 and a maximum of 5 directors. Their number and designation are determined by the Board of Directors.

The members of the Sustainability and Corporate Governance Commission shall be elected for a maximum term of four years, and may be re-elected once or more for periods of the same maximum duration.

3. The Chair of the Sustainability and Corporate Governance Commission shall be appointed by the Board of Directors itself from among the independent Directors.
4. The Sustainability and Corporate Governance Committee will also have a Secretary, who will be the Board of Directors, who, if he is not a member, will have a voice but not a vote. In the event of absence, impossibility or indisposition of the Registrar, he shall

be replaced in the performance of his duties by the Vicesecretary of the Board of Directors, who shall also have the right to vote.

5. The Sustainability and Corporate Governance Commission shall meet at least once every three months and whenever appropriate, after having been convened by its President, acting on its own decision or at the request of two (2) of its members or of the Executive Committee.
6. The Sustainability and Corporate Governance Commission shall be considered as validly constituted when more than half of its members attend the meeting, present or represented. The deliberations shall be moderated by the President. The adoption of agreements shall require a favorable vote by an absolute majority of those present and represented and, in the event of a tie, the vote of the President. Unless otherwise provided, the powers of the Sustainability and Corporate Governance Committee are advisory and proposed to the Board of Directors.
7. Without prejudice to other tasks assigned to it by the current regulations, the Articles of Association, the Regulations or the Board of Directors, the Sustainability and Corporate Governance Commission shall have the following responsibilities:
 - i. Review and make proposals for improvement to the Board of Directors, for approval or elevation to the competent organ , on the internal rules of the System of Corporate Governance of the Company, with particular emphasis on corporate governance and sustainable development policies, taking into account generally recognized recommendations for good governance in international markets, in order to fulfil its mission of promoting the social interest and to take into account, as appropriate, the legitimate interests of the other interest groups.
 - ii. Guide and monitor the Company's performance in sustainability and corporate governance strategies and report to the Board of Directors.
 - iii. Monitor the process of preparing and submitting the required non-financial information, and submit recommendations or proposals to the Governing Board, aimed at safeguarding its integrity.
 - iv. To inform, in advance, the Board of Directors on all matters provided for in the Law, the Articles of Association and the Regulations on non-financial information that the Company

must periodically make public.

- v. Monitor corporate governance and sustainable development strategies of the Society.
 - vi. Evaluate and review the plans of the Society in implementing sustainable development policies and monitor their degree of compliance.
8. Any member of the management team or staff of the Company who is required to attend the sessions of the Sustainability and Corporate Governance Commission and to provide him with their collaboration and access to the information available to him.
 9. In order to better fulfil its functions, the Sustainability and Corporate Governance Commission may seek the advice of external professionals, for which purpose the provisions of Article 26 of the Regulation shall apply.
 10. In all matters not provided for in the By-laws, the Regulation or this Article, the Sustainability and Corporate Governance Commission shall regulate its own functioning, failing which it shall apply: the operating rules laid down in relation to the Management Board, provided that they are compatible with the nature and function of that Commission.

Article 17. Appointments and Retributions Committee

1. The Appointments and Retributions Committee will be composed in its entirety by non executive directors appointed by the Board of Directors, two of which, at least, must be independent directors, appointed in relation to their knowledge and professional experience.
2. The Appointments and Retributions Committee will be composed by a minimum of 3 and a maximum of 5 directors. The establishment of the number and their appointment corresponds to the Board of Directors.

The members of the Appointments and Retributions Committee will be elected for a maximum period of four years, being able to be reelected one or more times for periods with the same maximum duration.

3. The Chairperson of the Appointments and Retributions Committee will be appointed by the Board of Directors from among the Committee members who have the condition of independent.
4. The Appointments and Retributions Committee will likewise have a Secretary, who will be that of the Board of Directors, who, if not a director, will have a voice but not a vote. In case of absence, impossibility or indisposition of the Secretary, he/she will be replaced by the Vicesecretary of the Board of Directors, who will likewise have a voice but no vote.
5. The Appointments and Retributions Committee will hold a meeting each time it is requested by the Board of Directors or its Chairperson requests the issuing of a report or the adoption of proposals and, in any case, whenever it is convenient for the good development of its responsibilities.

It will, in any case, hold a meeting once a year to prepare information regarding directors retributions.

The Appointments and Retributions Committee will hold a meeting, prior notice of meeting by its Chairperson, by own decision or answering to the request of two (2) of its members or the Executive Committee.

6. The Appointments and Retributions Committee will be considered as validly incorporated when concurring at the meeting, attending or represented, more than half of its members. Deliberations will be moderated by the Chairperson. To adopt agreements it will be necessary to have the favorable vote of the absolute majority of the attendants, present and represented and, in case a tie, the Chairperson vote will be decisive. Except stipulation to the contrary, the responsibilities of the Appointments and Retributions Committee are informational and to provide proposals to the Board of Directors.
7. Regardless of other responsibilities assigned by the applicable regulations in force, the Articles of Association, the Regulation or the Board of Directors, the Appointments and Retributions Committee will have the following responsibilities:

- a. Assess the responsibilities, knowledge and experience necessary in the Board of Directors. For said purposes, it will define the necessary responsibilities and skills that candidates need to have to cover a vacancy and will assess the time and dedication necessary for the efficient development of their task.
- b. Establish a representation goal for the gender that has less presence in the Board of Directors and prepare guidance regarding how to reach said objective.
- c. Submit the appointment proposals to the Board of Directors (for their assignment by coopting or to be subject to the decision of the General Meeting) of the independent directors, as well as the proposals for the reelection or dismissal of said directors by the General Meeting.
- d. Submit the appointment proposals (for their assignment by coopting or to be subject to the decision of the General Meeting) of the remaining directors, as well as the proposals for the reelection or dismissal by the General Meeting.
- e. Inform regarding the appointment and dismissal proposals of the Vicechairpersons, Secretary and Vice secretary of the Board of Directors.
- f. Inform regarding the appointment and dismissal proposals of top management and the basic conditions of their contracts.

For the purposes of this Regulation, top management will be understood as those directors who have direct dependency from the Board of the Chief Executive Office, if any, and, in all cases, the internal audit supervisor of the Company.

- g. Propose to the Board of Directors the retribution policies for directors and general managers or those developing the positions of top management under the direct dependence of the Board of Directors, of executive committees or chief executive officers, as well as the individual retribution and other contractual conditions of the executive directors, ensuring their compliance.
- h. Periodically review the retribution programs, particularly of top management and the management team, pondering their adequacy and performance.

- i. Organize and perform the annual assessment of the Board of Directors Chairperson, under the management and boost of the Coordinating Director, informing the Board of Directors.
 - j. Review and organize the replacement of the Board of Directors Chairperson and the first executive of the Company and, as the case may be, prepare proposals for the Board of Directors regarding said replacement so that it takes place in an organized and planned fashion.
 - k. Report to the Board of Directors regarding the cases of default from the responsibilities established under art. 54 of the Articles of Association.
 - l. Yearly inform the Board of Directors regarding the assessment of the Board itself.
8. In everything that is not scheduled in the Articles of Association or in this article, Appointments and Retributions Committee will regulate its own operation, applying, by default, the operational regulations established in regard to the Board of Directors, as long as they are compatible with the nature and purpose of this Committee.

Chapter V. BOARD OPERATION

Article 18. Board of Directors Meetings

1. The Board of Directors will hold a meeting, at least, eight times per year and, by behest of the Chairperson, as many times as he/she considers it necessary for the good operation of the Company. In any case it will need to hold a meeting at least once a quarter.

2. The convening of ordinary sessions will be made by letter, fax, telegram or electronic mail, and will be authorized with the signature of the Chairperson or the Secretary or Vicesecretary by order of the Chairperson, with a minimum advancement of three days. The notice of meeting will always include the agenda and whenever possible it will be accompanied by relevant information duly summarized and prepared.

Likewise, can convene the Board of Directors, indicating the agenda and the location of the registered address where it is to be held:

- a. The directors who comprise at least one third of the Board of Directors members will be able to, if, prior request to the Chairperson, he/she, without a justified cause, had not made the notice of meeting within the period of one month;
 - b. The Vicechairperson or the number of directors who comprise one third of the Board of Directors members in case of dismissal, death or resignation of the Chairperson.
3. As an exception to the abovementioned, the extraordinary meetings of the Board of Directors can be convened (i) by any means that allow their reception by the directors (i.e. telephone) and (ii) without the application of the advancement period and other requirements stipulated in the above paragraph, when the Chairperson considers it is justified by the circumstances.
 4. The Board of Directors will prepare an annual plan of the ordinary meetings and will have a formal catalog of items which are to be subject to discussion.
 5. The Board of Directors will hold its meetings at the registered office or in the locations established by the Chairperson. Directors may attend through their connection through audiovisual means or telephone in a manner that guarantees the unity of the act. Agreements will be considered as adopted in the location where the Chairperson is.
 6. Exceptionally, if any director opposes, the Board of Directors can be held without a session and

in writing. In this last case, directors can send their votes and the considerations they wish to record in the minute by E-mail.

Article 19. Development of the sessions

1. The Board of Directors shall be validly constituted when more than half of its members attend the meeting, present or represented Directors will do everything possible to attend the Board of Directors sessions, when they cannot attend personally, they will attempt that the granted representation includes the necessary instructions. Representation is to be granted in writing and specifically for each meeting. Non executive directors can grant their representation to another non executive director.
2. The Board of Directors Chairperson will organize the debate attempting and promoting the active participation of all directors in the body deliberations, but safeguarding their free position and opinion. The Chairperson will also make sure that the body is duly informed, being able for this purpose to invite managers and technicians of the company as well as the independent experts he/she considers necessary to the meeting, with voice but without vote.
3. Except in those cases in which another voting quorum has been established, agreements will be adopted by absolute majority of the attendants, present and represented. In case of a tie, the Chairperson vote will be decisive.

Article 20.- Performance assessment.

1. The Board of Directors must perform an annual assessment of its operations and that of its committees and propose, based on the result, an Action Plan that corrects any detected deficiencies.
2. The assessment of the operation regarding the different Committees will be based on the report said committees submit to the Board of Directors, and for the later, the one submitted by the Appointments and Retributions Committee.

Chapter VI. DIRECTOR LEGAL STATUS

Section I.-

Appointment and dismissal of directors

Article 21. Directors appointment

1. Directors will be appointed by the General Meeting or by the Board of Directors (in case of appointment by coopting) according to the provisions contained in the applicable regulation and the regulations comprising the Company Governance System.
2. The appointment or reelection proposal of the Board of Directors members is the responsibility of the Appointments and Retributions Committee, regarding independent directors, and that of the Board of Directors, in all other cases. In any case the proposal must be accompanied by a justifying report of the Board of Directors which assesses the competence, experience and merits of the proposed candidate, which will be appended to the General Meeting or the Board of Directors minute. The appointment or reelection proposal of any non independent director must be preceded, in addition, by a report of the Appointments and Retributions Committee.
3. The appointment and the change of individual representation of the Directors, which are a corporation will also require the issuing of a report by the Appointments and Retributions Committee.
4. When the Board of Directors does not follow the recommendations of the Appointments and Retributions Committee it will have to provide the reasons for its behavior and record them in the minute.

Article 22. Directors selection

The Board of Directors and the Appointments and Retributions Committee, within the scope of its responsibilities, will attempt to promote an adequate diversity of knowledge, experiences and gender and for its appointment to fall over people of renown solvency, competence and experience.

Article 23. Position life

1. The directors will exercise their position during the maximum period established in the By-laws, being able to be reelected one or more times for periods of the same length.
2. Directors appointed by cooptation will exercise their position until the date of the meeting of the first General Meeting time at which their appointment will be subject, as the case may be, to ratification or until the legal period for the holding of the General Meeting which is to decide on the approval of the previous year financial statements expires. Likewise, if there is a vacancy in the Board of Directors once the General Meeting has been convened and before it is held, the Board can appoint a director until the celebration of the next General Meeting.
3. The director who finishes his/her mandate or by any other cause ceases in the development of his/her position will not be able to, during a period of two years, render services to another entity that has a corporate purpose which is analogous to that of the Company when the Board of Directors reasonably understands that it may endanger the Company interest.

Article 24. Dismissal of the directors and availability of the position

1. Directors will cease in their position when (i) having elapsed the period for which they were appointed, the first General Meeting session takes place or the period for the celebration of the General Meeting which is to be decided upon the approval of the financial statements for the previous business year, has elapsed, (ii) when they notify their resignation to the Company or

(iii) when the General Meeting decides so according to the use of the authority it has been granted according to the law or the articles of association.

2. In addition, directors must make their position available to the Board of Directors and formalize, if the Board considers it convenient, the corresponding resignation:

- a. When the incur in any of the incompatibility or prohibition cases which disables them to continue in their position, and particularly under article 224.2 of the Corporate Act;
- b. When the Appointments and Retributions Committee, the Audit Committee and the Sustainability and Corporate Governance Committee inform the Board of Directors and the later through the adoption of the corresponding agreement verifies, that the director has infringed, seriously or very seriously, his/her responsibilities as administrator and, in particular, those responsibilities derived from the diligence and loyalty, including the prevention of conflicts of interest and other responsibilities established by the Corporate Governance System; or
- c. When his/her stay in the Board of Directors can endanger the Company interests or negatively affect its credit and reputation, and is thus informed by the Appointments and Retributions Committee.
- d. When the director goes on to occupy new positions or contracts new responsibilities which prevent him/her from dedicating the necessary time for the development of the responsibilities related to the position of director or he/she incurs in any of the circumstances that make him/her lose the condition of independents, according to what is established under the applicable law; and
- e. In the case of directors representing controlling shareholders, when the shareholder they represent sells the entirety of his/her participation in the Company or, when doing so partially, reaches a level which triggers the obligation of reduction of his/her directors representing Controlling Shareholders.

Section II.-

Information regarding the director

Article 25. Information and inspection powers.

1. The director is vested with the widest powers to obtain information regarding any aspect of the Company, to examine its ledgers, records, documents and other background of company transactions and to inspect all of its facilities. The right of information extends to the group companies.
2. With the purpose of not disrupting the ordinary management of the Company, the exercise of information responsibilities will be channeled through the Chairperson or Secretary of the Board of Directors, who will tend to the director requests facilitating the information directly, offering the necessary speakers within the framework of the organization or arbitrating the measures that are necessary so he/she can practice *in sūu* the desired examination and inspection diligences.

Article 26. Expert assistance

1. With the purpose of receiving assistance during the exercise of their responsibilities, directors may request the contracting, charged to the Company, of legal advisors, accountants, financiers or other experts. The request has to necessarily fall over specific problems with a of a certain nature and complexity that appear during the development of the position.
2. The decision to contract must be communicated to the Chairperson of the Board of Directors and can be vetoed by the Board of Directors if it is accredited that:
 - a. that it is not necessary for the adequate development of the responsibilities entrusted to external directors;
 - b. that its cost is not reasonable regarding the importance of the problem and the Company assets and income; or

- c. that the requested technical assistance can be provided adequately by the Company experts and technicians.

Section III.- Retribution of the director

Article 27. Director retribution

1. Directors remuneration will be regulated according to what is established in the Articles of Association.
2. The Board will yearly prepare and publish a report about remunerations of the directors with the content that is demanded in the applicable regulation in force at each time.

Section IV.-

Duties of the director

Article 28. General responsibilities of the director

1. According to what is stipulated in articles 5 and 6, the role of the director is to guide and control the Company management with the purpose of ensuring the achievement of the corporate interest through the creation of sustainable value.
2. During the development of his/her responsibilities, the director will act with the diligence of an organized entrepreneur, being particularly committed to:
 - a. Dedicate with continuity the time and effort necessary to regularly follow the matters posed by the Company administration, collecting sufficient information for this purpose and the cooperation and assistance he/she considers necessary;
 - b. Obtain information and prepare the Board of Directors and delegated and informational bodies to which he/she belongs adequately;

- c. Actively participate in the Board of Directors and its Committees and tasks assigned, obtaining the necessary information, providing his/her opinion, and requesting from the remaining directors their agreement to the decision that is considered most favorable for the defense of the corporate interest. When not attending the sessions, due to a justified reasons, he/she will attempt to instruct the director who represents him/her regarding his/her criterion;
- d. Oppose agreements contrary to the Law, the Articles of Association or the corporate interest and request the recording of his/her position in the minute when he/she considers it is more convenient for the safekeeping of the corporate interest;
- e. Perform any specific tasks entrusted by the Board of Directors and that it is reasonably included in his/her commitment and dedication;
- f. Promote the research regarding any irregularity in the management of the Company in relation to which he/she has obtained information, and request that the people with convening capacity to call an extraordinary meeting of the Board of Directors or include in the agenda of the first meeting which is to be held the items that he/she considers convenient.

Article 29. Protection of business discretion

1. Within the scope of strategic and business decisions, subject to entrepreneurial discretion, the standard of diligence of an organized entrepreneur will be understood as accomplished when the director has acted in good faith, without personal interest in the matter at hand, with sufficient information and according to an adequate decision making procedure.
2. Those decisions personally affecting other directors and Related People will not be understood as included in the scope of business discretion and, in particular, those which purpose is to authorize the operations scheduled under article 34 of the Regulation.

Article 30. General loyalty duty

The director will develop his/her position with the loyalty of a true representative, acting in good faith, safekeeping the corporate interest and fulfilling the duties imposed by the applicable regulation and the Company governance regulations.

Article 31. Basic responsibilities derived from the loyalty duty

The duty of loyalty compels the director to:

- a. Do not exercise his/her responsibilities with purposes different than those for which they have been granted.
- b. Keep any information, data, reports or background to which he/she had access during the development of his/her position secret and confidential, according to the terms of article 32.
- c. Abstain from participating in the deliberation or vote of agreements or decisions in which the director or a person related therein (for the purposes of this Regulation, people related to directors will be those people related to the directors, which are established under the applicable regulation in effect, at each time (the "**Related People**") have a conflict of interests, direct or indirect. The agreements or decision that affect his/her condition of director will be exempt from the abovementioned obligation of abstention, such as his/her appointment or dismissal for positions of the board of directors or other of equal significance.
- d. Develop their responsibilities according to the principle of personal liability principle, with freedom of criterion or opinion and regardless of the inspeccionados and relations of third parties.
- e. Adopt the necessary measures to prevent incurring in situations in which his/her interests, be it own or third party, can come into conflict with the corporate interest and his/her duties towards the company.

Article 32. Director duty towards secrecy

1. The director, even after terminating his/her responsibilities, must keep the confidential information secret, having the obligation of keeping confidential the information, data, reports or background information which he/she has obtained during the exercise of the position, without being able to communicate said information when it may have detrimental consequences to the corporate interest.

Cases in which the applicable regulation allows for the communication or disclosure to third parties or that, as the case may be, are required or have to be sent to the relevant supervising authorities, in which case the assignment of information must be appended according to the applicable regulation are exempt from the above paragraph.

2. When the director is a corporation, the secrecy duty will fall over the individual representative, without prejudice of the compliance of the information obligation.

Article 33. Duty to prevent Conflict of Interest situations

1. The duty of preventing Conflict of Interest situations stipulated under article 31 above forces the director to abstain from:
 - a. Performing operations with the Company, except regarding ordinary operations, performed under standard conditions for clients, understanding as such those which information is not necessary to provide an accurate image of the equity, financial situation and profit and loss of the Company
 - b. Use the name of the Company or call upon his condition of director to inadequately influence the performance of private operations.
 - c. Use the company assets, including the Company confidential information, with private purposes.
 - d. Take advantage of the Company business opportunities.

- e. Obtain advantages or remunerations from third parties different than the Company and its group of associated companies during the development of his/her position, except when dealing with matters of mere courtesy.
 - f. Perform any type of operations which direct or underlying purpose are shares or any other securities issued by the Company, that, due to their characteristics, may be detrimental to the corporate interest or, in particular, negatively affect the value of its shares or securities or the irregularity of their value.
 - g. Develop activities on his/her own or through third parties that represent real or possible competition with the Company or that, in any other way, place him/her on a permanent situation of conflict with the Company interests.
2. The abovementioned provisions will also be applicable in cases in which the author or beneficiary of the actions or activities that are forbidden is a Related Person to the director.

Article 34. Waiver of conflict of interest situations system

1. Prior to their performance, Directors must communicate to the Audit Committee, through its Secretary, any of the situations or transactions stipulated under section 1 of the previous article, indicating the key characteristics and the necessary circumstances so that the competent bodies can fully assess the conflict situation.

The Audit Committee must submit a mandatory report, but not binding, to the corporate body which is statutorily competent to allow, as the case may be, the situations or transactions which have been communicated being able to, for said purpose, require from the communicating director all additional information that may be necessary.

2. The Company, by agreement of the General Meeting or the Board of Directors, as the case may be, will adopt the necessary decisions, according to what is established under the applicable law, Articles of Association and this Regulation.

The waiver or authorization agreements of the prohibitions established under the above article will demand the previous substantiation regarding the safety of the situation or transaction to the corporate interest, and, particularly in case of related operation, the accreditation that it is performed according to market conditions.

3. Those transactions which the applicable regulation exempts from said approval will be exempt from this system.
4. The affected directors, or those who represent or are related to the affected shareholders, will abstain from participating in the deliberation and vote of the agreement in question.
5. The Company will make public the transactions with shares performed with its significant, directors, high management and group companies, under the terms that are demanded at each time by the applicable regulation in effect.

Article 35. Duties of information

1. The director must inform the company regarding the following:
 - a. The shares of the company or companies from the of which he/she is direct owner or through companies in which he/she has a significant participation (as well as the transactions performed over said shares), all according to what is established in the Internal Code of Conduct and the applicable regulations.
 - b. regarding those shares which are in possession, direct or indirect, of his/her close family members, under the terms regulated in the Internal Code of Conduct.
 - c. of all positions and activities he/she performs in other listed companies.
 - d. significant changes in his/her professional situation and those which affect the character or category under which he/she is classified.
 - e. Regarding any judicial, administrative claim, or in relation to facts of any type in which he/she is implied, which may seriously affect the Company credit or reputation

2. What is established under this article will be also applicable in the case of Directors which are companies, to the individuals who represent them.

CHAPTER VII.

Information policy and Board of Directors policy

Article 36. Corporate governance annual report

1. The Board of Directors, prior report by the Sustainability and Corporate Governance Committee, will prepare an annual Governance report with the content established under the applicable regulation.
2. The annual corporate governance report will be subject to publication under the terms legally established and will be made available to the shareholders on the Company website no later than the day in which the notice of meeting for the ordinary General Meeting, which is to decide upon the financial statements of the business year to which the corporate governance report is related, is to be published.

Article 37. Website

It is the responsibility of the Board of Directors to establish the information to be provided on the corporate website of the Company under the terms scheduled pursuant to the applicable law.

Article 38. Relations with shareholders

1. The Board of Directors will arbitrate the necessary channels to know the proposals that shareholders may formulate regarding the Company management.
2. The Board of Directors, through some of its directors and with the cooperation of the members of high management it considers adequate, will be able to organize informational meetings regarding the Company and its group operations, for those shareholders residing in the most relevant locations, of Spain and abroad.

3. Public delegation of vote requests performed by the Board of Directors or by any of its members will need to justify in a detailed manner the direction in which the representative will vote in cases under which the shareholder does not provide instructions and, when necessary, reveal the existence of conflicts of interest. The Board of Directors will promote the informed participation of shareholders in the General Meetings and will adopt the necessary measures to facilitate the General Meeting efficiently exercising its responsibilities according to the applicable regulation and the Articles of Association. In particular, the Board of Directors will adopt the following measures:
 - a. Make available to the shareholders, before the General Meeting, in addition to all the information they are entitled to, all that which, even though it is not legally demanded, may be of interest and reasonably supplied;
 - b. handle, as diligently as possible the information requests made by shareholders before the General Meeting; and
 - c. handle, with the same diligence, the questions that re formulated by the shareholders due to the celebration of the General Meeting.

Article 39. Relations with the markets

1. The Audit Committee will supervise the compulsory information and any other required by caution to make available to the markets, attempting for it to be prepared according to the same principles, criteria and professional practices with which the financial statements are prepared and having the same reliability as the latter ones.
2. The statements that are submitted to the Board of Directors must be previously certified, regarding their accuracy and integrity, by the Chairperson (if he/she has executive responsibilities), the Managing Director and the Corporate Chief Executive Officer or supervisor of the department corresponding, clarifying that the consolidated financial statements include the incorporation of the accounting statements of all participated companies, domestic as well as abroad, which comprise the consolidation perimeter

according to the commercial and accounting applicable regulation.

3. The Board of Directors will formulate in a clear and concise terms, which facilitate the necessary understanding of its content, the financial statements and the management report, based on the certified statements, taking into consideration the reports of the Audit Committee and having performed the queries it considered convenient to the external auditor, having all the necessary information.

Article 40. Relations with auditors

1. The relations of the Board of Directors with the Company external auditors will be channeled through the Audit Committee.
2. The Board of Directors will attempt to definitively formulate the financial statements in a manner that there are no reservations by the auditor. However, when the Board of Directors considers that it must maintain its criterion, it will publicly explain the content and scope of the discrepancies.