

Rules governing the Board of Directors of Abengoa, S.A.

Preamble

1. Abengoa, S.A., like other public companies that raise capital to finance their activities by inviting the public to buy shares or debentures and operate in capital and corporate control markets, has been conducting its business activities, for many years now, in an environment marked by technological advances, production process specialisation and the increasing internationalisation of investor relations. In the face of mounting pressures caused by these factors, further fuelled by increasingly strong competition, the Board of Directors of Abengoa, S.A. decided it was necessary to review the composition and operation of the current organisational model and, with it, the functional performance of its own internal corporate governance system.

This reassessment was based primarily on business efficiency criteria. The introduction of new organisational and functional structures is aimed at ensuring that the Directors manage the Company in such a way as to produce an immediate increase in the value of shares thanks to a business policy based on promotion and growth objectives to serve the interests of shareholders. The importance of an improvement in the quality of corporate governance for the performance of the company makes business efficiency a key factor in modern business strategy. Hence the need to construct a new model that responds efficiently to competition in the company's economic environment, the rationality of economic agents and the role of the financial market as a means of assessing the performance of directors and as an instrument to safeguard the interests of investors.

In addition to this system, grounded in the principles of specialisation and efficiency, new transparency and management and performance control requirements are emerging in response to the dictates of business ethics incorporated in the corporate governance standards now being implemented in large companies. Designed as a mechanism to attract private savings and increase risk diversification through task specialisation by corporate governance bodies and shareholders who assume such risks, a public listed company is under an obligation to guarantee, as a minimum performance requirement, the production and public dissemination of information among investors and to prevent the power that is concentrated in the hands of the directors of the company, when share capital is dispersed among a large number of small shareholders, from being used against the interests of the company. Hence the need to ensure that the mechanisms implemented to control the Board of directors are effective in safeguarding the general interests of the company.

2. In view of the fact that the corporate discipline provisions contained in the Public Limited Companies Act and the Articles of Association are inadequate to meet the new corporate governance challenges facing listed companies and the need to establish the substantive contents of the rights and obligations of directors, the Board of Directors of Abengoa, S.A., following the example of other major listed

companies and seeking to ensure observance of the principles of efficiency, transparency of information, control and business ethics, decided to produce a set of internal rules to govern the operation and performance of the Board of Directors. The aim of the authors of this set of rules is to complement and, on occasions, consolidate the efforts of rationalisation initiated by the Public Limited Companies Act and the recently passed Register of Companies Regulations and to subject the actions of the Directors to standards of conduct, based on the principles of business ethics, aimed at safeguarding the interests of the Company above all else and ensuring the transparency of the decisions adopted by the Board of Directors.

3. Building on these basic concerns, the authors of the Rules have taken on board a programme to perfect the existing organisational structure of the Board of Directors, making it smaller, remodelling its composition and improving function specialisation and coordination. The new mechanism referred to in article 46 of the Articles of Association was created for this purpose. Point N) *in fine* establishes the obligation of the Board of Directors to create an advisory board to act in a consultative capacity, providing professional advice and expert assistance, subject to the legal requirements set forth in article 48 of the Articles of Association and herein.

The key – and most sensitive – section of this set of rules refers to the legal status of the Directors. The authors have been extremely meticulous in defining the rights and obligations of the Directors and in establishing the rules governing their conduct, based on principles set forth in the codes of good business practice widely implemented throughout the business world.

Although these Rules provide for the remodelling of some of the functions traditionally assigned to the Directors and open up new channels in relation to the work of the Board, with the introduction of mechanisms to provide expert assistance and monitor the performance of the Directors, they do not encroach on areas of competence beyond their regulatory scope. On the contrary, the Board of Directors has a specific duty to increase the transparency and efficiency of the governing body and establish consultative mechanisms that alert Directors to the risks of putting their own interests before those of the Company, thus deterring opportunistic behaviour by the agents that control and govern the resources of the Company. These Rules therefore provide the technical standards required to maximise management capabilities, provide a simple corporate governance framework and guarantee flexible, streamlined performance.

Chapter One

General provisions

Article 1. Purpose and scope of the Rules

1. These Rules regulate the Board of Directors of Abengoa, S.A., establishing the principles of organisation and operation and setting forth the standards that govern its legal and statutory activity. The Board of Directors shall adopt such measures as it thinks fit to ensure the broadest possible dissemination of these Rules among shareholders and investors.
2. The members of the Board of Directors and senior executives of the Company are under an obligation to take cognisance of these Rules and abide by them.

Article 2. Interpretation and amendment

1. These Rules complement the standards applicable to the Board of Directors established in current corporate legislation and the Company's Articles of Association. It is the responsibility of the Board of Directors to resolve any questions that may arise in connection with the implementation of the Rules in compliance with the general criteria commonly used to interpret legal provisions and with the spirit and purpose of the Articles of Association.
2. These Rules shall come into force on the date on which they are approved. The Board of Directors may make amendments to the Rules in accordance with the requirements established in the paragraph below, in the best interests of the Company.
3. The Chairman of the Board of Directors or two or more Directors may propose amendments to the Rules as they think fit or necessary. Any such proposal shall be accompanied by a full statement of the grounds for and the nature of the proposed amendment. A meeting of the Board of Directors shall be convened by individual notice sent to each of the members at least fifteen days before the date of the meeting. The resolution to amend the Rules shall be adopted in compliance with voting requirements established in the Articles of Association.

Chapter Two

Structure, functions and standards of conduct of the Board of Directors

Article 3. Composition of the Board of Directors

In accordance with the provisions of article 39 of the Articles of Association, the Board of Directors shall, at its discretion, propose the number of Directors it considers necessary in the interests of the Company. The number of Directors shall be decided by the General Meeting of Shareholders.

Article 4. Powers and duties of the Board of Directors

1. It is the duty of the Board of Directors to carry out such actions as it deems fit in furtherance of the corporate purpose established in the Articles of Association. Specifically, it is its duty to do the following: determine the business objectives of the Company and, at the proposal of the Company's executive officers, the measures that must be implemented to achieve them; ensure the future viability and competitiveness of the Company; ensure effective corporate management and leadership, so that all business activities are conducted under its control; approve the codes of conduct established by the Company; and exercise the powers described herein.
2. The Board of Directors is accountable to the General Meeting of Shareholders for fulfilment of its management and representation obligations. The delegation of powers and authorities to one or more members shall not divest the Board of the authority conferred on it by the Public Limited Companies Act and the Articles of Association. The powers and authorities of the Board shall be exercised independently of other corporate bodies.

3. The Board of Directors is empowered, within legal and statutory limits and those expressly established herein, to do the following: appoint Directors to fill casual vacancies that may arise until the next General Meeting of Shareholders is held; accept the resignation of Directors; appoint members of the Board as Chairman, Deputy Chairman and Secretary to the Board of Directors and relieve them of such offices; delegate powers to any of its members under the terms and conditions established by the Act and the Articles of Association and revoke such powers; appoint and remove members of the Advisory Board provided for in articles 46, point Ñ) and 48 of the Articles of Association; prepare the annual accounts and submit them to the General Meeting of Shareholders, submit the reports and draft resolutions that it is required to produce, in accordance with the provisions of the Act and the Articles of Association, for the information and approval, when appropriate, of the General Meeting of Shareholders; establish the Company's economic targets and approve, at the proposal of the executive officers, the strategies, plans and policies required to meet such targets and monitor the implementation of such activities; approve acquisitions and transfers of assets belonging to the Company or its subsidiaries; determine the organisation and operation of the Board of Directors and the management team and, in particular, make amendments to these Rules; exercise the powers granted to the Board of Directors by the General Meeting of Shareholders, which it may delegate only if expressly authorised to do so by resolution of the General Meeting of Shareholders, and any other powers granted to it by virtue hereof.

There are no substantial restrictions or limitations on the general powers of governance granted to the Board of Directors other than those established by the corporate objects.

4. The Board of Directors holds the powers of representation of the Company under statutory terms and conditions. If these powers of representation are delegated to one or more Directors, then said Directors are bound to notify the Board of Directors or all and any acts carried out in the exercise of these powers beyond the day-to-day running of the Company.
5. The Board will carry out its functions with a unity of purpose and independent criteria, guided by the interests of the Company, in order to continuously maximise the economic value of the Company. In its relations with interest groups, the Board will ensure that the Company respects all laws and regulations; it fulfils its obligations and contracts in good faith; it respects the uses and good practices of the sectors and territories in which it operates; and it shall observe those additional principles of social responsibility that it would have accepted voluntarily.
6. The principal objective of the Board shall be to approve the Company's strategy and the specific organisation required for its operation, as well as to supervise and control the Company's management in achieving the objectives set and fulfilling the Company's social objectives and interests.

The plenary sessions of the Board shall therefore approve:

- a) The Company's policies and general strategies, in particular:
 - i) The strategic or business plan, as well as the management objectives and annual budgets;

- ii) The investment and financing policy;
- iii) The definition of the corporate group structure;
- iv) The corporate governance policy;
- v) The corporate social responsibility policy;
- vi) The remuneration policy and the performance evaluations of senior management;
- vii) The risk control and management policy, as well as the regular monitoring of internal information and control systems;
- viii) The dividend and treasury stock policy and in particular its limits.

b) The following operational decisions:

- i) The appointment and removal of senior management, as well as their compensation clauses, as proposed by the Company's CEO. For the purposes of this regulation, "senior management" shall refer to those managers that report directly to the CEO and in all cases, the internal auditor.
- ii) Directors' remuneration as well as any additional remuneration for executive responsibilities, in the case of executives, and the approval of their contracts.
- iii) The financial information that the Company must periodically publish, as a listed company.
- iv) Strategic investments or operations of any type due to their significant value or special characteristics, except for those that relate to the General Shareholders' Meeting.
- v) The creation or acquisition of shareholdings in special purpose vehicles or those registered in countries or territories considered as tax havens, as well as any other similar transactions or operations that, due to their complexity, could reduce the transparency of the Group.

c) Operations that the Company may carry out with directors, significant shareholders or representatives of the Board, or with any person related to them ("related operations"). The Board's authorisation shall not be required however, for related operations that simultaneously fulfil the following three conditions:

1. Operations carried out under agreements with standard conditions and that apply to multiple clients;
2. Operations carried out at market rates or prices, which in general, are set by the supplier of the goods or service;
3. Operations whose quantity is not significant to the Company (less than 1% of the Company's annual revenues).

Approval of related operations shall require a prior favourable report from the Audit Committee. In addition to not exercising or delegating their right to vote, directors who may be involved in such matters shall leave the meeting room while the Board deliberates and votes.

Article 5. Position of the Board of Directors in the organisational framework of the Company

1. In its dealings with shareholders, the Board of Directors shall apply the principle of fair and equal treatment, create mechanisms to receive proposals made by shareholders in connection with corporate governance, organise informative meetings to report on the performance and progress of the Company and provide the necessary channels for a regular exchange of information with groups of shareholders.
2. In the case of institutional shareholders, the Board of Directors shall establish information exchange mechanisms for investment strategy, performance assessment, composition of the Board of Directors and governance efficiency, ensuring that such information does not put recipients in a privileged position or accord them special advantages over other shareholders.
3. The Board of Directors shall adopt such measures as it thinks fit to ensure that the General Meeting of Shareholders performs the functions assigned to it effectively. To this end, it shall provide shareholders with all legally required information prior to the Meeting and any other information of interest to the shareholders that may be reasonably supplied. Due consideration shall be given to all requests for information and queries formulated by shareholders prior to the meeting.

Article 6. Specific duties relating to the annual accounts and the Directors' Report

1. The integrity and accuracy of the annual accounts submitted to the Board of Directors for preparation in the appropriate form shall be certified by the Chairman of the Board and the Manager of the Corporate Consolidation and Audit Department.
2. Once the Board of Directors has received the reports issued by Corporate General Management and the pertinent clarifications have been made, it shall prepare the annual accounts and the Directors' Report in a clear, easily understandable form. The Board of Directors shall make every effort to ensure that they provide a true and fair view of the state of the Company's affairs, assets, financial situation and performance as required by law.
3. Each member of the Board of Directors shall make a statement, which shall be recorded in the minutes, to the effect that, before signing the annual accounts prepared as required by law, they have examined all the information necessary for this act. Any reservations that they may have in this respect shall also be recorded in the minutes.

Article 7. Specific duties relating to the stock market

The Board of Directors shall adopt and carry out all such acts and measures as it thinks fit to ensure the transparency of the Company vis-à-vis financial markets, to promote proper share price formation, to supervise the periodic dissemination of public financial information and to

perform such duties as are assigned to it by virtue of the status of the organisation as a listed company.

Article 8. Specific duties relating to corporate governance

1. The Board of Directors is the body responsible for the preparation and implementation of internal corporate governance rules, including the Rules governing the Board of Directors, the Rules of Procedure of the Advisory Board to the Board of Directors, the Code of Market Conduct, and, where appropriate, the rules of procedure of the committees of the Board of Directors and the Rules of Procedure of the General Meeting of Shareholders.
2. The Board of Directors is also the body responsible for the preparation and approval of Abengoa's annual corporate governance report in advance of the Ordinary General Meeting of Shareholders to which it is submitted for approval. It shall also be filed with the Comisión Nacional del Mercado de Valores (Spanish Securities and Exchange Commission) and disseminated through the appropriate channels, including the Company's web site.
3. The Board of Directors shall ensure the full and proper dissemination, through the relevant departments, of all information relevant to the Company, including but not limited to notices of General Meetings, their agenda and the contents of proposed resolutions, relevant information, resolutions adopted by the previous General Meeting, internal corporate governance rules and the annual report. Every effort shall be made to ensure the unrestricted, timely dissemination of such information through the appropriate channels, including the Company's web site.

Article 9. Notice and place of meetings

1. The Board of Directors shall meet at least once every two months. Ordinary sessions of the Board shall address general questions relating to the day-to-day running of the Company, financial results, balance sheets, the cash flow situation and comparison with approved budgets, matters referred to in article 5, if appropriate, and all items included on the agenda drawn up in accordance with the provisions of these Rules. At these periodic meetings, the Directors shall receive information on significant operational achievements and problems, situations that may prove critical to the affairs of the Company and management proposals to deal with them.
2. Notice of Board meetings shall be given in writing to each of the Directors no less than ten days prior to the scheduled date and shall include the agenda of the meeting. A copy of the minutes of the previous meeting, whether approved or not, shall also be attached.

The Board of Directors may meet to transact business without prior notice provided that all the Directors are present in person or by proxy and those attending unanimously agree to hold a meeting.

The Board of Directors may meet without giving notice as prescribed on the grounds of urgency, in which case such grounds of urgency shall be unanimously acknowledged by all those present at the start of the meeting.

3. The meetings of the Board of Directors shall, as a rule, be held at the registered office of the Company, although they may also be held elsewhere if the Chairman of the Board so determines. The place of the meeting shall be stated in the notice.

The Chairman may convene a Board Meeting on such occasions as he deems fit. A meeting must be called when requisitioned by a majority of the Directors. The Chairman shall be responsible for establishing the agenda, although any one of the Directors may, prior to the meeting, request the inclusion of any points that he thinks should be addressed thereat.

4. Resolutions may also be adopted without a meeting. A written vote without a meeting shall only be valid when none of the Directors objects to such a procedure and when all the requirements established in the Register of Companies Regulations are observed.

Article 10. Quorum, proxy and adoption of resolutions

1. No business may be transacted at a meeting of the Board of Directors unless half plus one of the Directors are present in person or by proxy, except in the event that a meeting is held without notice, in which case all the members of the Board of Directors must be present.
2. Directors may appoint another Director as their proxy. There is no restriction on the number of instruments of proxy that any one Director may hold for a specific meeting. Proxies may be granted in any written form, including telegram, telex or telefax, and shall be addressed to the Chairman of the Board.
3. Resolutions shall be carried by a majority vote of those present at the meeting in person or by proxy. In the event of an equality of votes, the Chairman of the Board of Directors shall have the casting vote.

Chapter Three

Legal status of Directors

Article 11. Appointment of Directors

The General Meeting of Shareholders – or, where appropriate, the Board of Directors exercising the power legally conferred on it to fill casual vacancies by co-option – shall appoint the members of the Board of Directors in accordance with the provisions of the Public Limited Companies Act and the Articles of Association.

In addition to compliance with all legal and statutory requirements as to eligibility, Directors appointed to the Board shall also be solvent and possess the knowledge, standing, expertise and professional experience required to fulfil the duties of a Director.

Article 12. Term of office and co-option

The term of office is four years. Directors may be reappointed to one or more four-year terms. Directors appointed to fill casual vacancies by co-option shall remain in office until the next General Meeting of Shareholders.

Article 13. Vacation of office

1. The office of director shall be vacated when the term for which the Director was appointed expires and for any other reason provided for in the Act, the Articles of Association and these Rules.
2. A Director shall vacate his office, submitting his resignation to the Board of Directors, if the latter resolves that such vacation is necessary, in the following cases:
 - a) When a Director becomes disqualified on the grounds of incompatibility of office or becomes prohibited by law from being a Director.
 - b) When a Director is heavily sanctioned by a public authority for failure to comply with his obligations as a Director.
 - c) When the Board considers that a Director has failed to fulfil his obligations.
3. Once a Director has retired or been removed from office for whatever reason, he shall be subject to a cooling-off period of two years, during which time he is barred from holding an office in a rival Company, unless the Board of Directors exempts him from such an obligation or agrees to shorten the cooling-off period.

Article 14. Duties of Directors: general rules

1. It is the duty of the Directors to manage and control the Company in such a way as to maximise its value for shareholders. In conducting the business of the Company, Directors shall discharge their duties with due care, exercising good business judgement, and due loyalty. Their actions shall be dictated solely by the interests of the Company, which they shall interpret in a wholly independent manner, making every effort to safeguard and protect the interests of the shareholders, to whom they owe their mandate and are accountable.
2. By virtue of their office, Directors are bound, in particular, to:
 - a) Prepare thoroughly and gather all the relevant information for meetings of the Board of Directors and any delegated bodies to which they belong;
 - b) Attend meetings and play an active role in the proceedings, so that their opinions are taken into account and make an effective contribution to the decision-making process. When a Director is unable to attend a meeting of the Board for some justifiable reason, he shall instruct the Director he appoints as his proxy on how to proceed;
 - c) Carry out any specific duties assigned to them by the Board of Directors within what can reasonably be considered their scope of commitment and dedication;
 - d) Requisition extraordinary meetings of the Board of Directors when necessary and ask the officer responsible for establishing the agenda to include items that they consider should be addressed at the next meeting;
 - e) Avoid conflicts of interest and report any potential conflicts to the Board of Directors, through the Secretary to the Board of Directors;
 - f) Refrain from holding offices in rival companies or in companies belonging to the group of a rival company, as provided in Article 16 hereof;

- g) Refrain from using non-public information pertaining to the Company for their own benefit;
 - h) Refrain from making improper use of corporate assets and from using their position in the Company for personal gain without the corresponding consideration;
 - i) Refrain from using business opportunities made known to them in the course of their work as Directors of the Company for their own benefit;
 - j) Keep all information and figures disclosed to them in the exercise and discharge of their powers and duties as Directors completely confidential in accordance with Article 15 hereof;
 - k) Refrain from voting on proposals for the appointment, removal and remuneration of Directors in which they have a personal interest;
 - l) Inform the Board of Directors of any securities or derivatives they hold, whether directly or indirectly, in the Company;
 - m) Play an active and committed role in the affairs that the Board of Directors deals with, providing the required follow-up and compiling relevant information;
 - n) Refrain from making resolutions that are contrary to the law, the Articles of Association or the interests of the Company, requesting, where appropriate, legal advice and the relevant technical reports;
 - o) Notify the Company if there are any significant changes in their professional situation, if the reasons for which they were appointed as Directors cease to exist or if there are developments that could lead to a conflict of interest;
 - p) Inform the Company of any legal or administrative action or any other type of action that could seriously compromise the Company.
3. In compliance with the duty of loyalty to the Company by which they are bound, Directors shall not authorise and, should the case arise, shall report, any operations carried out by members of their own family or by companies in which they hold an executive office or a significant ownership interest, when they are not subject to the conditions and controls established herein.
 4. The duty to act as loyal representatives requires Directors to inform the Company of any shares, options on shares or equity derivatives that it holds in the Company either directly or through companies in which they have a significant shareholding, in accordance with the internal Code of Market Conduct.
 5. Directors shall abstain from taking part in deliberations and votes relating to proposals for the appointment, re-election or removal of Directors in which they have a personal interest. Voting on such matters shall be by secret ballot.

Article 15. Confidentiality requirement

Directors shall not disclose any confidential information to which they have access in the exercise and discharge of their powers and duties as Directors. This prohibition shall continue

even after they vacate their office and they shall refrain from using such information as long as it is not made public knowledge.

Article 16. Non-competition requirement

Directors shall not hold any office, either directly or through an intermediary, in rival companies or undertakings or in the groups of such companies or undertakings, nor shall they provide representation or consultation services to them. They shall consult the Board of Directors before accepting any executive office or directorship of any other company or entity.

Article 17. Use of corporate information and assets

1. The use of non-public information pertaining to the Company by Directors for their own personal benefit and profit shall only be permitted when such use does not prejudice the interests of the Company and its group in any way, when the Company holds no exclusive right – or other similar arrangement – over the information that they wish to use and when the information in question is irrelevant to transactions involving the acquisition or sale of securities in the Company. In any event, the standards of conduct established in securities market legislation and the Code of Market Conduct of Abengoa, S.A. shall be observed.
2. Directors shall not use the assets of the Company or take advantage of their position in the Company for their own personal gain without the sanction of the Company to this effect.

Article 18. Business opportunities

Directors shall not use a business opportunity, that is, the possibility of making an investment or a commercial transaction, for their own personal benefit when the said business opportunity arises or was identified in the course of their work, using corporate information channels or in circumstances in which it is reasonable to suppose that the offer was intended for the Company, except when the Company has had first right of refusal and rejected it and the Board of Directors, in plenary session, grants the relevant authorisation.

Article 19. Right to expert assistance and information

1. The Directors shall have access, through the Chairman of the Board of Directors, to the services of the Company's in-house experts, with the broadest powers to obtain any such information and expert assistance as they may require in relation to any aspect of the Company, provided that it is in connection with the discharge of their duties.
2. Directors may also make a proposal, through the Chairman, to the Board of Directors, for the engagement by the Company of external experts in legal, accounting, technical, financial and commercial matters or in any other field to advise them on specific significant and complex problems arising in connection with the discharge of their duties, as they deem necessary in the interests of the Company. Such decisions shall be passed by a majority vote.
3. The Board of Directors may veto the proposal on the grounds that such expert assistance is unnecessary for the work to be carried out, that it is excessively costly in

proportion to the importance of the matter or to assets and revenues or that it can be satisfactorily provided by in-house experts and technicians.

Article 20. Remuneration

1. Directors of Abengoa, S.A. shall receive remuneration as established in the last paragraph of article 39 of the Articles of Association. Within each financial year, the Board of Directors may resolve, as often as it sees fit, to make payments on account of the total amount to which each Director is entitled for his services during that period.
2. Information relating to the remuneration of Directors shall be transparent and provided in the Notes to the Financial Statement, which are an integral part of the annual accounts.
3. The Board shall include the report on the remuneration policy of directors as a separate point on the agenda of the General Shareholders' Meeting, under the terms of the Unified Code of Good Governance approved by the CNMV on 22 May 2006, or under any other code that may replace it.

The Board shall report on the role carried out by the Appointments and Remuneration Committee in drafting the remuneration policy, and if external advice has been used, the identity of the external consultants that have provided it.

Chapter Four

Legal status of officers and Legal Adviser

Article 21. Chairman of the Board of Directors

1. In addition to the duties and powers assigned to the Chairman of the Board of Directors in the Act, the Articles of Association and these Rules, he shall also act as the chief executive officer of the Company and, as such, shall be responsible for the effective management of the Company, in accordance with the decisions and criteria established by the General Meeting of Shareholders and the Board of Directors.
2. The Chairman of the Board also presides as Chairman of the Company's governing body. He is responsible for implementing the resolutions adopted by the Board of Directors. He has the broadest powers to represent these bodies on a permanent basis. In an emergency situation, he may take any such measures as he thinks fit in the interests of the Company. In particular, the Chairman of the Board of Directors shall exercise and discharge the powers and duties established in article 46 of the Articles of Association.
3. The Chairman of the Board of Directors may delegate his powers in part or in whole to other members of the Board or to executive officers of the Company, except those that, by law, cannot be delegated. The Chairman shall inform the Board of all such

delegations of authority at the meeting following the act of delegation, and they shall be duly recorded in the minutes of the meeting.

Article 22. Deputy Chairman

The Board of Directors may elect one of its number as Deputy Chairman to stand in for the Chairman by reason of delegation, absence or illness and, in general, in any cases, functions and duties as the Board or the Chairman himself sees fit.

Article 23. Secretary to the Board of Directors: duties and appointment

The Secretary to the Board of Directors need not be a Director. He shall exercise and discharge such powers and duties as assigned to him herein and by corporate legislation.

Article 24. Deputy Secretary

The Board of Directors may appoint a Deputy Secretary, who need not be a Director, to assist the Secretary to the Board of Directors and stand in for him in his absence to discharge his duties. Unless the Board of Directors takes a decision to the contrary, the Deputy Secretary may attend the meetings of the Board to assist the Secretary in recording the minutes of the meeting.

Article 25. Legal Adviser

The Legal Adviser is responsible for ensuring compliance with requirements for notices, quorums and the decision-making process at meetings of the Board of Directors. Specifically, the duties assigned to him include providing advice on the legality of the proceedings at the Board meetings that he attends and on the compliance of such proceedings and any resolutions that are adopted with internal corporate governance rules. The functions legally assigned to the Legal Advisor as the officer responsible for maintaining the principle of legality in relation to the resolutions, decisions and proceedings of the Board of Directors may be performed by the Secretary to the Board or by the General Counsel.

Chapter Five

Committees of the Board of Directors

Article 26. General provisions

1. The Board of Directors may, at its own discretion or in accordance with legal requirements, establish committees and appoint any one or more of its number to be members thereof, with the delegation of such powers and authorities as it deems fit. The Board of Directors may establish rules and regulations to govern its functions, scope of application, composition, operation, etc.
2. The committees shall be formed by a minimum of three members, one of whom shall be elected to act as Chairman.

Article 27. Audit Committee

1. Pursuant to Law 44/2002 on measures to reform the financial system, the Board of Directors shall be required to appoint and maintain an Audit and Control Committee or an Audit Committee.
2. The Audit Committee shall be formed on a permanent basis by three Directors appointed to a maximum term of four years. Two of the members shall be non-executive directors in compliance with the requirement established in the aforementioned law that the majority of the members of the committee must be non-executive directors.
3. The chairmanship of the Committee shall rotate among the non-executive directors. The Chairman shall retire after one year, and at least one year must elapse before the same member is re-elected.
4. The Secretary to the Board of Directors shall act as the Secretary to the Audit Committee.
5. The Board of Directors assigns the following duties to the Audit Committee:
 - I. In relation to internal control and the information systems:
 - a) Supervise the preparation process and the integrity of the financial information relating to the Company and to the Group, as appropriate, ensuring compliance with regulatory requirements, the appropriate scope of consolidation and the correct application of accounting criteria.
 - b) Report on the annual, half-yearly and quarterly financial statements that should be submitted to regulatory or market supervision entities, including the internal control systems, control over their monitoring and compliance through internal audit, as well as the accounting criteria applied, when applicable.
 - c) Periodically review the internal control and risk management systems so that the principal risks are appropriately identified, managed and reported.
 - d) Supervise the internal audit function, through full access to it, and monitor and supervise its independence and effectiveness; propose the selection, appointment, re-election and removal of the manager of the internal audit service; propose the budget for this service and set the remuneration for its manager; receive periodic information on its activities and the budget for the service; and verify that senior management takes into account the conclusions and recommendations of its reports.
 - e) Establish and supervise a mechanism that allows employees to confidentially and anonymously, if appropriate, communicate potential irregularities, especially financial and accounting, which they may identify within the Company, proposing the appropriate corrective measures and approvals to the Board of Directors.

- f) Summon any employee or director of the Company, including appearances without the presence of any other manager.
- g) The Audit Committee or Commission shall notify the Board prior to adopting the corresponding decisions on the following issues:
 - (i) The financial information that the Company must periodically publish, as a listed company. The Committee or Commission must ensure that the interim accounts are prepared using the same accounting criteria as the annual accounts, and therefore consider the relevance of a partial review by the external auditor.
 - (ii) The creation or acquisition of shareholdings in special purpose vehicles or entities registered in countries or territories considered as tax havens, as well as any other similar transactions or operations that, due to their complexity, could reduce the transparency of the Group.
 - (iii) Related operations.
- h) Supervise compliance with the Internal Code of Conduct in relation to the securities market and the policy on the Use of Relevant Information and the rules of corporate governance.
- i) Notify the Board of any change in accounting criteria and of the risks on and off the balance sheet.
- j) To report to the General Shareholders' Meeting on questions raised by shareholders in relation to matters of its competence.
- k) Summon the directors that it deems appropriate to the meetings of the Committee to report on the issues that the Audit Committee or Commission agrees.
- l) Draft an annual report on the activities of the Audit Committee or Commission that must be included in the management report.

II. In relation to the external auditor:

- a) The proposals to select, appoint, re-elect and substitute the external auditor, as well as the conditions of its contract, shall be presented by the Board of Directors to the Shareholders' General Meeting.
- b) Receive information about the audit plan and its results from the external auditor on a regular basis and verify that senior management takes its recommendations into account.
- c) Ensure the independence of the external auditor and therefore:

- (i) That the Company notifies the CNMV of the change of auditor as a significant event and accompanies this disclosure with a statement about the existence of disputes with the outgoing auditor and the content of such disputes, if they exist;
 - (ii) That it ensures that the Company and the auditor comply with the prevailing regulations on the provision of services, other than audit services, the restrictions on the concentration of business with an auditor and, in general, any other regulations established to ensure auditors' independence;
 - (iii) In the case of the resignation of an external auditor, to examine the circumstances that may have caused it.
- d) Support the Group auditor in taking responsibility for the audits of the companies that comprise it.
 - e) Maintain contact with the external auditors in order to receive information about any issues that may prejudice the independence of the auditors and any other issues related to the process of auditing the accounts.

Article 28. Appointments and Remuneration Committee

1. Optionally, the Board of Directors may form an Appointments and Remuneration Committee.
2. The Appointments and Remuneration Committee shall be formed on a permanent basis by three Directors appointed to a maximum term of four years. Two of the members shall be non-executive directors in compliance with the requirement established in the aforementioned law that the majority of the members of the committee must be non-executive directors.
3. The chairmanship of the Committee shall rotate among the non-executive directors. The Chairman shall retire after one year, and at least one year must elapse before the same member is re-elected.
4. The Secretary to the Committee shall be the person in charge of remuneration policy in the Company.
5. The Board of Directors assigns the following duties to the Appointments and Remuneration Committee:
 1. Submit proposals for the appointment, re-election or removal of members of the Board of Directors and the Advisory Board in accordance with legal and statutory requirements.
 2. Approve the remuneration policy for the Company's management team and the members of the Board of Directors and the Advisory Board.

3. Evaluate the skills, knowledge and experience required by the Board; to define the abilities and functions required by candidates to cover vacancies; and to assess the time and dedication required by Board members to fully carry out their functions;
4. Examine and organise the succession of the Chairman and CEO and make proposals to the Board, as appropriate, so that any succession occurs in an orderly and well planned way;
5. Inform the Board of any appointments or resignations of senior managers proposed by the CEO.
6. Inform the Board about gender diversity issues.
7. Propose to the Board of Directors:
 - (i) The remuneration policy for directors and senior management;
 - (ii) The individual remuneration of the directors and the approval of the contracts that the Company signs with each executive director;
 - (iii) The basic conditions of contracts for senior management.
8. Ensure that the remuneration policy established by the Company is followed.
9. Consult with the Chairman or CEO of the Company, especially in relation to issues connected to executive directors and senior management.
10. Analyse applications from any director, when taking potential candidates into consideration to cover director vacancies.
11. Draft an annual report on the activities of the Appointments and Remuneration Committee and annual report the policy of payments to Directors