

Rules of Procedure of the Audit Committee

Introduction

The Audit Committee is formed pursuant to the provisions of Law 44/2003 on measures to reform the financial system and, in accordance with the said law, is a mandatory body.

Article 1. Composition of the Committee and appointment of members

The Audit Committee shall be formed by three Directors appointed by the Board of Directors. Two of them shall be non-executive Directors, so that there is a majority of non-executive members as required by the provisions of the aforesaid Law 44/2002.

Members shall be appointed to a four year term. They may be re-elected for one or more further four-year terms.

Article 2. Chairman and Secretary

The Audit Committee shall initially elect one of the non-executive directors forming part of the Committee as Chairman.

The Secretary to the Board of Directors shall act as Secretary to the Audit Committee.

Article 3. Powers and duties

The powers and duties of the Audit Committee include the following:

1. Prepare the annual accounts and half-yearly and quarterly financial statements that must be submitted to regulatory bodies and market monitoring bodies, making reference to the internal control systems, the control mechanisms to monitor implementation and compliance through internal audit procedures and, where appropriate, the accounting principles applied.
2. Inform the Board of Directors of any changes in accounting principles, balance sheet risk and off-balance sheet risk.
3. Report to the General Meeting of Shareholders on questions that fall within its area of competence.
4. Submit proposals to the Board of Directors for the appointment of external auditors to be approved by the General Meeting of Shareholders.
5. Supervise internal audit procedures. The Committee shall have full access to internal auditing and shall report on the process of selection, appointment, reappointment, removal and remuneration of the internal audit director and on the department's budget.

6. Have full knowledge of the Company's financial information process and internal control systems.
7. Serve as a channel of communication with the external auditors for information on questions that could jeopardise the independence of the latter and any other matters relating to the audit process.
8. Summon Directors to meetings of the Committee, at its discretion, to report on such matters as the Audit Committee may determine.
9. Produce an annual report on the activities of the Audit Committee to be included in the Directors' Report.

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) Periodically review the internal control and risk management systems so that the principal risks are appropriately identified, managed and reported.
- c) 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.
- d) 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.
- e) Summon any employee or director of the Company, including appearances without the presence of any other manager.
- f) The Audit 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 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.
- g) 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.
- 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.

Article 4. Notice of meetings

The Audit Committee shall meet as often as required for the exercise and discharge of the powers and duties established in article 3 above and, in any event, at least once a quarter. As a general rule, meetings shall take place at the Company's registered office, although the members may determine that a particular meeting be held elsewhere.

The Audit Committee shall also meet when a meeting is convened by the Chairman on his initiative or at the request of any of its members. Members may also ask the Chairman to include a certain item or items on the agenda of the next meeting. Notice of the meeting must be given in writing, including the agenda, no less than three days prior to the scheduled date. However, business can also be transacted at a meeting of the Audit Committee when all the members are present and agree to hold a meeting.

Article 5. Quorum requirements

There shall be a quorum present at meetings of the Audit Committee when the majority of the members are present. Members may only appoint a non-executive director as their proxy.

Resolutions shall be carried by a majority vote. In the event of an equality of votes, the Chairman shall have the casting vote.