

PROPOSAL FOR AGREEMENT ON THE EIGHT POINT OF THE AGENDA

" 8°.- Notification on the modification of the Board of Directors Regulation for the adaptation to the Ministerial Order ECC/461/2013 and other technical improvements of the texts"

| Current text | Proposal of the modified text |
|---|---|
| <p><u>ARTICLE 5.- General supervisory duties.-</u></p> <p>1. - Except for matters reserved to the competency of the General Meeting, the Board of Directors is the Company's maximum decision-making body.</p> <p>2. - The Board's policy is to delegate the Company's ordinary management to the executive bodies and the management team and concentrate its work on the general supervising and controlling duties.</p> <p>3. - Those powers reserved by Law or these Bylaws exclusively to the Board, or any other powers required for the responsible of the general supervising and controlling duties, may not be delegated.</p> <p>To such effects, the Board undertakes, in particular, to exercise directly the following responsibilities:</p> <p>a) The approval of the Company's general strategies;</p> <p>b) Appointment, remuneration and, if applicable, the removal of the Company's Senior Officers;</p> <p>c) To approve the policy on treasury stock;</p> <p>d) Management control of and assessment of executives;</p> <p>e) Identification of the Company's main risks, particularly risks arising from transactions with derivatives and the introduction and follow up of internal control and adequate information systems;</p> <p>f) Definition of structure of the group of companies;</p> <p>g) Corporate Governance policy;</p> <p>h) Corporate Social</p> | <p><u>ARTICLE 5.- General supervisory duties.-</u></p> <p>1. - Except for matters reserved to the competency of the General Meeting, the Board of Directors is the Company's maximum decision-making body.</p> <p>2. - The Board's policy is to delegate the Company's ordinary management to the executive bodies and the management team and concentrate its work on the general supervising and controlling duties.</p> <p>3. - Those powers reserved by Law or these Bylaws exclusively to the Board, or any other powers required for the responsible of the general supervising and controlling duties, may not be delegated.</p> <p>To such effects, the Board undertakes, in particular, to exercise directly the following responsibilities:</p> <p>a) The approval of the Company's general strategies;</p> <p>b) Appointment, remuneration and, if applicable, the removal of the Company's Senior Officers;</p> <p>c) To approve the policy on treasury stock;</p> <p>d) Management control of and assessment of executives;</p> <p>e) Identification of the Company's main risks, particularly risks arising from transactions with derivatives and the introduction and follow up of internal control and adequate information systems;</p> <p>f) Definition of structure of the group of companies;</p> <p>g) Corporate Governance policy;</p> <p>h) Corporate Social</p> |

| | |
|---|--|
| <p>Responsibility policy;</p> <p>i) determination of the information and communication policies with the shareholders, markets and public opinion;</p> <p>j) and in general, the transactions that involve the disposition of substantial Company assets and major Company transactions or those that might reduce the Group's fiscal transparency;</p> <p>k) Those specifically stipulated in these Regulations.</p> | <p>Responsibility policy;</p> <p>i) determination of the information and communication policies with the shareholders, markets and public opinion;</p> <p>j) The transactions related to significant shareholders, administrators, directors and intragroup.</p> <p>k) Those specifically stipulated in these Regulations.</p> |
| <p><u>ARTICLE 11.-Chairman and CEO</u></p> <p>1. In the event of the Chairman being the Company's most senior executive, all authority delegable by law and under the bylaws and these regulations shall be delegated to the Chairman, who shall have effective management of the Company's business, always in accordance with the decisions and the criteria established by the General Shareholders Meeting and the Board of Directors, within the scope of their respective authority.</p> <p>2. The Board of Directors, by a two-thirds majority of its members, may agree the empowering as chief executive in favor of another of its members. In this case, the Chairman's duties shall be limited to the established in the third paragraph of the previous article. All the delegable authorities referred to in the first paragraph of this article shall be delegated in the chief executive.</p> <p>3. - Apart from the Chairman of the Board of Directors, the CEO shall execute the power of representation of the Company.</p> <p>4. In the event of vacancy, absence, illness or impossibility of the CEO, his duties shall be assumed, temporarily, by the Chairman of the</p> | <p><u>ARTICLE 11.- Chairman and CEO</u></p> <p>1. In the event of the Chairman being the Company's most senior executive, all authority delegable by law and under the bylaws and these regulations shall be delegated to the Chairman, who shall have effective management of the Company's business, always in accordance with the decisions and the criteria established by the General Shareholders Meeting and the Board of Directors, within the scope of their respective authority.</p> <p>2. The Board of Directors, by a two-thirds majority of its members, may agree the empowering as chief executive in favor of another of its members. In this case, the Chairman's duties shall be limited to the established in the third paragraph of the previous article. All the delegable authorities referred to in the first paragraph of this article shall be delegated in the chief executive.</p> <p>3. - Apart from the Chairman of the Board of Directors, the CEO shall execute the power of representation of the Company.</p> <p>4. - In the event of vacancy, absence, illness or impossibility of the CEO, his duties shall be assumed, temporarily, by the Chairman of the</p> |

| | |
|---|---|
| <p>Board of Directors, who shall convene with character of urgency the Board of Directors for the purpose of deliberate and decide on the appointment, if applicable, of a new CEO.</p> | <p>Board of Directors, who shall convene with character of urgency the Board of Directors for the purpose of deliberate and decide on the appointment, if applicable, of a new CEO.</p> |
| <p><u>ARTICLE 13.- Board of Directors' delegate bodies.-</u></p> <p>1. -Notwithstanding the delegations of powers that are made on an individual basis to the Chairman or any other Director and their right to set up delegated Committees by specific areas of activity, the Board of Directors may set up, nonetheless, an Strategy and Investments Committee, an Audit and Compliance Committee and an Appointments and Remunerations Committee, with informational, advisory and proposal powers in the matters determined in the following articles.</p> <p>2. - The Board of Directors shall appoint the members of such Committees with regard to the knowledge, aptitudes and incompatibilities specific to the Directors and tasks of each Committee.</p> <p>3. - The Committees shall regulate their own functioning, appoint a Chairman amongst their members and meet upon the Chairman's call to meeting. Such Committees shall keep minutes of each meeting and be able to ask for external advice. If not otherwise specifically provided, the operating rules established in this Regulation in respect of the Board, shall be applied.</p> | <p><u>ARTICLE 13.- Board of Directors' delegate bodies.-</u></p> <p>1. - Notwithstanding the delegations of powers that are made on an individual basis to the Chairman or any other Director and their right to set up delegated Committees by specific areas of activity, the Board of Directors may set up, nonetheless, an Strategy and Investments Committee, an Audit and Compliance Committee and an Appointments and Remunerations Committee, with informational, advisory and proposal powers in the matters determined in the following articles.</p> <p>2.- The Board of Directors shall appoint the members of such Committees with regard to the knowledge, aptitudes and incompatibilities specific to the Directors and tasks of each Committee.</p> <p>3. - The Committees shall regulate their own functioning, appoint a Chairman amongst their members and meet upon the Chairman's call to meeting. Such Committees shall keep minutes of each meeting and be able to ask for external advice. If not otherwise specifically provided, the operating rules established in this Regulation in respect of the Board, shall be applied.</p> |
| <p><u>ARTICLE 15.- Audit and Compliance Committee.-</u></p> | <p><u>ARTICLE 15.- Audit and Compliance Committee.-</u></p> |

| | |
|---|--|
| <p>1.- The Audit and Compliance Committee shall have, at least, three members and shall be formed exclusively by non executive Board members, appointed by the Board of Directors. The Chairman shall be elected amongst the independent Directors and shall be replaced every 4 years and being able to be successively reelected for two or more periods.</p> <p>2. Without prejudice to other tasks assigned by the Board of Directors, the Audit and Compliance Committee will have the following basic responsibilities:</p> <p>a) To report at the General Shareholders' Meeting on those matters requested by shareholders that fall under its scope of responsibility;</p> <p>b) To propose to the Board of Directors for presentation before the General Shareholders' Meeting of the appointment of the external accounts auditors referred to in Article 264 of the Corporations Act;</p> <p>c) To lead and supervise the activity of the Internal Audit and Risk Management Department;</p> <p>d) To be aware of the financial information and internal control systems of the Company;</p> <p>e) To handle dealings with external auditors to receive information on such matters that may jeopardize their independence, and any other related to the financial auditing process, as well as any communications required pursuant to legislation on the auditing of accounts and technical auditing standards;</p> <p>f) To review the accounts of the Company, to watch over the fulfillment of the legal requirements and the correct application of generally accepted principles of accounting, as well as reporting the accounting principles and criteria for which the management has proposed amendments;</p> | <p>1.- The Audit and Compliance Committee shall have, at least, three members and shall be formed exclusively by non executive Board members, appointed by the Board of Directors. The Chairman shall be elected amongst the independent Directors and shall be replaced every 4 years and being able to be successively reelected for two or more periods</p> <p>2.- Without prejudice to other tasks assigned by the Board of Directors, the Audit and Compliance Committee will have the following basic responsibilities:</p> <p>a) To report at the General Shareholders' Meeting on those matters requested by shareholders that fall under its scope of responsibility;</p> <p>b) To propose to the Board of Directors for presentation before the General Shareholders' Meeting of the appointment of the external accounts auditors referred to in Article 264 of the Corporations Act</p> <p>c) To lead and supervise the activity of the Internal Audit and Risk Management Department;</p> <p>d) To be aware of the financial information and internal control systems of the Company;</p> <p>e) To handle dealings with external auditors to receive information on such matters that may jeopardize their independence, and any other related to the financial auditing process, as well as any communications required pursuant to legislation on the auditing of accounts and technical auditing standards;</p> <p>f) To review the accounts of the Company, to watch over the fulfillment of the legal requirements and the correct application of generally accepted principles of accounting, as well as reporting the accounting principles and criteria for which the management has proposed amendments;</p> |
|---|--|

| | |
|--|---|
| <p>g) To act as a communication channel between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and mediate in the event of disputes between the former and the latter in relation to the principles and criteria applicable in the preparation of the financial statements;</p> <p>h) To review the appointment and replacement of those in charge of the internal control systems;</p> <p>i) To supervise the compliance of the audit contract, procuring that the opinion regarding the annual accounts and the main contents of the auditing report are drawn up clearly and precisely;</p> <p>j) To review the issue prospectuses and the periodic financial information that the Board must provide to the markets and to their supervisory bodies;</p> <p>k) To inform in advance of the decision by the Board on the operations which, due to their complexity, may deteriorate the fiscal transparency;</p> <p>l) To examine the compliance with the Internal Code of Conduct for matters related to the Stock Markets, with this Regulations, and generally, with the Company's governance rules, and to formulate the necessary proposals for their improvement. In particular, the Audit and Compliance Committee is responsible for receiving information and, if appropriate, for issuing reports on disciplinary measures to the Company's managing team.</p> <p>m) To ensure the respect and application of the Code of Ethics of the Company channeling its management and update through the Compliance Officer of the Company.</p> <p>n) To report to the Board of Directors in all matters regarding to intergroup and related transactions for the approval, if appropriate.</p> | <p>g) To act as a communication channel between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and mediate in the event of disputes between the former and the latter in relation to the principles and criteria applicable in the preparation of the financial statements;</p> <p>h) To review the appointment and replacement of those in charge of the internal control systems;</p> <p>i) To supervise the compliance of the audit contract, procuring that the opinion regarding the annual accounts and the main contents of the auditing report are drawn up clearly and precisely;</p> <p>j) To review the issue prospectuses and the periodic financial information that the Board must provide to the markets and to their supervisory bodies;</p> <p>k) To inform in advance of the decision by the Board on the operations which, due to their complexity, may deteriorate the fiscal transparency;</p> <p>l) To examine the compliance with the Internal Code of Conduct for matters related to the Stock Markets, with this Regulations, and generally, with the Company's governance rules, and to formulate the necessary proposals for their improvement. In particular, the Audit and Compliance Committee is responsible for receiving information and, if appropriate, for issuing reports on disciplinary measures to the Company's managing team.</p> <p>m) To ensure the respect and application of the Code of Ethics of the Company channeling its management and update through the Compliance Officer of the Company.</p> <p>n) To report to the Board of Directors in all matters regarding to intergroup and</p> |
|--|---|

| | |
|---|--|
| <p>3.- The Audit and Compliance Committee shall meet periodically when required to do so and, at least, three times per year. One of its sessions must be dedicated to the evaluation of the efficiency and the compliance of the rules and procedures of the Company's Corporate Governance and to prepare the information that the Board of Directors must approve and include in its annual report.</p> <p>4.- Any employee or executive may be required to attend a meeting of the Audit and Compliance Committee and provide their full collaboration and access to any information as may be required. The Committee may also request the attendance of the Accounts Auditors at its meeting.</p> | <p>related transactions for the approval, if appropriate.</p> <p>3.- The Audit and Compliance Committee shall meet periodically when required to do so and, at least, three times per year. One of its sessions must be dedicated to the evaluation of the efficiency and the compliance of the rules and procedures of the Company's Corporate Governance and to prepare the information that the Board of Directors must approve and include in its annual report.</p> <p>4.- Any employee or executive may be required to attend a meeting of the Audit and Compliance Committee and provide their full collaboration and access to any information as may be required. The Committee may also request the attendance of the Accounts Auditors at its meeting.</p> |
| <p>ARTICLE 16.- <u>Appointments and Remunerations Committee.-</u></p> <p>1.- The Appointments and Remunerations Committee shall be formed by, at least, three independent directors, amongst whom a Chairman shall be elected.</p> <p>2.- Without prejudice to other tasks that the Board assigns to it, the Appointments and Remunerations Committee shall have the following basic responsibilities:</p> <p>a) To prepare and review the criteria that must be followed for the composition of the Board of Directors and the selection of candidates;</p> <p>b) To submit to the Board of Directors the reports and proposals for the appointment of the Board members so that the Board may either directly appoint them by co-option or may accept the proposals for submission to the decision of the Shareholders' Meeting;</p> <p>c) To plan the succession of the Chairman and CEO, if appropriate;</p> | <p>ARTICLE 16.- <u>Appointments and Remunerations Committee.-</u></p> <p>1.- The Appointments and Remunerations Committee shall be formed by, at least, three independent directors, amongst whom a Chairman shall be elected.</p> <p>2.- Without prejudice to other tasks that the Board assigns to it, the Appointments and Remunerations Committee shall have the following basic responsibilities:</p> <p>a) To prepare and review the criteria that must be followed for the composition of the Board of Directors and the selection of candidates;</p> <p>b) To submit to the Board of Directors the reports and proposals for the appointment of the Board members so that the Board may either directly appoint them by co-option or may accept the proposals for submission to the decision of the Shareholders' Meeting</p> <p>c) To plan the succession of the Chairman and CEO, if appropriate;</p> |

| | |
|--|---|
| <p>d) To make proposals to the Board of Directors regarding the system and amount of annual remunerations of the Directors, General Managers, and Management Committees;</p> <p>e) To annually, review the policy of remuneration of the directors and managers, weighing their adequacy and performance.</p> <p>f) To inform in relation to the transactions that involve or may involve conflicts of interests and, in general, on the subject matters contemplated in Chapter IX of this Regulation.</p> <p>g) To ensure that the selection procedures do not hinder gender diversity and endeavor to include women who meet the required professional profile among the potential candidates in each case;</p> <p>3.- The Committee shall consider the suggestions made by the Chairman, the members of the Board, the managers and the shareholders of the Company.</p> <p>4.- The Appointments and Remunerations Committee shall meet every time the Board, or its Chairman, requests the issuing of a report or the adoption of proposals and, in any case, whenever it is convenient for the successful performance of its functions. In any case, it will meet once a year to prepare the annual information on the compensation of the Board Directors and that the Management shall approve and include within the annual publicly available information.</p> | <p>d) To make proposals to the Board of Directors regarding the system and amount of annual remunerations of the Directors, General Managers, and Management Committees;</p> <p>e) To annually, review the policy of the remuneration programs of the directors and managers, weighing their adequacy and performance.</p> <p>f) To inform in relation to the transactions that involve or may involve conflicts of interests and, in general, on the subject matters contemplated in Chapter IX of this Regulation.</p> <p>g) To ensure that the selection procedures do not hinder gender diversity and endeavor to include women who meet the required professional profile among the potential candidates in each case;</p> <p>3.- The Committee shall consider the suggestions made by the Chairman, the members of the Board, the managers and the shareholders of the Company.</p> <p>4.- The Appointments and Remunerations Committee shall meet every time the Board, or its Chairman, requests the issuing of a report or the adoption of proposals and, in any case, whenever it is convenient for the successful performance of its functions. In any case, it will meet once a year to prepare the annual information on the compensation of the Board Directors and that the Management shall approve and include within the annual publicly available information.</p> |
| <p><u>ARTICLE 19.- Appointment of Directors.-</u></p> <p>1.-The Directors shall be appointed by the Shareholders Meeting or by the Board of Directors in accordance with the provisions contained in the Spanish Capital Corporations Law.</p> <p>2.-The proposals for appointment of the Directors submitted by the Board of Directors for consideration by the Shareholders Meeting and any</p> | <p><u>ARTICLE 19.- Appointment of Directors.-</u></p> <p>1.-. The Directors shall be appointed by the Shareholders Meeting or by the Board of Directors in accordance with the provisions contained in the Spanish Capital Corporations Law.</p> <p>2.- The proposals for appointment of the Directors submitted by the Board of Directors for consideration by the Shareholders Meeting and any</p> |

| | |
|---|---|
| <p>appointment decisions made by the shareholders via cooption powers with which they have been legally vested must be preceded by the corresponding proposal made by the Appointments and Remunerations Committee.</p> <p>When the Board of Directors does not follow the recommendations of the Appointments and Remunerations Committee it must present reasons for its actions which must be documented in minutes.</p> | <p>appointment decisions made by the shareholders via cooption powers with which they have been legally vested must be preceded by the corresponding proposal made by the Appointments and Remunerations Committee.</p> <p>When the Board of Directors does not follow the recommendations of the Appointments and Remunerations Committee it must present reasons for its actions which must be documented in minutes.</p> |
| <p>ARTICLE 20.- Appointment of external Directors.-</p> <p>1.- The Board of Directors and the Appointments and Remunerations Committee, within the scope of their competences, shall procure that the candidates elected are people of high solvency, competence and experience, and will exercise due rigor when assessing candidates for the position for independent Board member, in regard with the established in article 8 of this Regulation.</p> <p>2.- The Board of Directors cannot propose or appoint as an independent Director any individual who has any relation to the Company's management or are linked for familiar, professional or business reasons to any executive directors or senior management personnel of the Company.</p> <p>3.- In particular, the following may not be proposed or appointed as Independent Board Members:</p> <p>a) Former employees or Executive Director of the companies of the Group, unless 3 or 5 years have elapsed since the end of such relationship;</p> <p>b) Persons who are or have been during the last 3 years, partners of the external auditor of the Company or of any of the companies of the Group;</p> | <p>ARTICLE 20.- Appointment of external Directors.-</p> <p>1.- The Board of Directors and the Appointments and Remunerations Committee, within the scope of their competences, shall procure that the candidates elected are people of high solvency, competence and experience, and will exercise due rigor when assessing candidates for the position for independent Board member, in regard with the established in article 8 of this Regulation.</p> <p>2.- The Board of Directors cannot propose or appoint as an independent Director any individual who has any relation to the Company's management or are linked for familiar, professional or business reasons to any executive directors or senior management personnel of the Company.</p> <p>3.- In particular, the following may not be proposed or appointed as Independent Board Members:</p> <p>a) Persons who hold or have held executive directions positions in the companies of the Group unless 3 or 5 years have elapsed since the end of such relationship;</p> <p>b) People who are or have been during the last 3 years, partners of the external auditor of the Company or of any of the companies of the Group;</p> |

| | |
|--|---|
| <p>c) Persons who are Executive Directors or Senior Managers of a different company in which some Executive Director or Senior Manager of the Company is an External Director.</p> <p>d) Persons who receive from the Company or from its Group, any amount or benefit other than Director's compensation, unless it is insignificant.</p> <p>e) Persons who have or have had during the last year a significant business relationship with the Company, whether in their one name or as a significant shareholder, Director, Senior Manager through a Company in which their ownership is significant;</p> <p>f) Persons who have directly or indirectly, through the companies in which they have a significant ownership, received payments or donation of the Company for the last 3 years which may impair their independence.</p> <p>g) Persons who have other relations with the Company, who, at the Appointments and Remunerations Committee's discretion, may have their independence reduced.</p> <p>h) Spouses or persons with whom there is a similar relationship or relatives to the second degree kinship of an Executive Director or Senior Manager of the Company;</p> <p>i) Persons who have not been proposed whether for appointment or reelection by the Appointments and Remunerations Committee;</p> <p>The Independent Directors may not remain being subject of consideration as such for a continuous period of more than 12 years.</p> | <p>c) Persons who are Executive Directors or Senior Managers of a different company in which some Executive Director or Senior Manager of the Company is an External Director.</p> <p>d) Persons who receive from the Company or from its Group, any amount or benefit other than Director's compensation, unless it is insignificant.</p> <p>e) Persons who have or have had during the last year a significant business relationship with the Company, whether in their one name or as a significant shareholder, Director, Senior Manager through a Company in which their participation is significant;</p> <p>f) Persons who have directly or indirectly, through the companies in which they have a significant ownership, received payments or donation of the Company for the last 3 years which may impair their independence.</p> <p>g) Persons who have other relations with the Company, who, at the Appointments and Remunerations Committee's discretion, may have their independence reduced.</p> <p>h) Spouses or persons with whom there is a similar relationship or relatives to the second degree kinship of an Executive Director or Senior Manager of the Company;</p> <p>i) i) Persons who have not been proposed whether for appointment or reelection by the Appointments and Remunerations Committee;</p> <p>The Independent Directors may not remain being subject of consideration as such for a continuous period of more than 12 years.</p> |
|--|---|

The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish original will prevail.