
***REGULATIONS OF THE BOARD OF
DIRECTORS AND ITS COMMITTEES
INDRA SISTEMAS, S.A.***

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Regulations of the Board of Directors and its Committees

Section I. General Aspects

Article 1. Purpose and scope of application

1. The purpose of these Regulations is to regulate the guiding principles and operating standards of the Board of Directors of Indra Sistemas, S.A. (the “Company”) and its committees, in accordance with applicable law and the Bylaws, as well as best national and international practices in corporate governance.
2. The standards of conduct set forth in these Regulations will also apply, as appropriate, to the Secretary and Vice Secretary of the Board as well as the Company’s Senior Management.
3. The Company considers “Senior Management” to be those persons who perform senior management functions under the direct supervision of the Board and its committees as well as Executive Directors who are members of the Board.

Article 2. Interpretation

1. These Regulations shall be interpreted in accordance with applicable law and the Bylaws as well as the principles and recommendations of Corporate Governance in force.
2. Corresponde al Consejo aclarar el contenido y resolver las dudas que pudieran suscitarse como consecuencia de la interpretación y aplicación del presente Reglamento.

Article 3. Validity and Amendment

1. These Regulations will enter into force on the date established by the resolution approving them or upon any subsequent amendments made by the Board.
2. These Regulations may be amended at the request of the Chairman of the Board, the Nomination, Compensation and Corporate Governance Committee, or one third of the Directors. In all cases, proposed amendments will be accompanied by a reasoned justification and a statement of their scope.
3. Any proposed amendments will be reported upon in advance by the Nomination, Compensation and Corporate Governance Committee.

4. The text of the proposal, along with the aforementioned Committee report, will be attached to the call to the Board meeting where said amendment to the Regulations is to be deliberated.

Article 4. Distribution

1. All persons subject to these Regulations are obligated to learn, assume, fulfil and ensure the fulfilment of them. To this effect, the Secretary of the Board will provide all such persons with a copy of these Regulations.
2. The Board will adopt all measures necessary to ensure that Shareholders, markets and investors in general are aware of these Regulations. To this end, these Regulations will be communicated to the Annual Shareholders' Meeting, published on the Company website, advertised in accordance with applicable law, and sent to the competent registries and supervising authorities.

Section II. Mission of the Board

Article 5. Functions of the Board

1. Without prejudice to the powers vested in the Annual Shareholders' Meeting, the Board is the Company's highest ranking administrative body. The Board of Directors is empowered to Represent the Company as provided for under applicable law and the Bylaws.
2. The Board focuses its activities on the general function of supervision and control of its committees and the management team to whom day to day management of the Company is delegated, and verifies that they are acting in accordance with approved strategies and established objectives.
3. The Board may not delegate any powers which it is required by applicable law to perform itself. Additionally, the Board may not delegate those powers necessary for the proper exercise its general duties of supervision and control.
4. Under duly justified exigent circumstances, decisions reserved for the Board may be taken by properly delegated administrative bodies or persons, which decisions will be ratified at the first meeting held by the Board of Directors after the taking of such decision.
5. The Board will adopt suitable measures to ensure that:
 - a) No person or group of persons hold any decision making powers not subject to checks and balances.
 - b) No Shareholder receive preferential treatment over any other.

Article 6. Standards for Board Activities

1. The criterion that will prevail at all times in the conduct of the Board of Directors is the Company's best interest, understood to mean management of a business which is profitable and sustainable in the long term, and which promotes its continuity and maximum economic value for the Company.
2. The Board will encourage Company management to pursue its best interest as described in the previous paragraph, and that it has the proper incentives to do so.
3. The creation of value and pursuit of the best interest of the Company is to be developed by the Board while respecting demands imposed by statutory and regulatory law, basing its behaviour on good faith, ethics, and respect for generally accepted norms and good practices and upon compliance with good faith fulfilment of contracts and promises made to clients, workers, suppliers, creditors and other Company stakeholders, endeavouring to balance Company interest with those legitimate interests and, in general, engaging in responsible business practices.

Section III. Composition of the Board

Article 7. Types of Directors

Directors may be categorized according to criteria provided for under applicable law for each type of Director.

Article 8. Qualitative composition

1. The Board, in exercising its duty to propose nominees to the Annual Shareholders' Meeting and of co-optation for the temporary filling of vacancies, will act under the criterion that Proprietary and Independent Directors represent a significant majority of the Board. The number of Executive Directors is to be the minimum necessary, taking into account the complexity of the Company and the percentage of Company equity interest held by Executive Directors.
2. The Board will also ensure that the percentage of Proprietary Directors relative to External Directors not be greater than the Company equity interest held by said Proprietary Directors.

This criterion may be relaxed in the event that: (i) there are few significant Shareholders; or (ii) there are several unrelated Shareholders represented on the Board.

3. In order to establish a reasonable balance between Proprietary Directors and Independent Directors, the Board will focus on the Company Shareholder structure, considering, in absolute and comparative terms, the

importance of shareholdings, as well as the degree of permanence and strategic Company connections of the Shareholders.

4. The Board, along with the Nomination, Compensation and Corporate Governance Committee, will especially seek to ensure that the following will be applied in the selection of persons to be appointed as Director: (i) criteria and policies oriented towards diversity; (ii) criteria and policies which include knowledge and experience appropriate for the characteristics of the Company; and (iii) policies which avoid implicit biases which might lead to discrimination in the candidate selection process.

Article 9. Quantitative composition

1. The Board of Directors will be made up of a number of Directors determined at the Annual Shareholders' Meeting, within the maximum and minimum limits set by the Company Bylaws.
2. The Board will propose a number of Directors to the Annual Shareholders' Meeting it considers most suitable to ensure Shareholders receive proper representation and that the body is run effectively according to Company circumstances.

Section IV. Board Positions

Article 10. Chairman and Vice Chairman of the Board

1. The Chairman of the Board will be elected among Board members after receipt of a report from the Nomination, Compensation and Corporate Governance Committee. In the event that the Chairman is the chief executive of the Company, the Board will delegate powers appropriate to ensure the role is effectively fulfilled.
2. The Chairman of the Board will manage the chairmanship and representation of the Company's governing and administrative bodies in accordance with applicable law, the Bylaws and these Regulations. Similarly, the Chairman's powers may be delegated in whole or in part as permitted by applicable law and the Bylaws.
3. The Chairman has the power to: (i) call meetings of the Board of Directors; (ii) set the agenda; (iii) preside over meetings; and (iv) and direct deliberations.
4. The Chairman will ensure that: (i) Directors receive adequate information on the matters to be discussed well in advance of Board meetings; (ii) there is active participation by the Directors, protecting the robust exchange of ideas and free expression of opinion while maintaining the smooth running of meetings at all times.
5. Additionally, as the one responsible for the efficient working of the Board of

Directors, the Chairman will: (i) draft and submit to the Board an annual calendar of dates and matters to be considered during regularly scheduled meetings; (ii) organize and coordinate periodic evaluations of the Board; (iii) ensure that sufficient time is dedicated to discussion of strategic issues; and (iv) issue and update programmes for keeping Directors updated as circumstances dictate.

6. The Board will meet once a year to evaluate the Chairman's performance qua Chairman and, should the Chairman also be the chief executive, qua chief executive. The Chairman shall be absent from such discussions and the meeting will be presided by a Vice Chairman or the Lead Independent Director.
7. The Board will designate a Vice Chairman from among the Independent Directors, and may designate more than one.
8. In the absence of the Chairman, the most senior Vice Chairman shall preside. In the absence of a Vice Chairman, the Lead Independent Director shall preside.

Article 11. Lead Independent Director

1. In the event that the Chairman is an Executive Director of the Board of Directors, a Lead Independent Director shall be selected from among the Independent Directors, any Executive Directors abstaining.
2. The Lead Independent Director shall be empowered to do the following: (i) request the call to meeting of the Board of Directors and include new agenda items when the Board is already convened; (ii) coordinate and gather External Directors; (iii) preside over the periodic evaluation of the Chairman of the Board; (iv) preside at Board meetings in the absence of the Chairman and any Vice Chairmen; (v) give voice to concerns from External Directors; (vi) maintain contact with investors and Shareholders in order to understand their points of view so as to form an opinion regarding their concerns, particularly as they relate to corporate governance of the Company; (vii) manage the succession plan for the Chairman; and (viii) carry out any other duties described in the Bylaws or in these Regulations.

Article 12. Secretary of the Board

1. The functions of Secretary will be performed by the person appointed by the Board. The Secretary of the Board need not be a Director. The appointment, compensation and removal of the Secretary will be approved by the Board after receiving a report from the Nomination, Compensation and Corporate Governance Committee.
2. The Secretary will have the following duties: (i) assist the Chairman in ensuring the smooth functioning of the Board; (ii) see to it that Directors receive relevant information in an appropriate format and with sufficient lead time before each Board meeting; (iii) provide legal advice to Board

members; (iv) keep minute books and any supplementary documentation relating to them on file at the Company offices; and (v) faithfully record in said minute books the proceedings of the meetings, certifying their content and the resolutions adopted by each of the Company's administrative bodies.

3. The Secretary of the Board will ensure the material and formal legality of all acts and resolutions of the Board and its Committees and guarantee that its procedures and rules of governance are respected. Additionally, the Secretary will especially ensure that all applicable recommendations of good governance be taken into account.
4. The Secretary will exercise all functions attributable by commercial legislation and the Bylaws as regards call to meeting and the constitution, adoption, certification, formalisation and implementation of resolutions of the Board and its committees.
5. The Secretary of the Board will ensure that the biannual financial report is signed by all Directors and that it is duly submitted to the Comisión Nacional del Mercado de Valores ("Spanish Securities and Exchange Commission").
6. The Secretary may also occupy the post of Chief in House Counsel. When both posts are occupied by the same person, said person shall be a legal professional of proven competence and experience.
7. The Board may appoint a Vice Secretary, who need not be a Director, to assist the Secretary of the Board in the performance of the Secretary's duties or to serve in the Secretary's stead in the event of absence or vacancy. Appointment and removal of the Vice Secretary will be approved by the Board after receipt of a report from the Nomination, Compensation and Corporate Governance Committee.
8. In the absence of the Secretary and Vice Secretary, the duties of the Secretary of the Board will be carried out by a Director with legal training; if there should be more than one, the duties will be carried out by the youngest member.
9. Unless the Board should decide otherwise, the Vice Secretary will attend all Board meetings

Section V. Functioning of the Board

Article 13. Meetings of the Board

1. The Board will approve an annual calendar of regularly scheduled meetings and will issue a formal list of the matters to be discussed at each one.
2. The Board will meet a minimum of eight times per year. However, the Chairman may call as many meetings as may be necessary for the proper analysis and treatment of matters within its purview.

3. The Chairman will call a Board meeting if formally requested to do so by a Vice Chairman or by one third of the Directors or by the Lead Independent Director. If the Chairman should be absent or fail to satisfy such request without just cause within one month, any Vice Chairman, the Lead Independent Director, or one third of Directors of the Board may call a Board meeting, indicating the agenda and matters to be discussed.
4. Any Director may propose matters to be discussed by the Board and propose their inclusion on the agenda at each meeting.
5. Regularly scheduled meetings may be called by e-mail, post, fax, telegram or any other valid recordable means and will be authorised by the signature of the Chairman or of Secretary when indicated, or of the Directors who have requested that the meeting be convened. Except in the event of emergency or necessity, the meeting will be called at least three days before the date of the meeting.

The call will always be accompanied by the agenda and any other information relevant to the matters to be discussed. If it should be deemed unadvisable by the Chairman for reasons of confidentiality, such information will not be included and the Directors will be given the chance to examine it at the Company headquarters. Directors may also request that the Chairman, Secretary and Vice Secretary of the Board provide any additional information they consider necessary to carry out an adequate assessment of the matters to be discussed at the meeting.

6. Extraordinary Board meetings may be called by any means described in the previous paragraph. The notice period and other requirements specified in the previous paragraph will not apply when justified in the judgment of the person calling the meeting.
7. Board meetings may be held without the physical presence of Board members by means of videoconference or other remote communication method. Additionally, the Board of Directors may adopt resolutions in writing and without meeting, when there is no objection by any Director.
8. Any member of the management team or Company personnel whose presence is required by the Chairman upon his own initiative or upon request by any member of the Board shall be obliged to attend Board meetings as well as cooperate with Directors and yield access to information within that person's control. The Board may also require attendance of the Company's external auditors at Board meetings.
9. Based upon a report drafted by the Nomination, Compensation and Corporate Governance Committee, the Board will perform an annual evaluation of its own performance, the quality of its work and the performance of its members. For assessment of the performance of its Committees, each of them will issue an annual report to the Board regarding their activities during the year.

The assessment process will be organised and coordinated by the Chairman of the Board together with the chairmen of the Audit and Compliance

Committee and of the Nomination, Compensation and Corporate Governance Committee.

Article 14. Meeting proceedings

1. Except for cases in which a different quorum has been mandated by applicable law or the Bylaws, a meeting of the Board will be validly constituted when at least half plus one of its members are present either in person or by proxy. If the Board is made up of an odd number of Directors, the quorum will be sufficient if attended by more than half the number of Directors.
2. Directors are to attend meetings personally, seeking to limit absences to unavoidable circumstances.

Directors who are unable to attend a meeting will seek a proxy, preferably to be given voting instruction unless this is deemed unnecessary by the Director.

Said representation may be conferred via email, letter, fax, telegram or any other valid and recordable method.

External Directors may select only proxies who are not Executive Directors.

3. Except for cases in which supermajorities are required under applicable law or the Bylaws, resolutions will be adopted by a simple majority of attendees. In the event of a tie, the Chairman of the Board will have the deciding vote.

Article 15. Minutes and Deliberations

1. Matters discussed at meetings of the Board and its Committees will be duly recorded in a minute book which, once approved, will be signed by the Secretary of the meeting and approved by the Chairman or person acting as Chairman.
2. Should any Director or the Secretary show reservation or doubt regarding any proposal or the direction in which the Company is headed, and those reservations are not resolved at the meeting of the Board, this shall be recorded in the minutes at the request of that person.

Section VI. Committees of the Board

Article 16. Committees of the Board

1. Without prejudice to individual delegations of power, the Board will form the following Committees:
 - a) Audit and Compliance Committee.

- b) Nomination, Compensation and Corporate Governance Committee.
 - c) Any other committees which the Board of Directors considers appropriate, including an executive committee with powers delegated to it by the Board.
2. The Board of Directors may decide to divide the duties of the Nomination, Compensation and Corporate Governance Committee among two separate committees.
 3. The Board, after a report from the Nomination, Compensation and Corporate Governance Committee, will appoint Committee members based on the knowledge, aptitude and experience of each Director in matters relating to the functions to be carried out by each committee.

Without prejudice to the aforementioned, the Board will promote rotation of Directors among the different committees.

4. For matters not governed by these Regulations, the committees will manage their own procedures and will appoint a chairman from among their members. Committee secretary roles will be filled by the Secretary or Vice Secretary of the Board.
5. The committees will be called to meet by their chairman, who may call meetings upon his own initiative or upon request of the Chairman of the Board, any of the Vice Chairmen of the Board, the Lead Independent Director, or half plus one of the committee members.

The Secretary of the Board is responsible for sending out calls to meeting and any information relating to the issues to be discussed at each session, in conformity with the provisions of Article 13.5 of the Board Rules.

6. A Committee meeting will be validly constituted when a majority of its members are present either in person or by proxy. Resolutions will be adopted by a simple majority of those present. In the event of a tie, the chairman will have the deciding vote.

Proxies are to be conferred in writing and specific for each meeting and only to another member of the committee which is meeting.

7. The committees will keep the Board informed regarding matters discussed and resolutions adopted at their meetings. To this end, the chairman of each committee will report on its proceedings at the next meeting of the Board of Directors. With the exception of the Executive Committee and in other cases as permitted by applicable law or the Bylaws, all decisions made by the committees will be considered proposed resolutions or reports to the Board.
8. The committees will draw up an annual action plan and a schedule of regular meetings, without prejudice to the fact that extraordinary meetings may be held. They will also produce an annual activities report. The Board is to be informed of all such documents.
9. Any member of the Company management team or personnel whose

presence is required by the chairman of the committee shall attend, including without the presence of any other executive, and cooperate with the committee and provide any requested information in his or her possession. Committees may also request that the external auditors responsible for the Company financial statements attend their meetings.

10. In order to better carry out their functions, committees may request advice from external consultants in accordance with these Rules.
11. The operation of the committees of the Board will be governed by the provisions of Articles 13 through 15 and any other provisions of these Rules relating to Board functions, provided that they are compatible with the nature and function of the Committees and promote their efficient operation.
12. The Secretary of the Board will send a copy of committee meeting minutes to all members of the Board.

Article 17. Executive Committee

1. In the event it is constituted, the Executive Committee will be delegated all of the powers of the Board other than those which may not be delegated by applicable law, the Bylaws, or these Regulations.
2. The Executive Committee will be composed of a number of Directors determined in each case by the Board, with a minimum of four and a maximum of nine.
3. The ratio of different types of Director will be similar to that of the Board of Directors itself.

The chairman and secretary of the Executive Committee will be the same as for the Board of Directors. If the Chairman of the Board is not a member, then the chairman of the committee will be another Executive Director member of the committee.

4. Appointment of its members and permanent delegation of powers to the committee by the Board requires a two thirds majority of the members of the Board.

Resolutions adopted by the Executive Committee will be valid and binding without the need of subsequent ratification by the full Board except in those situations where ratification is mandated by law or when either in the judgment of the Chairman or one third of the members of the Executive Committee such matter should be submitted for ratification to the entire Board.

Article 18. Audit and Compliance Committee

1. The Audit and Compliance Committee will function according to the provisions of applicable law, the Bylaws, and these Regulations.

2. The Audit and Compliance Committee will be composed exclusively of External Directors, with a minimum of three and a maximum of six. The majority of the members shall be Independent Directors, and the chairman chosen among them. The chairmanship shall rotate at least once every four years, who may remain on the committee afterward and be re-elected after the passage of one year.
3. Taken together, the members of the committee shall have the technical knowledge pertaining to the market sectors in which the Company operates and will be chosen, in particular its chairman, taking into account their knowledge and experience in the accounting, auditing and risk management.
4. In the absence of the chairman, the meeting will be presided by an Independent Director designated by the committee.
5. In addition to those duties assigned by applicable law, the committee will:
 - a) Supervise the process of drafting and presentation of Company and Group financial information appearing in the annual and other periodic financial statements made public, paying attention to regulatory requirements, properly defined scope of consolidation and the correct application of accepted accounting principles.
 - b) Ensure that the Board of Directors is able to present the financial statements to the Annual Shareholders' Meeting without reservations in the Auditor's Report.

In those exceptional circumstances where there are reservations, the chairman of the Audit Committee as well as the auditors will clearly explain to the Shareholders the substance and scope of said limitations or reservations.
 - c) Supervise the composition, duties and performance of the areas of internal audit and control and management of risks as well as compliance: (i) ensuring their independence; (ii) proposing the selection, appointment, compensation and dismissal of the heads of those areas; (iii) approving budgets and annual work plans; and (iv) verifying that senior management takes into account the conclusions and recommendations of their reports.

Establish and supervise the mechanism allowing employees to confidentially and anonymously report potentially significant irregularities of which they become aware within the Company, especially financial and accounting ones.
 - d) As regards the external auditor: (i) in the event of resignation of the external auditor, examine the circumstances motivating it; (ii) ensure that the external auditor's compensation does not compromise either quality or independence; (iii) ensure that the Company communicates any change of auditor as a material event to the Comisión Nacional del Mercado de Valores and accompanies such communication with a statement regarding potential significant conflicts with the auditor and, when they exist, their substance; (iv) ensure that the external auditor meets annually with the entire Board

of Directors in order to report on its work and regarding progress of accounting activities and risks faced by the Company; and (v) ensure that the Company and the external auditor respect applicable rules regarding provision of services other than auditing services, the scope of the engagement and, generally, all other norms regarding the independence of the auditors as well as authorizing engagement of said services.

- e) Inform the Board regarding corporate and structural changes, analysing their economic and accounting impacts and, in particular and where applicable, any proposed exchange ratio.
- f) Take decisions within its purview as designated by internal programmes and procedures in the area of compliance and competition as assigned by the Board.

Article 19. Nomination, Compensation and Corporate Governance Committee

1. The Nomination, Compensation and Corporate Governance Committee will be made up exclusively of External Directors, with a minimum of three and a maximum of six. The majority of its members are to be Independent Directors, the committee chairman chosen among them.
2. In the absence of the chairman, meetings will be chaired by an Independent Director appointed by the committee.
3. In any case, the Chairman of the Board, if Executive, or the Chief Executive Officer will be consulted and called to meetings of the committee concerning matters relating to Senior Management other than themselves.
4. In addition to those duties assigned to it by applicable law, the Nomination, Compensation and Corporate Governance Committee has the following duties:
 - a) Report on the selection criteria for Directors approved by the Board of Directors and annually verify compliance.
 - b) Annually verify that each Director has maintained the Director status under which the Director was elected and include that information in the Annual Corporate Governance Report.
 - c) Determine the abilities and knowledge necessary for membership on the Board and periodically analyse compliance in the Board's composition.
 - d) Determine the professional profile and specific skills required for each nomination or re-election of Directors before the selection process for candidates begins.
 - e) Ensure that the selection process for Directors and senior management guarantees the absence of any type of discrimination and favours engagement of the best professionals.
 - f) Verify the contents of the Annual Corporate Governance Report,

reviewing for that purpose the Audit and Compliance Committee Report or the Sustainability Committee Report as regards those sections which pertain to their competencies.

- g) Ensure that External Directors have sufficient availability in order to properly perform their duties.
 - h) Draft a report to be used by the Board in order to perform its annual performance evaluation and another for the annual evaluation of the Chairman of the Board.
 - i) Periodically design and organize continuing education programmes and periodically update orientation programmes for new Directors.
 - j) Propose to the Board of Directors the Compensation Policy for Directors and periodically review its coordination with Company strategy and the creation of long term value.
 - k) Propose contract terms for senior management to the Board of Directors.
 - l) Submit the succession plan for the Chairman of the Board, Executive Directors and senior managers which are to be approved by the Board.
 - m) Verify the information regarding compensation of Directors and senior management contained in the various corporate documents and specifically that contained in the Annual Compensation Report for Directors.
 - n) Analyse and inform the Board of Directors regarding related party transactions.
 - o) Periodically analyse the policies, internal operating procedures, and Company practices in the area of Corporate Governance as well as compliance levels, recommendations and best domestic and international practices in these areas, proposing changes that it deems appropriate.
 - p) Report to the Board before its approval on any other information which the Company makes public in areas of its competence.
 - q) Periodically review the policy on communication with Shareholders, institutional investors and proxy advisors, proposing changes to the Board as appropriate.
 - r) Ensure that potential conflicts of interest do not prejudice the independence of external consulting advice given to the committee.
 - s) Periodically review Company policies and procedures regarding contracting, retention, development and compensation of talent as an essential activity of the Company.
5. The Nomination, Compensation and Corporate Governance Committee will consult with the Chairman of the Board and, in the event the Chairman is not an Executive Director, the Chief Executive of the Company, especially when the matter relates to Executive Directors and senior management.

Article 19 bis Sustainability Committee

1. The Sustainability Committee is to be composed exclusively of External Directors with a minimum of three and a maximum of six. A majority of its members shall be Independent Directors, the chairman to be chosen from among them.

The chairman and the members of the committee will be selected among those Directors possessing the knowledge, aptitude and experience consistent with the duties that the committee must carry out.

2. In the absence of the chairman, an Independent Director shall be chosen to preside.
3. The Sustainability Committee shall have the following functions:
 - a) Direct, monitor and evaluate the degree to which strategy, policies, best practices and specific action plans comply with sustainability (in particular regarding corporate social responsibility, environment, diversity and integration).
 - b) Coordinate and review the process of drafting and publication of the non-financial information and in general regarding sustainability consistent with applicable law and best international practices in this field.
 - c) Periodically review Company efforts in the field of sustainability, as well as the Company's positioning among existing indices and metrics, paying particular attention to those aspects which at any time are the most valued by various stakeholders and propose means by which the Company may respond to them.
 - d) Review and evaluate risk management and control systems in non-financial matters related to areas of the committee's responsibility.
 - e) Any others regarding sustainability which may be delegated to it by the Board from time to time.
 - f) Supervise the management of intangible assets such as reputation, brand image, intellectual capital and transparency, proposing means of improvement as appropriate.

Section VII. Appointment and Removal of Directors

Article 20. Appointment and Designation of Directors

1. Directors will be appointed, re-elected or ratified at the Annual Shareholders' Meeting without prejudice to the right of proportional representation enjoyed by the Shareholders in accordance with the provisions of the Ley de Sociedades de Capital ("Spanish Corporations Act") and the Bylaws.

Should vacancies arise during the term of a Director, the Board may

designate replacements through co-optation until the next Annual Shareholders' Meeting except when a call to Meeting has already been made, in which case the Board of Directors may designate a Director until the next Annual Shareholders' Meeting.

2. Proposals for the appointment, re-election and removal of Directors submitted by the Board for consideration at the Annual Shareholders' Meeting, and decisions on provisional appointments adopted thereby by virtue of the powers of co-optation bestowed upon it by law, will be preceded by a corresponding proposal from the Nomination, Compensation and Corporate Governance Committee in the case of Independent Directors and by a proposal from the Board itself in all other cases after a report from said committee. In all cases, the proposal or the report of the committee shall classify the new Director under one of the categories of Director in accordance with the legal definition in force at the time.

The proposal shall be accompanied in any case by a report from the Board evaluating the competence, experience and merits of the proposed candidate and which shall be attached to the minutes of the Annual Shareholders' Meeting or of the Board meeting.

Should the Board disregard the recommendations of the Nomination, Compensation and Corporate Governance Committee, it will provide reasons for its decision and record them in the minutes.

3. Persons proposed for appointment will be of good personal and professional reputation, with sufficient capacity for dedication to the post, and with no other interests that may be incompatible with it.

Directors may be natural or artificial persons. Artificial persons shall designate one natural person representative in order to exercise the duties of the post. The criteria for Directors shall apply to the natural person representative, who will be subject to the same obligations established for Directors by applicable law, the Bylaws and these Regulations. The proposed natural person representative shall be the subject of a report from the Nomination, Compensation and Corporate Governance Committee. Revocation of representation by the artificial person Director shall not be effective until a substitute natural person is designated.

4. The Board and the Nomination, Compensation and Corporate Governance Committee, within the scope of their respective competencies, shall carefully vet any persons proposed to fill Independent Director positions.
5. The Board will propose to the Annual Shareholders' Meeting that each of the proposals for the appointment or re-election of Directors be put to an individual vote.
6. From the time of publication of the call to Meeting, the Company shall continuously publish on its website, at a minimum, the following information regarding the persons proposed for appointment, ratification or re-election as members of the Board: a) the identity of the person and the person's CV; b) the category of proposed Director, and in the case of Proprietary Directors,

the Shareholder represented or to which the Director is related; and c) the proposal and reports mentioned in paragraph 2 above.

Should the Director be an artificial person, the information shall pertain to the natural person representative to be appointed to perform the duties of Director. This information shall be kept current.

Article 21. Term of Office

Directors will perform their duties for the period set forth in the Bylaws without prejudice to the provisions of Article 23.1.

Additionally, Directors may be re-elected one or more times for periods of equal duration. In any case, the Board will apply suitable criteria in order to achieve a reasonable turnover rate for Independent Directors.

Article 22. Re-election of Directors

Proposals for the re-election of Directors which the Board decides to submit to the Annual Shareholders' Meeting will be subject to a formal process equivalent to that used in the appointment of new Directors, in accordance with the provisions set forth in these Regulations.

Article 23. Removal of Directors

1. Directors will leave their position when dismissed at the Annual Shareholders' Meeting or when they submit their resignation to the Company.

In the exceptional case that the Board should propose the removal of an Independent Director before the end of his or her term of office, such proposal shall be accompanied by a reasoned justification and a report from the Nomination, Compensation and Corporate Governance Committee.

2. Directors must notify the Board and offer their resignation in the following cases:
 - a) When they are involved in any situations of incompatibility, prohibition or cause for removal or resignation specified under law.
 - b) Those having seriously violated their duties as Director or carried out actions or committed omissions contrary to the diligence and responsibility necessary for them to perform their duties.
 - c) When the Director is unable to maintain the dedication necessary for effective performance of his or her duties.
 - d) When the Shareholder represented by a Proprietary Director divests itself of all of its equity interest or when its equity interest falls to a level requiring a reduction in the number of Proprietary Directors designated in representation of its equity interests.

- e) In the case of Independent Directors, when there is a change in condition or circumstance such that the Director would lose his or her independent status.
 - f) In the case of Executive Directors, when they cease for any reason whatsoever to hold the post associated with their appointment as Director.
3. The Director shall inform the Board and resign in any circumstances which might prejudice the credit and reputation of the Company and, in particular, inform the Board of any criminal proceedings in which the Director is a target as well as subsequent criminal proceedings.

Should the Director be prosecuted or indicted for any of the crimes indicated under corporate law, the Board of Directors shall examine the case as soon as possible and, upon discovery of specific facts shall decide whether or not the Director may continue at his or her post. The Board of Directors shall explain all of this in the Annual Corporate Governance Report.

4. Should any natural person representative of an artificial person Director find himself in any of the circumstances described in paragraphs 2 and 3 above, the artificial person Director shall immediately proceed to designate a new substitute natural person representative.
5. Should a Director fail to resign in the cases described above, the Board will draft a proposal for removal to the Annual Shareholders' Meeting.
6. If any Director should leave his or her post before the end of the Director's term, whether by resignation or for some other reason, the Director will explain the reasons in a letter to be sent to the other members of the Board. The reasons shall be described in the Annual Corporate Governance Report.

Article 24. Duty to Abstain and Confidentiality of Voting

1. The duty of loyalty obliges any Director to abstain from participation in deliberations and voting on resolutions or decisions in which the Director or a related person has a conflict of interest, whether direct or indirect, and whether in the Board or any of its committees.

Notwithstanding the provisions of the previous paragraph, they will be exempt from said duty of abstention in matters regarding designation or revocation of posts on the Board or similarly situated administrative bodies.

2. If it should be deemed necessary by the Chairman or requested by a majority of attendees, voting procedures relating to the appointment, re-election or dismissal of Directors may be held confidentially.

Section VIII. Director information

Article 25. Right to information

1. In carrying out his or her duties, the Director has the right to receive sufficient and necessary information from the Company in order to meet the Director's obligations. For this, the Director enjoys the broadest powers to inform himself regarding any aspect of the Company, to examine its books, registries, documents and any other records of Company operations and may inspect all of its facilities and communicate with senior management of the Company. This right of information extends to foreign and domestic subsidiaries.
2. In order not to disrupt the ordinary management of the Company, the right to information will be exercised through the Chairman of the Board, who shall attend to Director requests by directly facilitating information, providing appropriate personnel from within the organisation or implementing measures so that the Director may have access to the desired information.
3. Additionally, Directors will be periodically updated regarding changes in equity ownership and of the opinions that significant Shareholders, investors and rating agencies have regarding the Company and its group.
4. Any Director may attend, with the right to be heard but without voting rights, meetings of Board Committees of which he is not a member upon request to the Chairman of the Board or the chairman of the respective committee.
5. The Company will facilitate Director access to sufficient periodically updated information on the Company, as well as its rules of Corporate Governance.

Article 26. External Consultancy

1. In order to receive adequate information and advice in performing their duties, Directors may request the contracting at Company expense of legal or financial advisors, accountants or other experts.

Such appointments should only be made regarding specific Director issues that arise in carrying out their duties.

2. The contracting request will be communicated to the Chairman and authorized by the entire Board, which may deny the request should it decide:
 - a) that it is not necessary for the complete discharge of the Directors' duties;
 - b) that the cost involved is not reasonable given the significance of the problem and the financial condition of the Company;
 - c) that the assistance or advice requested may be adequately provided by experts and professionals within the Company; or
 - d) confidentiality concerns could be put at risk.

Section IX. Director Compensation

Article 27. Director Compensation

1. The Board of Directors will submit the compensation policy for Directors to the Annual Shareholders' Meeting at least once every three years, as a separate agenda item, which policy shall be in conformance with the policy contained in the Bylaws.

The proposed compensation policy submitted by the Board to the Meeting will arise from and be accompanied by a specific report issued by the Nomination, Compensation and Corporate Governance Committee.

The maximum annual compensation for Directors in their condition as such will be determined at the Shareholders' Meeting and will remain in force until modified at a Meeting.

2. Subject to the maximum approved at the Meeting, the Board of Directors will determine the specific amounts to be received by each Director, applicable payment criteria, and the frequency and dates for payment.
3. Executive Directors shall execute a contract with the Company containing the terms of their compensation for discharge of their executive duties and in compliance with the compensation policy approved at the Annual Shareholders' Meeting. Said contracts shall be approved in advance by the Board with a two-thirds majority of its members. The affected Director shall abstain from attending deliberations and participating in voting. Once approved, the contracts detailing all of the compensation items for the Director receivable for discharge of his executive duties will be attached to the minutes as an appendix.
4. With advice from the Nomination, Compensation and Corporate Governance Committee, the Board will ensure that the compensation of Directors is sufficient to compensate the dedication, qualification and responsibility that the position requires, but at the same time does not constitute, in the case of Independent Directors, an impediment to their independence.
5. The Board will produce an Annual Report on Compensation of Directors and Senior Managers based upon a proposal from the Nomination, Compensation and Corporate Governance Committee, which Report shall contain content as required by applicable law.
6. The Board will submit the Annual Report on Compensation to a non-binding vote in a separate agenda item at the Annual Shareholders' Meeting.
7. Subject to applicable law, upon receiving a report from the Nomination, Compensation and Corporate Governance Committee the Board will periodically approve the information regarding compensation of senior management which the Company makes public.

Section X. Duties of Directors

Article 28. Duty of Diligence

1. Directors will discharge their duties and fulfil requirements imposed upon them by applicable law, the Bylaws, and these Regulations with the diligence of an organised businessperson, taking into account the nature of the post and the duties attendant.
2. Directors must have the dedication required and employ necessary measures for the proper management and control of the Company.
3. In the discharge of their duties, Directors have the right to demand and receive sufficient information from the Company in order for them to fulfil their obligations.

Article 29. Duty of Secrecy and Confidentiality

1. All Directors, including after leaving their posts, will keep secret all agreements, information, data, documentation or records of which they may be aware as a result of performing their role, ensuring they are not divulged or communicated to third parties.
2. Directors will be exempt from the duty of secrecy described in paragraph 1 above in the following circumstances:
 - a) When permitted by applicable law.
 - b) When required by competent authorities or when under legal obligation to submit information which they are required to keep secret in accordance with the provisions of this Article. In such cases, the information will be disclosed according to the provisions of applicable law.
3. Should the Director be an artificial person, the duty of secrecy will apply to the Director's representative without prejudice to his or her obligation to inform the Director's principal.

Article 30. Duty of Loyalty

1. Directors will perform their duties with the degree of loyalty of a faithful agent, acting in good faith and in the best interests of the Company.
2. Violation of the duty of loyalty will invoke not only the obligation to indemnify any harm caused to Shareholders' equity, but also to return to the Company any unjust enrichment obtained by the Director.

Article 31. Conflicts of Interest and Waiver

1. A conflict of interest will be considered to have arisen in those situations

where there is a direct or indirect inconsistency in the interests of the Company or those companies in its group and the personal interests of the Director. Personal interests of the Director include matters which affect the Director or a person connected to the Director.

For the purposes of these Regulations, connected persons will be those as defined under applicable law.

2. Directors will adopt the means necessary to avoid finding themselves in situations in which their interests, whether for their own account or not, may enter into conflict with corporate interests and with their duties toward the Company.

Particularly, the duty to avoid conflicts of interest obliges the Director to avoid:

- a) Engaging in transactions with the Company other than non-material transactions in the ordinary course of business and done under conditions which are standard for clients. Non-material is understood to mean those transactions which it would not be necessary to report in order to give an accurate description of the assets, the financial condition, and the results of the entity in accordance with these Regulations.
 - b) Use the name of the Company or take advantage of his position in order to unduly influence the results of personal transactions.
 - c) Make use of Company assets, including confidential information belonging to the Company, for private ends.
 - d) Take advantage of business opportunities belonging to the Company.
 - e) Obtain advantages or remuneration from third parties apart from the Company and its group which arise from the discharge of his duties other than de minimis benefits.
3. The provisions of paragraph 2 above apply also to cases where the beneficiary of prohibited acts or activities is a third party related to the Director.
 4. Directors must communicate any conflict of interest, whether direct or indirect, which they or persons related to them might have with the interests of the Company.

Additionally, the Director must communicate: (i) duties pertaining to any other boards of directors of which they are members, whether the company be listed or not, as well as regarding any other activities which are a source of income of any nature whatsoever; and (ii) the Company shares and share options of which the Director is a direct or indirect title holder.

5. Notwithstanding the provisions of paragraph 2 above, the Company may waive the prohibitions contained in said paragraph on an ad hoc basis, authorizing (i) completion of a specific transaction between the Company

and a Director or related person (in accordance with these Regulations); (ii) the use of certain corporate assets; (iii) benefitting from a specific business opportunity; (iv) acquisition of an advantage; or (v) compensation from a third party.

The waiver must be approved at the Annual Shareholders' Meeting when the object of the waiver is the prohibition against gaining an advantage or compensation from third parties, or involves a transaction whose value exceeds 10% of company assets.

In all other cases, the authorization may be given by the Board of Directors so long as the independence of the members giving said authorization is maintained from the soliciting Director while also ensuring that the authorized transaction does not prejudice the value of company assets or, when applicable, its completion is done under ordinary market conditions with transparency in its process.

6. In those events described in paragraph 2 above, the Board, after a report from the Nomination, Compensation and Corporate Governance Committee, will require adoption of measures which it deems appropriate in its judgment to protect corporate interests.
7. The Company will make public any conflicts of interest in which Directors may be involved in accordance with applicable law.

Article 32. Prohibition against Competition

1. Directors may not work for their own account or for third parties in actual or potential competition with the Company or in any other fashion which would place the Director in regular conflict with the Company's interests.

The provisions of the preceding paragraph also apply in the event the beneficiary of said activity be a person related to the Director.

2. The obligation not to compete with the Company may be waived only in the case that there is no expectation of damage to the Company or when it is expected that the Company will be compensated by the benefits arising from the waiver. The waiver shall be granted by an express and separate resolution at a Shareholders Annual Meeting.
3. In all cases, upon request by any Shareholder, there shall be a resolution regarding the removal of any Director who engages in competitive activities when the risk of damage to the Company is material.

Article 33. Dedication

1. Directors will dedicate the necessary time and effort to properly carry out their duties. To this end, they will inform the Board of any other activities that may significantly affect their dedication as a Director of the Company.
2. Regarding to the number of boards on which the Director may participate,

the general rule is that the Director should not participate in such a number that may impede or diminish his ability to devote sufficient dedication to his post as Director of the Company. Therefore, Directors shall be subject to the following general limits:

- a) Executive Directors: may only sit on the boards of no more than two listed companies
- b) External Directors: may only sit on the boards of no more than four listed companies.

Without prejudice to these limits, the Board will judge in each case those personal and professional circumstances for each Director, especially in the case of Proprietary Directors.

3. Noncompliance with the above will trigger application of the provisions of paragraph 2 of Article 23 of these Regulations.

Article 34. Duties of the Secretary and Vice Secretary of the Board

The regulations set forth in the present Section X also apply to the Secretary and Vice Secretary of the Board, and in the event that they are not Directors, to the extent considered reasonable considering their duties.

Section XI. Transactions with Directors and Shareholders

Article 35. Related Party Transactions

1. The Board, based on a report from the Nomination, Compensation and Corporate Governance Committee and prior to its execution, will be informed of and give authorisation for any transaction carried out by the Company either directly or indirectly with any party related to the Company as defined by law.

Such transactions will be evaluated according to equality of treatment and market conditions.

2. Notwithstanding the provisions above, transactions which exceed 10% of Company assets must be approved at an Annual Shareholders' Meeting.
3. For recurrent operations carried out in the Company's ordinary course of business under market conditions which are standard for clients and which are non-material, meaning that they are not significant enough to require reporting in order to give an accurate description of the Company's assets, its financial situation or corporate results, prior authorisation from the Board in terms of the generic line of business will be sufficient.
4. The authorisation described in the previous paragraphs will not be necessary, however, when the related party transaction meets all three of the following conditions:

- a) The transaction is performed through contracts under standard conditions and applied generally to a large number of clients;
 - b) The transaction is performed at generally established pricing or charges for those who act as suppliers for the goods or services at issue; and
 - c) The amount of the transaction does not exceed 1% of the Company's annual income for transactions with Directors and does not exceed twenty thousand euros.
5. In exceptional cases, when animated by exigent circumstances, related party transactions may be authorised by the Chairman of the Board with subsequent ratification by the Board at its next meeting.
 6. In order for the Company to identify any related party transactions in advance, Directors will keep the Board informed of any direct or indirect interests or significant influence they may have in companies or entities that have commercial or business relations with the Company.
 7. Any Directors affected by related party transactions or who represent related parties or who are connected with affected Shareholders, in addition to refraining from exercising or delegating their vote, will not attend any meeting while the Board or the committee involved discusses and votes on them.

For transactions with Shareholders subject to a decision at the Annual Shareholders' Meeting, the Board will evaluate whether to recommend that the Shareholders involved abstain from voting.

Article 36. Public information

The Board will issue public reports on related transactions carried out by the Company in compliance with applicable law at all times. To this end, the Board will receive a report from the Nomination, Compensation and Corporate Governance Committee.

Section XII. Board relations

Article 37. Relations with Shareholders

1. The Board will promote and maximise a policy of regular communication from the Company to its Shareholders, institutional investors, financial intermediaries, proxy advisors and the market in general, in strict compliance with rules regarding market abuse and guided by the principle of equal treatment of similarly situated Shareholders, and will manage suitable channels for putting forward any proposals they may draft related to Company management, guaranteeing continuity and integrity in those communications.

2. Under no circumstances may relations with institutional investors involve the disclosure of any non-public information or put them in a privileged or advantageous situation with respect to other investors or Shareholders.
3. Public requests for the delegation of votes made by the Board or any of its members will be governed by applicable law and Rules of Procedure for the Annual Shareholders' Meeting.
4. The Board will encourage the informed participation of Shareholders in Annual Shareholders' Meetings and will adopt necessary measures so that the Annual Shareholders' Meeting may effectively perform its functions in conformity with the law, the Bylaws and the Regulations for Annual Shareholders' Meeting.

Article 38. Relations with the Markets

1. The Board is responsible for keeping the Company's public website updated with information as required by applicable law and with such other information that the Board considers relevant to financial and equity markets.
2. The Board will ensure prompt compliance with applicable law regarding insider information and material information in accordance with the provisions of the Internal Code of Conduct in Matters Relating to Company Securities Markets and rules governing market abuse.
3. The Board will approve and make public any information regarding its rules and practices relating to Corporate Governance, complying in all cases with the provisions of applicable law and following recommendations and best practices in the field of Corporate Governance.

Article 39. Relations with Auditors

1. Board relations with the Company's external auditors will be conducted through the Audit and Compliance Committee, as set forth in the present Regulations.

Nonetheless, account auditors will attend all Board meetings where auditing reports are presented regarding public financial information of the Company in order to give Directors direct access to the auditors at the time its content and conclusions are presented.

The Chairman of the Board may request as well the participation of external auditors at Board meetings when considered convenient or when requested by a Vice Chairman, the Lead Independent Director, or one third of the Directors.

2. The Board will make every effort to submit to the Annual Shareholders' Meeting the Company's annual financial statements in an audit report with no qualifications or reservations whatsoever. In the event that such qualifications or reservations exist, the Board will request that, should they be so required, the external auditors clearly communicate them to the

Annual Shareholders' Meeting.

3. The Board will avoid contracting auditing firms for the annual financial statements in which circumstances exist which might compromise their independence in accordance with criteria contained in applicable law.
4. The Board will publicly communicate, with a frequency and with content required by applicable law, regarding gross fees which the Company has paid to the auditing firm for auditing services as well as for services other than auditing, breaking out fees paid to the external auditors and by any other company within the group.
5. The auditing firm and/or the auditor responsible for the work and the members of the external audit team will be rotated periodically in accordance with the frequency provided for by applicable law and in accordance with criteria which may be determined by the Board upon proposal by the Audit and Compliance Committee.