
**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.

1. The purpose of these Regulations is to regulate the activities and operating standards of the Board of Directors of Indra Sistemas, S.A. (the “Company”) and its Committees, in accordance with applicable law, its Bylaws, and best national and international practices of corporate governance.
2. The standards of conduct set forth in these Regulations apply, to the extent applicable, to members of the Board of Directors of the Company (sometimes, “Board”), 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 carry out executive duties and report directly to the Company’s governing body or its executive committees, Executive Directors of the Company, and members of its Board of Directors.

Article 2. Construction.

1. These Regulations are to be construed in conformity with applicable law, the Bylaws, and the principles and recommendations of Corporate Governance in force.
2. The Board is responsible for clarifying any content and resolving any queries that may arise as a result of the construction and application of these Regulations.

Article 3. Validity and Amendment.

1. These Regulations will enter into force on the date established by the enabling order or in accordance with any subsequent amendments agreed by the Board.
2. The Chairman of the Board, the Nomination, Compensation and Corporate Governance Committee, or one third of the Directors may propose that these Regulations be modified. In all cases, proposed modifications must be accompanied by the reasons for the changes and their scope.
3. Any proposed modifications must be reported in advance by the Nomination, Compensation and Corporate Governance Committee.
4. The text of the proposal, along with the reasons for it and the aforementioned Committee report, must be attached to the call to the Board meeting to decide on the modification of these Regulations.

Article 4. Distribution.

1. All persons subject to these Regulations are obliged to learn, accept, comply with and ensure compliance with them. To this effect, the Secretary of the Board must provide all such persons with a copy of these Regulations.
2. The Board will adopt all necessary measures to ensure that Shareholders of the Company (“Shareholders”), markets and investors generally are aware of these Regulations. To this end, these Regulations will be communicated to the Shareholders Meeting (sometimes “Shareholders Meeting”), published on the Company website, advertised through legally established channels and delivered to the relevant registries and competent supervising authorities.

Section II. Mission of the Board

Article 5. Functions of the Board.

1. Without prejudice to the authority vested in the Shareholders Meeting, the Board is the Company’s highest ranking administrative body. The Board is empowered to represent the Company under those terms established by law and the Bylaws.
2. The Board focuses its activities generally on matters of supervision and control of the executive bodies and the management team to whom responsibility for the day to day operations of the company have been delegated, ensuring that they act in accordance with approved strategies and established targets.
3. The Board may not delegate any powers which it is required by applicable law or the Bylaws to perform itself. Additionally, the Board may not delegate any other powers it needs for the proper performance of its general supervision and control.
4. When exigent circumstances so dictate, executive bodies or delegees may make decisions normally reserved for the Board, which decisions must then be ratified at the next meeting held by the Board of Directors subsequent to said 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 favours or preferential treatment over others.

Article 6. Criteria for Board Actions.

1. The criterion that must prevail at all times in the conduct of the Board of Directors is the best interests of the Company, defined as the pursuit of long term profitable and sustainable business which promotes the Company’s continued existence and maximizes the value of the Company.

2. The Board is to encourage Company management to pursue the best interests of the Company in accordance with the criterion of the previous paragraph, and ensure that they are provided with appropriate incentives to do so.
3. The creation of value and pursuit of the best interests of the Company are to be undertaken by the Board in accordance with applicable law and the Bylaws, basing its behaviour on good faith, ethics, and respect for generally accepted best practices and the faithful compliance with contracts and commitments made with customers, employees, suppliers, sources of capital and other stakeholders, while harmonizing the bests interests of the Company with stakeholders' legitimate interests and ensuring that business in general is conducted responsibly.

Section III. Composition of the Board

Article 7. Types of Directors.

Directors are to be ranked in accordance with requirements imposed by applicable rules in effect for each category of Director.

Article 8. Qualitative composition.

1. In exercising its rights to propose nominees to the Shareholders Meeting and of co-option for the provisional filling of vacancies, the Board will act under the principle that Proprietary and Independent Directors represent a wide majority of the Board, and that the number of Executive Directors be kept at a minimum, considering the complexity of the Company and the percentage of equity participation of Executive Directors in the Company.
2. The Board will also ensure that the percentage of Proprietary Directors relative to the non-Executive Directors shall not be greater than the equity participation of said Proprietary Directors in the Company.

This criterion may be relaxed in the event that (i) there are few instances of significant equity participation; or (ii) there are several Shareholders represented on the Board who do not have ties to each other.

3. In order to establish a reasonable balance between Proprietary Directors and Independent Directors, the Board is to consider the Shareholder composition of the Company, taking into account, in absolute and comparative terms, the importance of equity participation as well as the period of stay in ownership and the strategic importance of said Shareholders to the Company.
4. The Board, along with the Nomination, Compensation and Corporate Governance Committee, must especially seek to ensure that it apply, in the selection of persons to be appointed as Directors (i) criteria and policies designed to promote gender diversity (ii) criteria and policies designed to

have the knowledge and experience on the Board of Directors appropriate for the profile of the Company and (iii) policies which avoid implicit biases that might result in discrimination in the selection process of candidates for Board membership.

Article 9. Quantitative composition.

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

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 a report delivered to it by the Nomination, Compensation and Corporate Governance Committee. Should the Chairman also be the Chief Executive Officer, the Board will delegate the necessary powers to ensure the effective discharge of his duties.
2. The Chairman of the Board will exercise his chairmanship and representation of the Company's governing and management bodies in accordance with the provisions of applicable law, the Bylaws and these Regulations. He may also delegate all or part of his powers within applicable legal and statutory limits.
3. The Chairman has the power to (i) call meetings of the Board of Directors, (ii) establish the agenda for its meetings (iii) preside over them, and (iv) direct discussions.
4. The Chairman shall also ensure that (i) Directors receive adequate and timely information on the matters to be discussed at Board meetings and (ii) there is active participation of Directors at Board meetings, preserving freedom to take positions and express opinions while ensuring the effective performance of the Board.
5. As the person responsible for the effective performance of the Board of Directors, he shall (i) draft and submit to the Board an annual calendar of dates and matters to be dealt with during regularly scheduled meetings; (ii) organize and coordinate the periodic evaluation of the Board; (iii) ensure that adequate time is devoted to the consideration of strategic issues; and (iv) plan and review programs for keeping Directors' up to date knowledge when circumstances so warrant.

6. Board meetings will be called once a year in order to evaluate the job performance of the Chairman of the Board qua Chairman and, separately, as chief executive, if both positions are held by the same person. The Chairman will not attend discussions at the aforementioned evaluation(s), and the meeting will be chaired by the Vice Chairman or the Coordinating Director, if necessary.
7. The Board shall appoint a Vice Chairman from among the Independent Directors, and may also appoint other Vice Chairmen.
8. In the absence of the Chairman, the Vice Chairman will serve in his place; in the event that there is more than one, in the order in which they were appointed. In the absence of a Vice Chairman, the Director with most seniority on the board shall serve.

Article 11. The Coordinating Director.

1. In the event that the Chairman is an Executive Director of the Board of Directors, a Coordinating Director shall be appointed from among the Independent Directors, the Executive Directors shall abstain from voting.
2. The Coordinating Director shall have the power to (i) call a meeting of the Board of Directors or add items to the agenda of a Board meeting already called ; (ii) coordinate and meet with non-Executive Directors; (iii) direct the periodic evaluation of the Chairman of the Board of Directors; (iv) preside over the Board of Directors in the absence of the Chairman and Vice Chairman, if applicable; (v) bring up concerns of non-Executive Directors; (vi) maintain communications with investors and Shareholders in order to understand their points of view with the goal of staying in touch with their concerns, particularly as regards corporate governance of the Company; (vii) coordinate a succession plan for the Chairman; and (viii) any other competencies as indicated by the Bylaws or these Regulations.

Article 12. Secretary of the Board.

1. The functions of Secretary of the Board are to be performed by a person appointed by the Board. The role of Secretary of the Board need not be filled by a Director. Appointment, compensation, and removal of the Secretary must be approved by the Board after receipt of a report from the Nomination, Compensation and Corporate Governance Committee.
2. The Secretary will have the following duties: (i) assist the Chairman in his duties to ensure the proper functioning of the Board; (ii) facilitate the receipt of relevant information by Directors in an appropriate format and with sufficient lead time in advance to each meeting of the Board so that they may adequately perform their functions; (iii) provide legal advice to Board

members; (iv) keep the minute books and any supplementary documentation on file at Company offices; and (v), record and certify in said minute books the proceedings of the meetings and the resolutions adopted by each company body.

3. The Secretary of the Board must ensure that all actions and resolutions of the Board and its Committees are in accordance with the letter and the spirit of the law and guarantee that their procedures and rules of governance are respected. The Secretary should pay special attention that the Board take into account any recommendations of corporate governance applicable to the Company whilst carrying out its functions.
4. The Secretary will exercise all duties pertaining to the post in accordance with commercial legislation and the Bylaws as they relate to call to meeting and as they relate to the text, adoption, certification, ratification and implementation of resolutions adopted by the Board and its Committees.
5. The Secretary of the Board is responsible for ensuring that the biannual financial report is signed by all Directors and duly submitted to the *Comisión Nacional del Mercado de Valores* ("Spanish Securities Exchange Commission") ("CNMV").
6. The Secretary of the Board may also simultaneously hold the position of in house legal counsel for the Company. When the Secretary holds both posts, designation as in house legal counsel shall rest in a legal professional of proven merit and experience.
7. The Board may appoint a Vice Secretary, who need not be a Director, in order to assist the Secretary of the Board in his duties or to substitute for him in the event of the Secretary's absence, whether the absence be caused by failure to attend or vacancy of the post. Appointment and removal of the Vice Secretary must be approved by the Board after a report from the Nomination, Compensation and Corporate Governance Committee.
8. In the absence of the Vice Secretary, and the Secretary, duties will be carried out by a Director with legal training; if there be more than one, the duties will be carried out by the junior member.
9. Unless the Board should decide otherwise, the Vice Secretary will attend all Board meetings.

Section V. Board Procedures

Article 13. Meetings of the Board.

1. The Board will approve an annual calendar of ordinary meetings and a formal list of the matters to be discussed at each one.
2. The Board will meet at least once per quarter. Notwithstanding, the Chairman will call as many meetings as may be necessary for the adequate analysis and response to those matters within the scope of its authority.
3. The Chairman is to call a Board meeting if formally requested to do so by a Vice Chairman, by one third of the Directors, or by the Coordinating Director. If the Chairman be absent or fail to satisfy such request without just cause in the term of one month, any Vice Chairman, the Coordinating Director, or one third of Directors of the Board may call a Board meeting, indicating the agenda and the matters to be discussed.
4. Any Director may propose matters to be discussed by the Board and demand their inclusion on the agenda of each meeting.
5. Ordinary meetings may be called by e-mail, post, fax, telegram or any other valid recordable means and must be authorised by the signatures of the Chairman, by the Secretary upon direction of the Chairman, or of the Directors who have initiated the call. Except in the event of emergency or necessity, the meeting must be called no later than the third day before the date of the meeting.

The call must always include the agenda for the meeting and be accompanied by any other information relevant to the matters to be discussed. Should it be deemed inadvisable 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's 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 of the means described in the previous paragraph. The notice period and other requirements specified in the previous paragraph need not apply when circumstances so warrant.
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 written resolutions without meeting when no Director opposes.
8. Any member of senior management or any other Company personnel whose presence is required by the Chairman by his own motion or upon request of any member of the Board shall be obliged to attend Board meetings as well as provide cooperation and any information at said person's disposal. The

Board may also require the attendance of the external auditors of the Company at its meetings.

9. Based upon a report drafted by the Nomination, Compensation and Corporate Governance Committee, the Board will make an annual evaluation of its own performance, of the quality of its work and of the performance of its members. For the evaluation of the performance of its Committees, each Committee shall issue an annual report to the Board regarding its accomplishments and activities during the year.

Such evaluation process shall be organised and concerted by the Chairman of the Board assisted by the Chairmans of the Audit and Compliance Committee and the Nomination, Compensation and Corporate Governance Committee and the Independent Coordinating Director when applicable.

Article 14. Meeting Proceedings.

1. Except as otherwise provided for by applicable law or the Bylaws, the Board will be validly in session upon attendance of at least half plus one of its members present either in person or by representation. If the Board is made up of an odd number of Directors, the quorum will be sufficient if attended by the number of Directors immediately above half.
2. Directors must personally attend meetings unless their absence is absolutely necessary.

If a Director is unable to attend a meeting, he should seek a representative, who should preferably be given voting instructions, 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.

Non Executive Directors shall delegate their representation to any other non-Executive Director.

3. Except where other majorities are provided for by applicable law or the Bylaws, resolutions are to be adopted by an absolute majority of Directors attending the meeting. In the event of a tie, the vote of the Chairman shall be decisive.

Article 15. Minutes and Deliberations.

1. The matters discussed at meetings of the Board and its Committees must be duly recorded in a minute book which, once approved, is to be signed by the Secretary of the meeting and approved by the person acting as Chairman.

2. If a Director or the Secretary should show reservation or doubt regarding any proposal or the running of the Company not resolved at the meeting of the Board, this shall be recorded in the minutes upon request of that person.

Section VI. Committees of the Board

Article 16. Committees of the Board.

1. Without prejudice to delegations of authority to individuals, the Board will form the following Committees:
 - i) Strategy Committee.
 - ii) Audit and Compliance Committee.
 - iii) Nomination, Compensation and Corporate Governance Committee.
 - iv) Any other committee which the Board of Directors considers appropriate, including an Executive Committee with authority delegated from the Board.

2. The Board of Directors is empowered to distribute the powers of the Nomination, Compensation and Corporate Governance Committee among two separate committees.

3. The Board, after receipt of a report from the Nomination, Compensation and Corporate Governance Committee, will appoint members to committees taking into account 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 seek to rotate Directors between the different Committees.

4. In cases where these Regulations are silent, 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 upon his own initiative or at the request of the Chairman of the Board, any of the Vice Chairmen of the Board, the Coordinating Director, or half plus one of the Committee members.

The Secretary of the Board is responsible for delivering calls to meetings and any information relating to the issues to be discussed, in accordance with the provisions of Article 13.5 as regards the Board.

6. A quorum will exist for any Committee meeting when a majority of its members are present either in person or by proxy. Resolutions must be

adopted by absolute majority vote; in the event of a tie vote, the chairman will have the deciding vote.

Proxies will be conferred in writing and specifically 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 must report at the next meeting of the Board of Directors. With the exception of the Executive Committee, all decisions made by the Committees will be considered proposed resolutions or information for 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 activities report. The Board is to be informed of all such documents.
9. The Committee meetings must be attended by any member of the Company management team or staff whose presence is requested by the Committee, who shall cooperate with the Committee and provide any requested information in his possession, and who may be required to attend without the presence of any other executive. Committees may also request the attendance at their meetings of external auditors responsible for the Company accounts.
10. In order to better carry out their functions, the Committees may request advice from external consultants in accordance with the provisions of these Regulations.
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 make their operations more efficient.
12. The Secretary of the Board will make available to all members of the Board a copy of Committee meeting minutes.

Article 17. Strategy Committee.

1. The Strategy Committee will be composed of a number of Directors determined in each case by the Board, with a minimum of five and a maximum of eight. The chairman of the Strategy Committee will be the Chairman of the Board.

A majority of the members of the Strategy Committee will be external Directors in a proportion that fairly reflects the proportion of Independent and Proprietary Directors on the Board.

2. Without prejudice to other duties which may from time to time be assigned by the Board, the Strategy Committee will have the following duties and powers:

- a) Inform the Board of Directors and bring proposals to it regarding matters of general strategy for the Company
- b) Supervise the progress of approved strategic plans and actions
- c) Inform the Board before voting on corporate transactions, investments or divestments which, because of their amount or their nature, would be relevant for the general strategy of the Company.

Article 18. Audit and Compliance Committee.

1. The activities of the Audit and Compliance Committee is to comply with applicable law, the Bylaws, and these Regulations.
2. The Audit and Compliance Committee will be composed exclusively of non-Executive Directors, with a minimum of three and a maximum of five. The majority of its members shall be Independent, and the chairman chosen among them. The chairman and its members shall be appointed taking into account their knowledge and experience in accounting and auditing. Without prejudice to continued service on the Committee, the chairmanship shall rotate at least every four years, with the chair being eligible for re-election after being out of office for a period of one year.
3. In the absence of the chairman, meetings will be chaired by an Independent Director named by the Committee.
4. In addition to the functions assigned to it by law, the Audit and Compliance Committee must:
 - a) Ensure that the Board of Directors provide the annual accounts to the Annual Shareholders Meeting without limitations or qualifications in the auditor's report.

In those exceptional circumstances where qualifications may exist, the chairman of the audit committee as well as the external auditors shall clearly explain to the Shareholders the content and scope of said limitations or qualifications.
 - b) Supervise the internal audit team in order that it watch out for the proper performance of internal information and control systems.
 - c) As regards internal information and control systems: (i) supervise the drafting and the integrity of the financial information regarding the Company and, where applicable, the group, reviewing compliance with applicable rules, the proper scope of consolidation and the correct application of accounting criteria; (ii) safeguard the independence of the internal audit team; propose the selection, appointment, re-election and destitution of those responsible for internal audit; propose the budget for this service; approve the direction and plans for their work, ensuring that their activities are primarily focused on

relevant risks to the Company; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports. (iii) establish and supervise the means which permit employees to confidentially (and, when appropriate, anonymously) report any potentially significant irregularities, particularly of a financial and accounting nature, that they become aware of within the Company.

- d) As regards the external auditor: (i) in the event of resignation of the external auditor, examine the circumstances which motivated such resignation; (ii) ensure that the compensation received by the external auditor for its work does not compromise its quality or the auditor's independence; (iii) supervise the reporting of any change in the auditor by the Company as a relevant event to the CNMV, accompanied by a statement regarding the existence of any disagreements with the outgoing auditor and, should they exist, of their substance; (iv) ensure that the external auditor meets annually with the entire Board of Directors in order to report to it regarding work performed and development of the accounting process and of risks to the Company; and (v) ensure that the Company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on concentration of the auditor's business and, in general, any other rules regarding the independence of the auditors.

Article 19. Nomination, Compensation and Corporate Governance Committee.

1. The Nomination, Compensation and Corporate Governance Committee must be made up exclusively of non-Executive Directors, with a minimum of three and a maximum of five. The majority of its members are to be Independent, and its chairman chosen among them. The members of the Committee will be chosen taking into account their having adequate knowledge, aptitude and experience in the duties they are to carry out.
2. In the absence of the chairman, meetings will be chaired by an Independent Director appointed by the Committee.
3. In all cases, the Chairman of the Board, if he is an Executive Director, or the Chief Executive Officer must be consulted and called to meetings of the Committee concerning matters relating to Senior Management other than themselves.
4. In addition to the duties imposed upon it by law, the Nomination, Compensation and Corporate Governance Committee will have the following duties:
 - a) Annually verify compliance with the selection policy for Directors approved by the Board of Directors.
 - b) Verify the content of the Annual Report on Corporate Governance.

- c) Ensure that non-Executive Directors have sufficient availability in order to properly carry out their duties.
 - d) Issue a report to the Board prior to its annual evaluation of the Board's performance.
 - e) Propose to the Board of Directors the contractual terms for senior management.
 - f) Confirm compliance with the compensation policy established for the Company.
 - g) Periodically review the compensation policy applicable to Directors and senior managers, including stock delivery schemes and the ways they are applied, so as to guarantee that individual compensation is proportional to compensation paid to other Directors and senior managers of the Company.
 - h) Safeguard that there are no potential conflicts of interest that might damage the independence of outside advice given to the Committee.
 - i) Verify information regarding compensation of Directors and senior managers contained in the various corporate documents, including the Annual Report on Director Compensation.
 - j) Report to the Board of Directors in advance regarding transactions with related parties.
 - k) Propose to the Board any changes it considers necessary to Company rules on Corporate Governance, indicating the reasons for such changes.
 - l) Report to the Board, prior to its approval, on any information made public by the Company relating to matters within its area of responsibility
5. The Nomination, Compensation and Corporate Governance Committee will consult with the Chairman of the Board and the Chief Executive Officer of the Company, especially on matters concerning Executive Directors.

Section VII. Appointment and removal of Directors

Article 20. Appointment and designation of Directors.

1. Directors shall be appointed, re-elected or ratified at the Shareholders Meeting without prejudice to the proportional representational rights pertaining to Shareholders pursuant to the provisions of the *Ley de Sociedades de Capital* ("Spanish Corporations Act") ("LSC") and the Bylaws.

In the event of a vacancy during the term for which a Director was appointed, the Board may appoint a person to occupy said post through co-optation until the next Shareholders Meeting except in the case where the Meeting has already been called, in which case the Board of Directors may designate a Director until the Shareholders Meeting following the one already called.
2. Proposals for the appointment, re-election and removal of Directors submitted by the Board for consideration at the Shareholders Meeting, and

decisions on provisional appointments adopted by the Board by virtue of its powers of co-option bestowed upon it by law, must be preceded by a corresponding report from the Nomination, Compensation and Corporate Governance Committee in the case of Independent Directors and by proposal from the Board itself after a report from said Committee in all other cases. In all cases, the proposal or the report from the Nomination, Compensation and Corporate Governance Committee shall classify the new Director under one of the Director categories as legally defined.

The proposal shall in all cases be accompanied by a report from the Board in which it evaluates the competence, experience and merits of the proposed candidate, which report shall be attached to the agenda for the Annual Shareholders Meeting or the of the meeting of the Board.

Should the Board ignore the recommendations of the Nomination, Compensation and Corporate Governance Committee, it must provide reasons for its action, and which must be recorded in the minutes.

3. Proposed appointees are to be persons of recognised personal and professional merit, with sufficient ability to put forth the necessary dedication to the post, and with no other interests that may be incompatible with it.

Directors may be natural or artificial persons. Should the Director be an artificial person, then a natural person must be appointed as the Director's representative. The suitability criteria for Directors specified in these Regulations will apply to the natural person representative, who will be subject to the same duties for Directors as established by applicable law, the Bylaws and these Regulations. The proposal for appointment of the natural person shall be subject to a report from the Nomination, Compensation and Corporate Governance Committee. Revocation of natural person representative on the part of the artificial person shall not take effect until a natural person substitute be designated.

4. The Board and the Nomination, Compensation and Corporate Governance Committee, pursuant to their respective mandates, should strictly apply norms that relate to any persons called forward to fill Independent Director positions.
5. The Board must propose to the Shareholders Meeting that each of the proposals for the appointment or re-election of Directors be put to a vote.
6. From the time that the call to Shareholders meeting is published, the Company shall make the following information regarding persons proposed for appointment, ratification or re-election as members of the Board continuously available on the website: a) identity and C.V. b) the category of the Director, and in the event of Proprietary Directors, the Shareholder represented or to whom the Director has ties; c) the proposal and reports mentioned in paragraph 2 above.

In the case of an artificial person, the information should pertain to the natural person who is to be appointed to permanently carry out the duties of the post. This information shall be kept up to date.

Article 21. Duration of the Term of Office.

Directors will maintain their posts for the period set forth in the Bylaws without prejudice to the provisions of Article 23.1

Directors may be re-elected one or more times for equal length terms. Notwithstanding, the Board must apply suitable criteria for the periodic turnover of Independent Directors.

Article 22. Re-election of Directors.

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

Article 23. Removal of Directors.

1. Directors must leave their positions when dismissed at the Shareholders Meeting, when they submit their resignation to the Company.

In the exceptional case where the Board proposes the removal of an Independent Director before the end of his designated term of office, said proposal must be accompanied by a statement of cause and a report from the Nomination, Compensation and Corporate Governance Committee.

2. Directors must inform the Board and offer to resign in the following circumstances:
 - a) When involved in any of the circumstances of incompatibility, prohibition or cause for removal or resignation under applicable law.
 - b) When the Director has seriously violated his duties as Director or carried out acts of commission or omission which are inconsistent with the diligence and responsibility expected in performance of his duties.
 - c) When the Director can no longer maintain the necessary dedication to effectively perform the duties of his post.
 - d) When a Shareholder represented by Proprietary Directors sells the entire equity interest or when the interest is reduced to a level that requires a reduction in the number of Proprietary Directors assigned in representation of said interest.
 - e) In the case of Independent Directors, when a change in condition or circumstance causes them to no longer be Independent.

- f) In the case of executive Directors, when they leave for any reason the executive positions with which their appointment as Director was associated.
3. In all cases, the Director must ~~make a~~ report and, when appropriate, resign, in those circumstances which might damage the reputation of the Company and, in particular, inform the Board of any criminal proceedings in which the Director is implicated as well as the results thereof.

Should the Director be accused of any crime listed in company law or an order to open an oral trial is issued against a director, the Board of Directors will examine the matter as soon as possible and, in light of the specific circumstances, decide whether the Director should continue in his post. The Board of Directors will make a detailed report of such in the Annual Report on Corporate Governance.

4. In the event that a natural person representative of any artificial person Director should find himself in one of the situations described in paragraphs 2 or 3 above, the artificial person Director is to immediately designate a new natural person representative to substitute.
5. Should the Director fail to resign under the circumstances described above, the Board shall propose the Director's dismissal to the Shareholders Meeting.
6. Should a Director leave his post before the end of his term, whether by resignation or for any other reason, he shall explain the reasons in a letter to be delivered to the rest of the members of the Board. The reasons shall be explained in the Annual Corporate Governance Report.

Article 24. Duty to Abstain and Confidentiality of Voting.

1. The duty of loyalty requires that any Director abstain from participating in deliberations and voting of the Board of Directors or of any Committee on resolutions or decisions which the Director or a party related to the Director has a conflict of interest, whether direct or indirect.

Notwithstanding the provisions of the immediately preceding paragraph, the duty of abstention shall not apply to designation or revocation of posts on the board or analogous bodies.

2. If it should be deemed necessary by the Chairman or requested by the 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 duties, the Director has the duty to demand and the right to receive from the Company information sufficient and necessary in

order to fulfil his obligations. To this end, the Director will enjoy the broadest rights to information regarding any aspect of the Company, is authorised to examine its books, registers, documents and any other records of Company operations, may inspect all of its facilities, and communicate with senior management of the Company. This right of information extends to subsidiary companies, whether domestic or foreign.

2. In order to avoid disruption of 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, and providing the appropriate personnel from within the organisation or arranging the means by which access may be had to the desired information.
3. Additionally, Directors will receive periodic reports regarding changes in Shareholder composition and of the opinions of significant Shareholders, investors, and rating agencies regarding the Company and its group.
4. Any Director may attend and be heard, but not vote, at meetings of Board Committees of which he is not a member, by making a request to the Chairman of the Board or the chairman of the respective Committee.
5. The Company shall facilitate Director access to periodically updated information on the Company, as well as its rules of Corporate Governance.

Article 26. External Consultancy.

1. In order to receive the best possible information and advice in exercising their functions, Directors may request, at Company expense, the counsel of legal or financial advisors, accountants or other experts.

Such engagements should only be made in regard to specific complex problems arising within the scope of duty.

2. The request to engage such experts must be made to the Chairman and authorized by the full Board, which may deny such request should it be credited:
 - i. that it is not necessary in order to properly carry out the duties assigned to Directors;
 - ii. that the cost is unreasonable given the significance of the problem and the financial situation of the Company;
 - iii. that the assistance or advice requested may be adequately provided by experts and professionals within the Company;
 - iv. that it may put confidential information at risk.

Section IX. Compensation of Directors

Article 27. Compensation of Directors.

1. The Board of Directors will submit for approval to the Annual Shareholders Meeting as a separate item on the Agenda, at least every three years, the compensation policy for Directors, which policy shall be consistent with the compensation scheme set forth in the Bylaws.

The proposed compensation policy which the Board of Directors submits to the Annual Shareholders Meeting shall be supported by reason and accompanied by a specific report from the Nomination, Compensation and Corporate Governance Committee.

In said compensation policy, the Shareholders shall establish the maximum amount of compensation for Directors for performance of their duties as directors, which shall remain in force so long as there is no resolution to amend it at an Annual Shareholders Meeting.

2. Subject to the limits approved at the Annual Shareholders Meeting, the Board of Directors will determinate the specific amounts to be received by each Director, applicable criteria for receipt, frequency payments and their dates.
3. Executive Directors will execute a contract with the Company containing the terms of compensation for executive functions which shall be consistent with the compensation policy approved at the Annual Shareholders Meeting. Said contracts are to be approved in advance by a two thirds majority of the Board. The Director subject to the vote will be absent from any deliberations and will not participate in voting. The contracts, which will detail all of the items for which Directors may obtain compensation in carrying out executive duties, once approved will be attached as an appendix to the minutes of the meeting.
4. With advice from the Nomination, Compensation and Corporate Governance Committee, the Board will ensure that the compensation of Directors is sufficient for the dedication, qualifications 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 draft, following the proposal delivered to it from the Nomination, Compensation and Corporate Governance Committee, an annual report on compensation of Directors containing the information as required by applicable rules.
6. The Board will submit said Annual Report for an annual non-binding vote in a separate agenda item at the Shareholders Meeting.

7. Subject at all times to applicable rules, the Board of Directors, after a report from the Nomination, Compensation and Corporate Governance Committee, will periodically approve the information on compensation of Directors and Senior Managers that the Company is required to make public.

Section X. Duties of the Director

Article 28. Duty of Diligence.

1. The Director shall carry out his duties and comply with those requirements imposed by applicable law, the Bylaws, and these Regulations with the diligence of a reasonable businessman, taking into account the nature of his post and the duties which it entails.
2. Directors are to dedicate themselves adequately and utilize the means necessary for proper management and control of the Company.
3. In carrying out their mandates, Directors have the duty to demand and the right to receive from the Company information which is adequate and necessary for performing their duties.

Article 29. Duty of Secrecy and Confidentiality.

1. A Director, even after leaving his post, must keep secret all information, data, documents or records of which he may be aware as a result of his post, ensuring such is 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 cases:
 - a) When permitted by applicable law.
 - b) When required by the competent authorities or under legal obligation to deliver information which they would otherwise be required to keep secret in accordance with the provisions of this Article. In such case, the information is to 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 representative thereof, without prejudice to his obligation to inform his principle.

Article 30. Duty of Loyalty.

1. In the discharge of the duties of his post, the Director will act as a fiduciary, working in good faith in the best interests of the Company.

- 2 Violation of the duty of loyalty will trigger not only the obligation to make indemnify the Company for any loss, but also to return to the Company any unjust enrichment obtained by the Director.

Article 31. Conflicts of Interest.

1. Conflicts of interest exist whenever the interests of the Company or the companies in its group collide, either directly or indirectly, with the personal interests of a Director. The personal interest of the Director is implicated whenever the matter affects him or a person connected to him.

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

2. Directors are to employ necessary means in order to avoid entering into situations in which their interests, whether for their own account or for others, may come into conflict with the interests of the Company or with their duties to the Company.

In particular, the duty to avoid conflict of interest requires the Director to abstain from the following:

- a) engage in transactions with the Company, except in the ordinary course of business; done under market conditions for the clients; not significant, meaning that consideration of the transaction would be unnecessary in order to give a truthful representation of the equity, financial condition and results of the Company; and consistent with these Regulations.
 - b) use the name of the Company or his position as a manager to exert undue influence in private transactions.
 - c) use Company assets, including confidential information, for private purposes.
 - d) take advantage of business opportunities belonging to the Company.
 - e) receive emoluments or compensation from third parties other than the Company or members of its group for the discharge of his duties, other than token amounts.
3. The provisions of Paragraph 2 above apply in the event that the beneficiary of the prohibited acts or activities is a person with ties to the Director.
 4. Directors must inform the Board of any situation of direct or indirect conflict that may arise between them or any person with ties to them and the interests of the Company.

Additionally, Directors must inform the Board of (i) any posts held on other boards of directors, whether on a listed company or not, as well as any other paid activity of any nature; or (ii) shares or options held in the Company, whether directly or indirectly.

5. Notwithstanding the provisions of paragraph 2 above, the Company may make exceptions to the prohibitions contained in said paragraph in exceptional cases by authorizing (i) specific transactions engaged in by the Director or a related party to him, with the Company (consistent with the provisions of these Regulations); (ii) the use of certain Company assets; (iii) exploitation of a specific business opportunity; (iv) obtainment of a favourable position; or (v) payment from a third party.

Said authority must be given at the Annual Shareholders Meeting when it involves an exception to the prohibition against obtaining a favourable position or payment from third parties, or involves a transaction whose value exceeds 10% of Company ~~shares~~-assets.

In all other cases, the authority may also be given by the Board of Directors so long as the independence of the members giving it to the benefiting Director is maintained, assuring as well that the authorized transaction will have no ill effects on the assets of the Company and, if applicable, the transaction is performed transparently and under market conditions.

6. In the cases specified in paragraph 2 above, the Board, following a report from the Nomination, Compensation and Corporate Governance Committee, may require the adoption of any measures it considers necessary to preserve the interests of the Company.
7. The Company must at all time make public any conflicts of interest in which Directors may be involved under applicable law.

Article 32. Non-Compete Clause

1. Directors may not engage in activities for their own account or for third parties in any company in actual or potential competition with the Company or which in any way would put them in a position of continuous conflict with Company interests.

The provisions of the above paragraph also apply in the case where the profits from said activity flow to a party related to the Director.

2. The obligation not to compete with the Company may only be suspended in the event that no harm is expected to be caused to the Company or when the Company's expected harm may be counterbalanced by the

benefit obtained from the exemption. Said exception must be made by a separate express resolution at an Annual Shareholders Meeting.

3. In any event, upon motion by any Shareholder, it may be resolved at the Annual Shareholders Meeting that a Director involved in competitive activity resign when harm to the Company becomes relevant.

Article 33. Dedication.

1. Directors must dedicate the necessary time and effort to carry out their functions correctly. To this end, they must inform the Board of any other activities that may significantly affect their dedication as a Director of the Company.
2. Regarding the number of Boards on which a Director may participate, the general rule is that the Director should not participate in such a number that may impair his ability to properly carry out his functions as a Director. To this end, Directors must comply with the following general guidelines:
 - a) Executive Directors may only hold posts in up to two other listed boards of directors
 - b) Non-Executive Directors may only hold posts in up to four other listed boards of directors.

Notwithstanding these limits, the Board will make an assessment of the personal and professional situation of each Director, particularly in the case of Proprietary Directors.

3. Noncompliance with the above will trigger application of the provisions contained in 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 in the event they are not Directors, to the extent considered reasonable in light of their duties.

Section XI. Transactions with Directors and Shareholders

Article 35. Related transactions.

1. The Board, after a report from the Nomination, Compensation and Corporate Governance Committee and prior to its execution, must be aware of and give authorisation for any transaction carried out by the Company, either directly or indirectly, with anyone considered a related party under applicable law.

Such transactions will be evaluated as to whether the parties are treated fairly and in accordance with market conditions.

2. Notwithstanding the provisions of the paragraph immediately above, authorization must be given at the Annual Shareholders Meeting when it involves a transaction whose value exceeds 10% of Company shares.
3. For recurrent transactions carried out with clients during the Company's ordinary course of business under normal market conditions that are not significant, meaning that information regarding them is unnecessary in order to provide a faithful representation of the financial condition or the income of the Company, it will be sufficient if the Board give prior authorisation for the general terms of the transaction.
4. The authorisation described in the previous paragraphs will not be necessary, however, when the related party transaction meets all of the three following conditions:
 - a) it is performed under standard contractual conditions applicable to a large number of clients;
 - b) it is carried out at generally established prices or charges for anyone providing the service involved;
 - c) the amount of the transaction does not exceed 1% of the Company's annual income and, for transactions with Directors, it does not exceed twenty thousand euros.
5. In exceptional cases, when exigent circumstances so dictate, related party transactions may be authorised by the Chairman of the Board, when subsequently ratified by the Board at its next meeting.
6. In order for the Company to identify any related transactions in advance, Directors must 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 relationships with the Company.
7. Directors affected by related transactions or who represent or are related to Shareholders so affected, in addition to refraining from exercising or delegating their vote, must not attend any meeting while the Board or the Committee involved discuss and vote on matters related thereto.

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

Article 36. Public information.

The Board must issue public reports on related party transactions carried out by the Company, complying at all times with the provisions of applicable law. To this end, the Board will have available a report from the Nomination, Compensation and Corporate Governance Committee.

Section XII. Board relations

Article 37. Relations with Shareholders.

1. The Board will encourage and enable a policy of regular contact and communication between the Company and its Shareholders, institutional investors, financial analysts, voting advisors and the market in general, and will scrupulously respect rules regarding market abuse and the principle of equal treatment of Shareholders occupying similar positions. It will also manage suitable channels so that said persons may be aware of any proposals the Board may draw up regarding Company management, guaranteeing the free flow and integrity of said communications.
2. In no case may relations with institutional investors result in the delivery to them of any inside information or information which may place them in an advantageous position relative to any other investors or Shareholders.
3. Any public proxy requests made by the Board or any of its members will be governed by applicable law and the Rules of Procedure for Shareholders Meeting.
4. The Board will encourage the informed participation of Shareholders at Shareholders Meetings and will adopt all the necessary measures so that the Shareholders Meeting may effectively perform its functions in accordance with the law, the Bylaws and the Rules of Procedure for Shareholders Meetings.

Article 38. Relations with the Markets.

1. The Board is responsible for keeping the Company's website updated at all times, as established by applicable law, as well as updating such other information that the Board considers relevant for stock and financial markets.
2. As regards relevant information, the Board must ensure timely compliance with applicable law, consistent with the provisions of the Internal Code of Conduct in Matters Relating to the Stock Exchanges where the Company is listed.
3. The Board must approve and make public any information on its rules and practices relating to Corporate Governance, complying at all times with applicable rules, and conscious of recommendations and best practices regarding Corporate Governance.

Article 39. Relations with Auditors.

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

Nonetheless, auditors must attend a Board meeting at least once a year, in which they must present an audit report for the corresponding financial statements, in order that all Directors have direct access to them at the moment the content and conclusions of said report are presented.

The Chairman of the Board may also request the participation of the external auditors at Board meetings when considered appropriate or when requested by a Vice Chairman, the Coordinating Director, or one third of the Directors.

2. The Board must make every effort to submit to the Shareholders Meeting the financial statements of the Company with no qualifications or reservations whatsoever in the auditor's report. In circumstances to the contrary; the Board will request that any external auditors employed clearly communicate the details to the Annual Shareholders Meeting.
3. The Board will not engage firms for the external audit under circumstances which might compromise their independence in accordance with criteria that may be established at any moment by applicable law.
4. The Board must publish the total fees paid to the external audit firm for auditing services as well as any other services, with the frequency and detail required by applicable law, breaking out the fees paid to the external audit firm and those fees paid to any other company in its group.
5. The audit firm and/or the auditor responsible for the work and the members of the external audit team must be rotated on a regular basis in accordance with frequency applicable under law and in accordance with those criteria that may be established by the Board at the request of the Audit and Compliance Committee.