

**Report prepared by the Board of Directors of Fluidra, S.A. on the  
amendment of the Company's by laws**

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InSabadell, on March 26, 2015

## 1. Introduction

The Board of Directors of Fluidra, S.A. (the “**Company**”) resolved, at the meeting it held on March 26, 2015, to call the annual shareholders’ meeting to be held on May 5, 2015, on first and single call, and to submit to said shareholders’ meeting, under item 9 on the agenda, the approval of the amendment of the following articles of the bylaws: article 24 (Classes of Shareholders’ Meetings); article 25 (Call for Shareholders’ Meetings); article 30 (Right to Information); article 33 (Deliberation and adoption of resolutions); article 36 (Composition of the Board of Directors); article 37 (Term in office. Board Statute); article 38 (Appointment of offices on the Board of Directors); article 41 (Board meetings); article 44 (Remuneration of directors); article 45 (Delegate bodies of the Board); and article 46 (Audit Committee. Composition, competence and procedure).

In accordance with the provisions of article 286 of the revised Capital Companies Law, approved by Legislative Royal Decree 1/2010, of July 2, 2010 (“**LSC**”) and related provisions of the Commercial Registry Regulations, approved by Royal Decree 1784/1996, of July 19, 1996 (“**RRM**”), the proposed resolution to be submitted to the shareholders’ meeting requires an supporting report (the “**Report**”) to be prepared by the managing body as well as the full wording of the proposed bylaw amendment.

In this connection and in order to facilitate the comparison between the proposed new wording of the articles to be amended and their current wording, a literal transcription of both texts, in dual column format, with the current text in the left-hand column and the proposed changes highlighted in the right-hand column, is included for information purposes as **Exhibit 1** to this report.

## 2. Justification for the proposal

### 2.1 Significance and general scope of the proposed bylaw amendment

The proposed amendment to the Company bylaws addressed in this Report is justified by the adaptation of the contents of the bylaws of the Company to the new legislative provisions introduced by Law 31/2014, of December 3, amending the Corporate Enterprises Law to improve corporate governance (“**Law 31/2014**”) and to make certain technical improvements.

This amendment of the bylaws is supplemented by the amendment of the Shareholders’ Meeting Regulation of the Company that it is proposed to submit to said Annual Shareholders’ Meeting of the Company under item 10 on the agenda, for which purpose, the Board of Directors has prepared the relevant report.

## 2.2 Outline of the proposed bylaw amendment

An explanation of the outline of each of the proposed amendments to the bylaws is set out below:

- (i) To amend **article 24** (Classes of Shareholders' Meetings) to reduce from five per cent (5%) to three per cent (3%) the share in capital that entitles the shareholders to request the Board of Directors to call the shareholders' meeting, pursuant to article 495.2 of the LSC.
- (ii) To amend **article 25** (Call for Shareholders' Meetings) for the following purposes:
  - (a) to reduce the mention of five per cent (5%) of the share capital to three per cent (3%) of the share capital entitling the shareholders to request the Board of Directors to publish a supplement to the notice of call in the annual shareholders' meeting and to submit founded proposals for resolutions on items already included or to be included on the agenda of the called shareholders' meeting, pursuant to articles 519.1 and 519.3 of the LSC;
  - (b) to reduce from five per cent (5%) to three per cent (3%) the share in capital that entitles the shareholders to request the Board of Directors to call the Shareholders' Meeting, pursuant to article 495.2 of the LSC; and
  - (c) to amend the consequence of the failure to publish the supplement to the notice of call for the shareholders' meeting within the term established by law which shall provide grounds to contest the shareholders' meeting, pursuant to article 519.2 of the LSC.
- (iii) To amend **article 30** (Right to Information) for the following purposes:
  - (a) To amend the term for request by the shareholders of information before the shareholders' meeting, from the seventh to the fifth day before the shareholders' meeting is held, pursuant to the actual wording of article 520.1 of the LSC.
  - (b) To include the obligation to include on the website of the Company the answers to questions validly made by the shareholders to the Board of Directors, pursuant to article 520.2 of the LSC.
  - (c) To amend section (i) of article 30 of the bylaws for their adaptation to the current wording of article 197.3 of the LSC. According to said provision, the directors may refuse to provide the information requested by the shareholders if such information is unnecessary for

protection of the shareholders' rights, if objective reasons exist to consider that it could be used for non-corporate purposes or if its dissemination could damage the Company or related companies.

- (d) To amend section (v) of article 30 of the bylaws to adapt it to the current wording of article 520.3 of the LSC. Pursuant to said provision, before a specific question is made, if the requested information is clearly, expressly and directly available to all the shareholders on the website of the Company in question-answer format, the directors may limit their answer to referring to the information provided using such format.
- (iv) To amend **article 33** (Deliberation and adoption of resolutions) to adapt the system of majorities for the adoption of resolutions by the Shareholders' Meeting to the current wording of article 201 of the LSC.
- (v) To amend **article 36** (Composition of the Board of Directors) to specify that the definitions of the various classes of directors will be those established by the LSC, to the extent that such definitions were included in the LSC under Law 31/2014.
- (vi) To amend **article 37** (Duration of office. Board Statute) for the following purposes:
  - (a) to adapt the prohibition from competing of the directors to the system of conflict of interest on the terms of article 229 of the LSC after its amendment by Law 31/2014; and
  - (b) to include in the legal references contained in article 37 the mention to article 230 of the LSC (as restated by Law 31/2014) relating to the system of compulsory duty of loyalty of directors and liability for its breach and release from the prohibitions contemplated in article 229 of the LSC.
- (vii) To amend **article 38** (Appointment to offices on the Board of Directors) to include the need for a prior report of the Appointments and Remuneration Committee in the appointment of offices on the Board of Directors, pursuant to new articles 529 *sexies* and 529 *octies* of the LSC included by Law 31/2014.
- (viii) To amend **article 41** (Board meetings) for the following purposes:
  - (a) to establish the obligation of the Board of Directors to assemble, at least, once every quarter, in compliance with article 245.3 of the LSC as restated by Law 31/2014; and

- (b) to adapt the wording of the article to the provisions of new article 529 *quinquies* of the LSC included by Law 31/2014, which establishes that directors must have sufficiently in advance the information necessary for the deliberation and adoption of resolutions on the matters to be discussed unless the board of directors assembled or was exceptionally called for reasons of urgency.
- (ix) To amend **article 44** (Remuneration of directors) to adapt it to the new provisions included by Law 31/2014, relating to the remuneration of directors, in articles 217, 219.2 and 529 *septdecies* of the LSC.
- (x) To amend **article 45** (Delegate bodies of the Board) for the following purposes:
  - (a) to establish the compulsory nature of the Appointments and Remuneration Committee, pursuant to new article 529.2 *terdecies* of the LSC;
  - (b) to change the name of the delegate body of the board from “Comité de Auditoría” to “Comisión de Auditoría” (Audit Committee), for its adaptation to the provisions of the LSC as restated by Law 31/2014, and, particularly, new articles 529.2 *terdecies* and 529 *quaterdecies* of the LSC. In this respect, the board of directors of the Company adopted the resolution to amend said name at the meeting it held on March 26, 2015; and
  - (c) to include an express reference to the Board Regulations of the Company as regards the regulation of the composition and procedure of the Audit Committee and of the Appointments and Remuneration Committee pursuant to new article 529.3 *quaterdecies* of the LSC.
- (xi) To amend **article 46** (Audit Committee. Composition, competence and procedure) to omit it, for the regulation of the Audit Committee to be contemplated only in the Board Regulation of the Company. Accordingly, article 46 would be rendered null and void.

### 3. Full wording of the proposed bylaw amendment

The proposed bylaw amendment, if approved by the shareholders’ meeting, will entail the amendment of the following articles of the bylaws, which will hereafter be worded as follows:

**“Article 24.- Classes of General Meetings**

*General Meetings of shareholders may be ordinary or extraordinary.*

*The ordinary General Meeting must be held within the first six (6) months of each year, to approve, if fitting, the company's management, to approve when appropriate the accounts from the preceding year, and to decide on application of the results, without prejudice to its authority to deal with and decide upon any other matter appearing on the agenda. The ordinary General Meeting will be valid even if it has been called or is held at other times.*

*Any General Meeting not envisioned in the preceding paragraph shall be considered an extraordinary General Meeting and shall meet if called by the Company's Board of Directors at its own initiative or at the request of shareholders holding at least three percent of the share capital, stating in their request the matters to be dealt with in the Meeting."*

**"Article 25.- Calls to General Meetings**

*General Meetings shall be called by the Board of Directors as provided for by legislation in force, at least one month in advance of the date set for the meeting, other than in those events in which the law establishes a different term.*

*The call announcement shall state the name of the company, whether the meeting is ordinary or extraordinary, the date and time and place of the meeting, and all matters to be dealt with and other issues which, if any, are to be included in the meeting, according to the provisions of legislation in force and the General Meeting's Rules and Regulations.*

*It may also note the date on which the Meeting will meet at second call, if necessary. A period of at least twenty-four hours must elapse between the first and the second call*

*Shareholders representing at least three percent of the share capital may ask that a supplement to the call of an Annual General meeting of shareholders be published that includes one or more items on the agenda, provided that the new items are accompanied by supporting grounds or, as the case may be, by a founded proposal for a resolution. In no event may such right be exercise in respect of the call for special shareholders' meetings. This right must be exercised by reliable notification that must be received at the Company's domicile within five days following publication of the call.*

*The call supplement must be published at least fifteen days in advance of the date set for the General Meeting.*

*Failure to publish the call supplement by the legally set deadline shall be a ground for challenging the Meeting.*

*Shareholders representing at least three per cent of the share capital may, within the same term established above to request the call supplement submit founded proposals for a resolution on matters already included or that should be included in the agenda for the called meeting. The Company shall ensure the dissemination of such proposals for a resolution and of the documentation that may be attached, among the rest of the shareholders, as provided for by the Law.*

*If the duly called General Meeting is not held at first call, and the announcement did not stipulate the date for the second call, the latter must be announced with the same notification requirements as for the first, within fifteen days following the date of the Meeting not held, and at least ten days prior to the date of the meeting.*

*The administrative body must also call the Meeting:*

- (i) whenever it considers this necessary or advisable in the interests of the company;*
- (ii) when so requested by shareholders holding at least three percent of the share capital, stating in the request the matters to be dealt with at the Meeting. In this case, the Meeting must be called within two months following the date on which the administrative body would have been required by notary to call it. The administrative body must also include in the agenda the matter or matters referred to in the request; or*
- (iii) when an offer to purchase is made on securities issued by the Company, in order to inform the General Meeting about the offer to purchase and to deliberate and decide on matters submitted for its consideration*

*With regard to a court-ordered call of the General Meeting, the provisions of law are.”*

#### **“Article 30.- Right to Information**

*From the date of publication of the call of the General Meeting and until the fifth day prior to the date of the Meeting, inclusive, shareholders may ask the Board of Directors for information or clarifications they consider necessary regarding matters included on the agenda, or may present in writing the questions they deem relevant.*

*Furthermore, in the same manner and time, shareholders may ask for information or clarifications or formulate questions in writing regarding information accessible to the public that may have been provided by the Company to the National Securities Market Commission since the last General Meeting was held, and regarding the auditor’s report.*

*The Board of Directors shall be obligated to provide the requested information in writing up until the date on which the General Meeting is held.*

*During the Meeting, shareholders may ask orally for information or clarifications they deem appropriate regarding the matters included on the agenda, on the information accessible to the public that was made available to the Spanish National Securities Market Commission after the last Shareholders' Meeting was held and on the auditor's report. The Board of Directors shall be obligated to provide that information at the time or, if this is not possible, must provide it in writing within seven days following the conclusion of the General Meeting.*

*Valid requests for information, clarifications or questions posed in writing and the answers given in writing by the Board of Directors shall be posted on the Company's website.*

*The Directors are obligated to provide the information contemplated in this article, except in those cases in which:*

- (i) the information requested is unnecessary to protect the shareholder's rights, or there are objective reasons to believe that it may be used for non-corporate purposes or its disclosure may be detrimental to the Company or its related companies;*
- (ii) the request for information or clarification does not refer to matters included on the agenda nor to information available to the public that may have been provided by the Company to the National Securities Market Commission since the date of the last General Meeting or to the auditor's report;*
- (iii) the request for information or clarification should be considered unauthorized, meaning that it is related to information which (i) has been or is subject to any judicial or administrative sanction proceeding, (ii) is protected by commercial, industrial, industrial- or intellectual-property secrecy, (iii) affects the confidentiality of information and files of a personal nature, (iv) involves information whose release is prohibited by a confidentiality agreement made by the Company, or (v) refers to any other matter which in the justified judgment of the President should not be released, without prejudice to that set forth in article 197 of the Spanish Corporations Law;*
- (iv) legal or regulatory provisions or court decisions so state; or*
- (v) where, before the respective question is raised, the requested information is clear, express and directly available to all the shareholders in the web*



*page of the Company in question-answer format, in which case the directors may restrict their answer to referring to the information furnished in that format.*

*However, the exception indicated in subparagraph (i) above shall not be admissible when the request is supported by shareholders representing at least one-fourth of the capital.”*

**“Article 33.- Deliberation and adoption of resolutions**

*The President shall submit for deliberation the matters included on the agenda and shall lead discussions so that the meeting proceeds smoothly. For this purpose he shall enjoy appropriate authority to establish order and discipline and may order the ejection of anyone disturbing the Meeting’s normal progress and decide to temporarily suspend the session. The President, even when present at the session, may entrust guidance of the discussions to the Secretary or to the member of the Board of Directors that he deems appropriate.*

*Shareholders may request information under the conditions established at article 30 above.*

*Any shareholder may also participate at least once in the discussion of the items on the agenda, although the President, using his powers, is authorised to adopt measures for order such as limiting the time allotted to each speaker, setting turns, or closing off the list of speakers.*

*Once the matter has been sufficiently discussed, the President puts it to the vote. The President is responsible for setting the voting system he deems most appropriate and for directing the corresponding process, adapting if appropriate to the expanded rules set forth in the General Meeting’s Rules and Regulations.*

*Each voting share present or represented at the General Meeting shall be entitled to one vote. The shareholder entitled to vote may exercise his right by post in compliance with the provisions of the General Meeting’s Rules and Regulations.*

*The Meeting’s decisions shall be taken by the favourable vote of a simple majority of the votes of the shareholders present or represented at the Meeting, and a resolution shall be deemed adopted where it obtains more votes for than against of the capital present or represented. This is without prejudice to those cases in which the law or the present articles of association stipulate a greater majority. In particular, for the adoption of the resolutions referred to in article 194 of the Corporate Enterprises Law, if the capital present or represented exceeds fifty percent, it shall suffice for the resolution to be adopted by an absolute majority, except when, on second call, shareholders are present who*

*represent twenty-five percent or more of the subscribed voting capital without reaching fifty percent, in which case the favourable vote of two-thirds of the share capital present or represented at the Meeting shall be necessary.”*

**“Article 36.- Composition of the Board of Directors**

*The Board of Directors shall be composed of a number of members not less than five (5) nor greater than fifteen (15), to be determined by the General Meeting.*

*The General Meeting of shareholders is responsible for setting the number of directors. For this purpose, it shall proceed directly to set said number by means of an express decision or indirectly by the filling of vacancies or the naming of new directors, within the maximum limit set in the preceding paragraph.*

*The General Meeting must ensure that, to the extent possible, the number of outside or non-executive members on the Board is a substantial majority with respect to the number of executive members. The number of executive members must likewise be the minimum necessary, taking into account the complexity of the group and the percentage of the executive members' participation in the Company's capital. Finally, the Meeting must ensure that the number of independent members represents at least one-third (1/3) of the total number of members.*

*The definitions of the various categories of members shall be those set forth in the Corporate Enterprises Law.*

*In the event that there is some outside member who cannot be considered to represent substantial shareholders or to be independent, the Company shall explain this circumstance and its connections with the Company or its executives and with its shareholders.*

*The nature of each member must be explained by the Board before the General Meeting of shareholders that is to appoint them or ratify their appointment.”*

**“Article 37.- Duration of office. Board Statute.**

*Board members shall hold their office for the period of time established by the General Meeting, which must be the same for all and may not exceed four years, at the end of which they may be re-elected one or more times for periods of the same maximum duration.*

*Appointments of directors shall expire when, upon completion of the term, the next General meeting is held or the legal term has past for holding the Meeting that is to approve the accounts for the preceding year.*

*Members appointed by co-option (who shall be designated so long as the vacancy occurs during the term for which the director was appointed) must have the appointment ratified at the first General Meeting held after the date of appointment.*

*Board members may not engage, for their own account or for the account of a third party in any activity that involves effective competition, whether actual or potential, with the Company or that in any other way place it in permanent conflict with the interests of the Company or hold the office of director or executive in companies that are competitors of the Company, with the exception of offices they may hold, as the case may be, in companies of the Group, unless expressly authorised by the General Meeting, and without prejudice to the provisions of articles 227 to 230 of the Companies Law.*

*Board members shall receive the compensation determined by the General meeting for holding said office, in accordance with the provisions of the Board of Directors' Rules and Regulations.*

*The Board member who completes his term or for any other reason ceases to hold his office may not be a director or hold executive positions in another entity having a corporate purpose similar to that of the Company for a period of two years. If it deems it appropriate, the Board of Directors may relieve the outgoing member of this obligation, or shorten its duration.”*

**“Article 38.- Appointment to positions on the Board of Directors**

*The Board of Directors shall, following a report from the Appointments and Remuneration Committee, appoint its Chairman and, as the case may be, one or more Deputy Chairmen, who shall stand in for the Chairman in the event of vacancy, absence or illness. It shall also appoint someone to the office of Secretary, following a report from the Appointments and Remuneration Committee. In order to be appointed Chairman or Deputy Chairman, the person appointed must be a member of the Board of Directors; this shall not be necessary for the person appointed to serve as Secretary, in which case he shall have a voice but no vote.*

*The Board of Directors may also optionally appoint, following a report from the Appointments and Remuneration Committee, a Deputy Secretary who need not be a Board member.”*

***“Article 41.- Meetings of the Board of Directors***

*The Board of Directors shall hold an ordinary meeting at least six times per year, meeting at least once per quarter, and, in any case, it shall assemble with the frequency necessary for it to discharge its duties, following the schedule of dates and matters to be established at the beginning of the year, each director to be entitled to propose other items on the agenda not initially contemplated where such request is made at least five days in advance of the date set for the meeting.*

*In addition, the Board shall assemble at the initiative of the Chairman, as often as he deems this advisable for the proper operation of the Company and also at the request of, at least, two of its members in which case it shall be called by the Chairman to assemble within fifteen days after the request. The Directors making up at least one third of the members of the Board of Directors may call it, stating the agenda, for it to be held in the town of the registered office, if, after it has been requested by the Chairman, the Chairman, without justified cause, did not call it within the term of one month.*

*Ordinary meetings shall be called through a letter sent by registered mail, fax, telegram or e-mail, authorized with the signature of the Chairman or that of the Secretary or Deputy Secretary on the instructions of the Chairman. The notice of call shall be made at least five days in advance.*

*The notice of call shall always include the agenda of the meeting and shall have attached the relevant information necessary to deliberate and adopt resolutions regarding the matters to be dealt, unless the board of directors meets or has been exceptionally called for reasons of urgency.*

*Notwithstanding the above, the Board of Directors shall be deemed validly assembled without need for prior call where all its members present in person or by proxy unanimously accept that the meeting be held and its agenda.*

*Resolutions of the Board of Directors held by video-conference, by multiple telephone conference or other remote communication procedures shall be valid, provided that none of the Directors object to such procedure, having the means necessary for the purpose, and mutually recognize each other, which shall be placed on record in the minutes of the board meeting and in the certificate of such resolutions. In such event, the meeting of the Board shall be deemed to be a single meeting held at the registered office. The adoption of resolutions by the Board of Directors through the written procedure and without assembly shall be valid provided that none of the directors objects to such procedure.”*

**“Article 44.- Remuneration of directors**

1. *The Directors’ remuneration shall consist of a fixed, specific annual emolument and of a fee for attending the meetings of the Board of Directors and of its delegation and consulting committees. The maximum amount of the annual remuneration which the Company may pay to the Directors as a whole in their capacity as such for both items shall be determined for such purpose by the Shareholders’ Meeting and shall remain in force until such time as the Shareholders’ Meeting decides to modify it. Unless the Shareholders’ Meeting determines otherwise, the exact amount to be paid within that limit, the distribution thereof amongst the different Directors and the payment schedule shall be determined by the Board of Directors in the proportion which it freely determines. When determining the amount of remuneration to be received by each Director, the principle shall be applied whereby the amount is to reflect the actual professional performance of each of them and account shall be taken of the functions and responsibilities entrusted to each director and the committees of the Board of Directors to which they belong.*
2. *Additionally, apart from the remuneration provided for in the preceding paragraph, the Company could plan to establish remuneration systems which are indexed to the market value of the shares or which entail the delivery of shares or of stock option to the Directors. The application of such remuneration systems shall be decided on by the Shareholders’ Meeting. The resolution of the Shareholders’ Meeting must include the maximum number of shares that may be allocated each year to this remuneration system, the value of the shares to be taken as a reference, the number of shares to be delivered to each Director, the exercise price or the system for calculating the exercise price of the stock options, the duration of this remuneration system and any other conditions it deems appropriate.*
3. *The remuneration established in the preceding paragraphs derived from the Directors’ membership on the Board of Director shall be compatible with the other professional or employment items received by the Directors for any executive or advisory functions they may perform for the Company other than those relating to supervision and collective decision-making specific to their office as Directors, and which shall be subject to the legal regime applicable to them.”*

**“Article 45.- Board executive bodies**

*The Board of Directors may designate within it an Executive Committee and one or more Executive Directors, without prejudice to any delegations of authority it*

*may confer on any person; it may delegate to them, in whole or in part, temporarily or permanently, all powers that may be delegated according to law. In order to be valid, the delegation and designation of the members of the Board who are to occupy such posts shall require the favourable vote of two-thirds (2/3) of the members of the Board and shall not produce effect until they have been recorded in the Companies Register.*

*The Board may also establish other committees with consultative or advisory functions, and, on an exceptional basis, may attribute certain decision-making authorities to them.*

*In any case, the Board must establish an Audit Committee and an Appointments and Remuneration Committee, with powers to inform, oversee, advise and propose in matters for which it is responsible, which are explained in the Board of Directors' Rules and Regulations. In addition, the Board of Directors' Regulations shall establish the composition and functioning of both delegated bodies."*

**"Article 46.- Intentionally left blank"**

And for the appropriate legal purposes, the Board of Directors of the Company has prepared this Report in Sabadell, on March 26, 2015.

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Juan Planes Vila, duly represented by Mr. Eloy Planes Corts  
Juan Ignacio Acha-Orbea Echevarría

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Gabriel López Escobar Óscar Serra Duffo

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Richard Cathcart, duly represented by Mr. Bernardo Corbera Serra  
Óscar Serra Duffo

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Juan Ignacio Acha-Orbea Echevarría

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Bansabadell Inversió Desenvolupament,  
S.A., represented by Mr. Carlos Ventura  
Santamans

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Aniol, S.L., duly represented by Mr.  
Óscar Serra Duffo

**Exhibit 1**  
**Scope of the bylaw amendment**

TEXT OF THE BYLAWS CURRENTLY IN FORCE	PROPOSED AMENDMENT
<p><b>“Article 24.- Categories of General Meetings</b></p> <p>General Meetings of shareholders may be ordinary or extraordinary.</p> <p>The ordinary General Meeting must be held within the first six (6) months of each year, to approve, if fitting, the company’s management, to approve when appropriate the accounts from the preceding year, and to decide on application of the results, without prejudice to its authority to deal with and decide upon any other matter appearing on the agenda. The ordinary General Meeting will be valid even if it has been called or is held at other times.</p> <p>Any General Meeting not envisioned in the preceding paragraph shall be considered an extraordinary General Meeting and shall meet if called by the Company’s Board of Directors at its own initiative or at the request of shareholders holding at least five percent of the share capital, stating in their request the matters to be dealt with in the Meeting.”</p>	<p><b>“Article 24.- Categories of General Meetings</b></p> <p>General Meetings of shareholders may be ordinary or extraordinary.</p> <p>The ordinary General Meeting must be held within the first six (6) months of each year, to approve, if fitting, the company’s management, to approve when appropriate the accounts from the preceding year, and to decide on application of the results, without prejudice to its authority to deal with and decide upon any other matter appearing on the agenda. The ordinary General Meeting will be valid even if it has been called or is held at other times.</p> <p>Any General Meeting not envisioned in the preceding paragraph shall be considered an extraordinary General Meeting and shall meet if called by the Company’s Board of Directors at its own initiative or at the request of shareholders holding at least <del>five</del><u>three</u> percent of the share capital, stating in their request the matters to be dealt with in the Meeting.”</p>



"Article 25.- Calls to General Meetings	"Article 25.- Calls to General Meetings
<p>General Meetings shall be called by the Board of Directors as provided for by legislation in force, at least one month in advance of the date set for the meeting, other than in those events in which the law establishes a different term.</p>	<p>General Meetings shall be called by the Board of Directors as provided for by legislation in force, at least one month in advance of the date set for the meeting, other than in those events in which the law establishes a different term.</p>
<p>The call announcement shall state the name of the company, whether the meeting is ordinary or extraordinary, the date and time and place of the meeting, and all matters to be dealt with and other issues which, if any, are to be included in the meeting, according to the provisions of legislation in force and the General Meeting's Rules and Regulations.</p>	<p>The call announcement shall state the name of the company, whether the meeting is ordinary or extraordinary, the date and time and place of the meeting, and all matters to be dealt with and other issues which, if any, are to be included in the meeting, according to the provisions of legislation in force and the General Meeting's Rules and Regulations.</p>
<p>It may also note the date on which the Meeting will meet at second call, if necessary. A period of at least twenty-four hours must elapse between the first and the second call</p>	<p>It may also note the date on which the Meeting will meet at second call, if necessary. A period of at least twenty-four hours must elapse between the first and the second call</p>
<p>Shareholders representing at least five percent of the share capital may ask that a supplement to the call of an Annual General meeting of shareholders be published that includes one or more items on the agenda, provided that the new items are accompanied by supporting grounds or, as the case may be, by a founded proposal for a resolution. In no event may such right be exercise in respect of the call for special shareholders' meetings. This right must be exercised by reliable notification that must be received at the Company's domicile within five days following publication of the call.</p>	<p>Shareholders representing at least <del>five</del> <u>three</u> percent of the share capital may ask that a supplement to the call of an Annual General meeting of shareholders be published that includes one or more items on the agenda, provided that the new items are accompanied by supporting grounds or, as the case may be, by a founded proposal for a resolution. In no event may such right be exercise in respect of the call for special shareholders' meetings. This right must be exercised by reliable notification that must be received at the Company's domicile within five days following publication of the call.</p>
<p>The call supplement must be published at least fifteen days in advance of the date set for the General Meeting.</p>	<p>The call supplement must be published at least fifteen days in advance of the date set for the General Meeting.</p>
<p>Failure to publish the call supplement by</p>	<p>the legally set deadline shall <del>render-be a</del></p>

Con formato: Fuente: 12 pto

<p>the legally set deadline shall render the Meeting invalid.</p> <p>Shareholders representing at least five per cent of the share capital may, within the same term established above to request the call supplement submit founded proposals for an agreement on matters already included or that should be included in the agenda for the called meeting. The Company shall ensure the dissemination of such proposals for a resolution and of the documentation that may be attached, among the rest of the shareholders, as provided for by the Law.</p> <p>If the duly called General Meeting is not held at first call, and the announcement did not stipulate the date for the second call, the latter must be announced with the same notification requirements as for the first, within fifteen days following the date of the Meeting not held, and at least ten days prior to the date of the meeting.</p> <p>The administrative body must also call the Meeting:</p> <ul style="list-style-type: none"> <li>(i) whenever it considers this necessary or advisable in the interests of the company;</li> <li>(ii) when so requested by shareholders holding at least five percent of the share capital, stating in the request the matters to be dealt with at the Meeting. In this case, the Meeting must be called within two months following the date on which the administrative body would have been required by notary to call it. The administrative body must also include in the agenda the matter or matters referred to in the request; or</li> </ul>	<p><u>ground for challenging</u>the Meeting <del>invalid</del>.</p> <p>Shareholders representing at least <del>five</del> <u>three</u> per cent of the share capital may, within the same term established above to request the call supplement submit founded proposals for a resolution on matters already included or that should be included in the agenda for the called meeting. The Company shall ensure the dissemination of such proposals for a resolution and of the documentation that may be attached, among the rest of the shareholders, as provided for by the Law.</p> <p>If the duly called General Meeting is not held at first call, and the announcement did not stipulate the date for the second call, the latter must be announced with the same notification requirements as for the first, within fifteen days following the date of the Meeting not held, and at least ten days prior to the date of the meeting.</p> <p>The administrative body must also call the Meeting:</p> <ul style="list-style-type: none"> <li>(i) whenever it considers this necessary or advisable in the interests of the company;</li> <li>(ii) when so requested by shareholders holding at least <del>five</del> <u>three</u> percent of the share capital, stating in the request the matters to be dealt with at the Meeting. In this case, the Meeting must be called within two months following the date on which the administrative body would have been required by notary to call it. The administrative body must also include in the agenda the matter or matters referred to in the request; or</li> </ul>
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Con formato: Sangría: Izquierda: 0,63 cm, Sangría francesa: 0,93 cm

Con formato: Normal, Sangría: Izquierda: 0,75 cm, Sangría francesa: 1 cm, Espacio Después: 6 pto

<p>(iii) when an offer to purchase is made on securities issued by the Company, in order to inform the General Meeting about the offer to purchase and to deliberate and decide on matters submitted for its consideration.</p> <p>With regard to a court-ordered call of the General Meeting, the provisions of law are valid.”</p>	<p>(iii) when an offer to purchase is made on securities issued by the Company, in order to inform the General Meeting about the offer to purchase and to deliberate and decide on matters submitted for its consideration</p> <p>With regard to a court-ordered call of the General Meeting, the provisions of law are valid.”</p>
<p><b>“Article 30.- Right to information</b></p> <p>From the date of publication of the call of the General Meeting and until the seventh day prior to the date of the Meeting, inclusive, shareholders may ask the Board of Directors for information or clarifications they consider necessary regarding matters included on the agenda, or may present in writing the questions they deem relevant.</p> <p>Furthermore, in the same manner and time, shareholders may ask for information or clarifications or formulate questions in writing regarding information accessible to the public that may have been provided by the Company to the National Securities Market Commission since the last General Meeting was held.</p> <p>The Board of Directors shall be obligated to provide the requested information in writing up until the date on which the General Meeting is held and on the auditor’s report.</p> <p>During the Meeting, shareholders may ask orally for information or clarifications they</p>	<p><b>“Article 30.- Right to information</b></p> <p>From the date of publication of the call of the General Meeting and until the <del>seventh</del> <u>fifth</u> day prior to the date of the Meeting, inclusive, shareholders may ask the Board of Directors for information or clarifications they consider necessary regarding matters included on the agenda, or may present in writing the questions they deem relevant.</p> <p>Furthermore, in the same manner and time, shareholders may ask for information or clarifications or formulate questions in writing regarding information accessible to the public that may have been provided by the Company to the National Securities Market Commission since the last General Meeting was held, and regarding the auditor’s report.</p> <p>The Board of Directors shall be obligated to provide the requested information in writing up until the date on which the General Meeting is held.</p> <p>During the Meeting, shareholders may ask orally for information or clarifications they deem appropriate regarding the matters included on the agenda, on the information</p>

Con formato: Justificado, Sangría: Izquierda: 0,75 cm, Sangría francesa: 1 cm, Espacio Después: 12 pto

Con formato: Sangría: Izquierda: 0,29 cm

<p>deem appropriate regarding the matters included on the agenda, on the information accessible to the public that was made available to the Spanish National Securities Market Commission after the last Shareholders' Meeting was held and on the auditor's report. The Board of Directors shall be obligated to provide that information at the time or, if this is not possible, must provide it in writing within seven days following the conclusion of the General Meeting.</p> <p>The Directors are obligated to provide the information contemplated in this article, except in those cases in which:</p> <ul style="list-style-type: none"> <li>(i) public release of the requested information may, in the President's judgment, prejudice the Company's interests;</li> <li>(ii) the request for information or clarification does not refer to matters included on the agenda nor to information available to the public that may have been provided by the Company to the National Securities Market Commission since the date of the last General Meeting or to the auditor's report;</li> <li>(iii) the request for information or clarification should be considered unauthorised, meaning that it is related to information which (i) has been or is subject to any judicial or administrative sanction proceeding, (ii) is protected by commercial, industrial, industrial- or intellectual-property secrecy, (iii) affects the confidentiality of information and files of a personal nature, (iv) involves information</li> </ul>	<p>accessible to the public that was made available to the Spanish National Securities Market Commission after the last Shareholders' Meeting was held and on the auditor's report. The Board of Directors shall be obligated to provide that information at the time or, if this is not possible, must provide it in writing within seven days following the conclusion of the General Meeting.</p> <p><u>Valid requests for information, clarifications or questions posed in writing and the answers given in writing by the Board of Directors shall be posted on the Company's website.</u></p> <p>The Directors are obligated to provide the information contemplated in this article, except in those cases in which:</p> <ul style="list-style-type: none"> <li>(i) <del>public release of the requested information may, in the President's judgment, prejudice the Company's interests;</del> <u>the information requested is unnecessary to protect the shareholder's rights, or there are objective reasons to believe that it may be used for non-corporate purposes or its disclosure may be detrimental to the Company or its related companies;</u></li> <li>(ii) the request for information or clarification does not refer to matters included on the agenda nor to information available to the public that may have been provided by the Company to the National Securities Market Commission since the date of the last General Meeting or to the auditor's report;</li> <li>(iii) the request for information or clarification should be</li> </ul>
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<p>whose release is prohibited by a confidentiality agreement made by the Company, or (v) refers to any other matter which in the justified judgment of the President should not be released, without prejudice to that set forth in article 197 of the Spanish Corporations Law;</p> <p>(iv) legal or regulatory provisions or court decisions so state; or</p> <p>(v) where, before the respective question is raised, the requested information is clear and directly available to all the shareholders in the web page of the Company in question-answer format.</p> <p>However, the exception indicated in subparagraph (i) above shall not be admissible when the request is supported by shareholders representing at least one-fourth of the capital.</p>	<p>considered unauthorized, meaning that it is related to information which (i) has been or is subject to any judicial or administrative sanction proceeding, (ii) is protected by commercial, industrial, industrial- or intellectual-property secrecy, (iii) affects the confidentiality of information and files of a personal nature, (iv) involves information whose release is prohibited by a confidentiality agreement made by the Company, or (v) refers to any other matter which in the justified judgment of the President should not be released, without prejudice to that set forth in article 197 of the Spanish Corporations Law; or</p> <p>(iv) legal or regulatory provisions or court decisions so state; or</p> <p>(v) where, before the respective question is raised, the requested information is clear, <u>express</u> and directly available to all the shareholders in the web page of the Company in question-answer format, <u>in which case the directors may restrict their answer to referring to the information furnished in that format.</u></p> <p>However, the exception indicated in subparagraph (i) above shall not be admissible when the request is supported by shareholders representing at least one-fourth of the capital.”</p>
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<p><b>“Article 33.- Deliberation and adoption of decisions</b></p> <p>The President shall submit for deliberation the matters included on the agenda and shall lead discussions so that the meeting proceeds smoothly. For this purpose he shall enjoy appropriate authority to establish order and discipline and may order the ejection of anyone disturbing the Meeting’s normal progress and decide to temporarily suspend the session. The President, even when present at the session, may entrust guidance of the discussions to the Secretary or to the member of the Board of Directors that he deems appropriate.</p> <p>Shareholders may request information under the conditions established at article 30 above.</p> <p>Any shareholder may also participate at least once in the discussion of the items on the agenda, although the President, using his powers, is authorised to adopt measures for order such as limiting the time allotted to each speaker, setting turns, or closing off the list of speakers.</p> <p>Once the matter has been sufficiently discussed, the President puts it to the vote.</p> <p>The President is responsible for setting the voting system he deems most appropriate and for directing the corresponding process, adapting if appropriate to the expanded rules set forth in the General Meeting’s Rules and Regulations.</p> <p>Each voting share present or represented at the General Meeting shall be entitled to one vote. The shareholder entitled to vote may exercise his right by post in compliance with the provisions of the</p>	<p><b>“Article 33.- Deliberation and adoption of decisions</b></p> <p>The President shall submit for deliberation the matters included on the agenda and shall lead discussions so that the meeting proceeds smoothly. For this purpose he shall enjoy appropriate authority to establish order and discipline and may order the ejection of anyone disturbing the Meeting’s normal progress and decide to temporarily suspend the session. The President, even when present at the session, may entrust guidance of the discussions to the Secretary or to the member of the Board of Directors that he deems appropriate.</p> <p>Shareholders may request information under the conditions established at article 30 above.</p> <p>Any shareholder may also participate at least once in the discussion of the items on the agenda, although the President, using his powers, is authorised to adopt measures for order such as limiting the time allotted to each speaker, setting turns, or closing off the list of speakers.</p> <p>Once the matter has been sufficiently discussed, the President puts it to the vote.</p> <p>The President is responsible for setting the voting system he deems most appropriate and for directing the corresponding process, adapting if appropriate to the expanded rules set forth in the General Meeting’s Rules and Regulations.</p> <p>Each voting share present or represented at the General Meeting shall be entitled to one vote. The shareholder entitled to vote may exercise his right by post in compliance with the provisions of the</p>
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<p>General Meeting's Rules and Regulations.</p> <p>The Meeting's decisions shall be taken by the favourable vote of a majority of the capital present or represented. This is without prejudice to those cases in which the law or the present articles of association stipulate a greater majority and, in particular, when shareholders are present who represent less than fifty percent of the subscribed voting capital; decisions relating to the matters referred to at Article 194 of the Corporations Law shall require the favourable vote of two-thirds of the share capital present or represented at the Meeting in order to be valid.</p>	<p>General Meeting's Rules and Regulations.</p> <p>The Meeting's decisions shall be taken by the favourable vote of a <u>simple majority of the votes of the <del>capital-shareholders</del> present or represented <u>at the Meeting, and a resolution shall be deemed adopted where it obtains more votes for than against of the capital present or represented.</u></u> This is without prejudice to those cases in which the law or the present articles of association stipulate a greater majority <u>and, — in particular, for the adoption of the resolutions referred to in article 194 of the Corporate Enterprises Law, if the capital present or represented exceeds fifty percent, it shall suffice for the resolution to be adopted by an absolute majority, except when, on second call,</u> shareholders are present who represent <u>less than fifty</u> <del>twenty-five</del> percent <u>or more of the subscribed voting capital without reaching fifty percent; decisions relating to the matters referred to at Article 194 of the Corporations Law shall require the, in which case the</u> favourable vote of two-thirds of the share capital present or represented at the Meeting <del>in order to be valid</del> <u>shall be necessary.</u>"</p>
<p><b>“Article 36.- Composition of the Board of Directors</b></p> <p>The Board of Directors shall be composed of a number of members not less than five (5) nor greater than fifteen (15), to be determined by the General Meeting.</p> <p>The General Meeting of shareholders is responsible for setting the number of directors. For this purpose, it shall proceed directly to set said number by means of an express decision or indirectly by the filling of vacancies or the naming of new directors, within the maximum limit set in the preceding paragraph.</p>	<p><b>“Article 36.- Composition of the Board of Directors</b></p> <p>The Board of Directors shall be composed of a number of members not less than five (5) nor greater than fifteen (15), to be determined by the General Meeting.</p> <p>The General Meeting of shareholders is responsible for setting the number of directors. For this purpose, it shall proceed directly to set said number by means of an express decision or indirectly by the filling of vacancies or the naming of new directors, within the maximum limit set in the preceding paragraph.</p>

<p>The General Meeting must ensure that, to the extent possible, the number of outside or non-executive members on the Board is a substantial majority with respect to the number of executive members. The number of executive members must likewise be the minimum necessary, taking into account the complexity of the group and the percentage of the executive members' participation in the Company's capital. Finally, the Meeting must ensure that the number of independent members represents at least one-third (1/3) of the total number of members.</p> <p>The definitions of the various categories of members shall be those set forth in the corporate-governance recommendations applicable at any time.</p> <p>In the event that there is some outside member who cannot be considered to represent substantial shareholders or to be independent, the Company shall explain this circumstance and its connections with the Company or its executives and with its shareholders.</p> <p>The nature of each member must be explained by the Board before the General Meeting of shareholders that is to appoint them or ratify their appointment.</p>	<p>The General Meeting must ensure that, to the extent possible, the number of outside or non-executive members on the Board is a substantial majority with respect to the number of executive members. The number of executive members must likewise be the minimum necessary, taking into account the complexity of the group and the percentage of the executive members' participation in the Company's capital. Finally, the Meeting must ensure that the number of independent members represents at least one-third (1/3) of the total number of members.</p> <p>The definitions of the various categories of members shall be those set forth in the <del>corporate-governance recommendations applicable at any time</del> <u>Corporate Enterprises Law</u>.</p> <p>In the event that there is some outside member who cannot be considered to represent substantial shareholders or to be independent, the Company shall explain this circumstance and its connections with the Company or its executives and with its shareholders.</p> <p>The nature of each member must be explained by the Board before the General Meeting of shareholders that is to appoint them or ratify their appointment.”</p>
<p><b>“Article 37.- Term of office. Director’s rules.</b></p> <p>Board members shall hold their office for the period of time established by the General Meeting, which must be the same for all and may not exceed four years, at the end of which they may be re-elected one or more times for periods of the same maximum duration.</p> <p>Appointments of directors shall expire when, upon completion of the term, the</p>	<p><b>“Article 37.- Term of office. Director’s rules.</b></p> <p>Board members shall hold their office for the period of time established by the General Meeting, which must be the same for all and may not exceed four years, at the end of which they may be re-elected one or more times for periods of the same maximum duration.</p> <p>Appointments of directors shall expire when, upon completion of the term, the</p>



<p>next General meeting is held or the legal term has past for holding the Meeting that is to approve the accounts for the preceding year.</p> <p>Members appointed by co-option (who shall be designated so long as the vacancy occurs during the term for which the director was appointed) must have the appointment ratified at the first General Meeting held after the date of appointment.</p> <p>Board members may not engage, for their own account or for the account of a third party in any activity that is the same as or similar or supplementary to the activity making up the corporate purpose of the Company or hold the office of director or executive in companies that are competitors of the Company, with the exception of offices they may hold, as the case may be, in companies of the Group, unless expressly authorised by the General Meeting, and without prejudice to the provisions of articles 227 to 229 of the Companies Law.</p> <p>Board members shall receive the compensation determined by the General meeting for holding said office, in accordance with the provisions of the Board of Directors' Rules and Regulations.</p> <p>The Board member who completes his term or for any other reason ceases to hold his office may not be a director or hold executive positions in another entity having a corporate purpose similar to that of the Company for a period of two years. If it deems it appropriate, the Board of Directors may relieve the outgoing member of this obligation, or shorten its duration.”</p>	<p>next General meeting is held or the legal term has past for holding the Meeting that is to approve the accounts for the preceding year.</p> <p>Members appointed by co-option (who shall be designated so long as the vacancy occurs during the term for which the director was appointed) must have the appointment ratified at the first General Meeting held after the date of appointment.</p> <p>Board members may not engage, for their own account or for the account of a third party in any activity that <del>is the same as or similar or supplementary to the activity making up the corporate purpose of the Company</del> involves effective competition, whether actual or potential, with the Company or that in any other way place it in permanent conflict with the interests of the Company or hold the office of director or executive in companies that are competitors of the Company, with the exception of offices they may hold, as the case may be, in companies of the Group, unless expressly authorised by the General Meeting, and without prejudice to the provisions of articles 227 to <del>229</del>30 of the Companies Law.</p> <p>Board members shall receive the compensation determined by the General meeting for holding said office, in accordance with the provisions of the Board of Directors' Rules and Regulations.</p> <p>The Board member who completes his term or for any other reason ceases to hold his office may not be a director or hold executive positions in another entity having a corporate purpose similar to that of the Company for a period of two years. If it deems it appropriate, the Board of</p>
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	Directors may relieve the outgoing member of this obligation, or shorten its duration.”
<p><b>“Article 38.- Appointment to positions on the Board of Directors</b></p> <p>The Board of Directors shall appoint its Chairman and, as the case may be, one or more Vice-Chairmen, who shall stand in for the Chairman in the event of vacancy, absence or illness. It shall also appoint someone to the office of Secretary. In order to be appointed Chairman or Vice-Chairman, the person appointed must be a member of the Board of Directors; this shall not be necessary for the person appointed to serve as Secretary, in which case he shall have a voice but no vote.</p> <p>The Board of Directors may also optionally appoint a Deputy Secretary who need not be a Board member.”</p>	<p><b>“Article 38.- Appointment to positions on the Board of Directors</b></p> <p>The Board of Directors shall, <u>following a report from the Appointments and Remuneration Committee,</u> appoint its Chairman and, as the case may be, one or more Deputy Chairmen, who shall stand in for the Chairman in the event of vacancy, absence or illness. It shall also appoint someone to the office of Secretary, <u>following a report from the Appointments and Remuneration Committee.</u> In order to be appointed Chairman or Deputy Chairman, the person appointed must be a member of the Board of Directors; this shall not be necessary for the person appointed to serve as Secretary, in which case he shall have a voice but no vote.</p> <p>The Board of Directors may also optionally appoint, <u>following a report from the Appointments and Remuneration Committee,</u> a Deputy Secretary who need not be a Board member.”</p>
<p><b>“Article 41.- Meetings of the Board of Directors</b></p> <p>The Board of Directors shall hold an ordinary meeting at least six times per year and, in any case, it shall assemble with the frequency necessary for it to discharge its duties, following the schedule of dates and matters to be established at the beginning of the year, each director to be entitled to propose other items on the agenda not initially contemplated where such request is made at least five days in advance of the date set for the meeting.</p>	<p><b>“Article 41.- Meetings of the Board of Directors</b></p> <p>The Board of Directors shall hold an ordinary meeting at least six times per year, <u>meeting at least once per quarter,</u> and, in any case, it shall assemble with the frequency necessary for it to discharge its duties, following the schedule of dates and matters to be established at the beginning of the year, each director to be entitled to propose other items on the agenda not initially contemplated where such request is made at least five days in advance of the date set for the meeting.</p>

<p>In addition, the Board shall assemble at the initiative of the Chairman, as often as he deems this advisable for the proper operation of the Company and also at the request of, at least, two of its members in which case it shall be called by the Chairman to assemble within fifteen days after the request. The Directors making up at least one third of the members of the Board of Directors may call it, stating the agenda, for it to be held in the town of the registered office, if, after it has been requested by the Chairman, the Chairman, without justified cause, did not call it within the term of one month.</p> <p>Ordinary meetings shall be called through a letter sent by registered mail, fax, telegram or e-mail, authorized with the signature of the Chairman or that of the Secretary or Deputy Secretary on the instructions of the Chairman. The notice of call shall be made at least five days in advance.</p> <p>The notice of call shall always include the agenda of the meeting and shall have attached the relevant information necessary to deliberate and adopt resolutions regarding the matters to be dealt, unless the board of directors meets or has been exceptionally called for reasons of urgency.</p> <p>Notwithstanding the above, the Board of Directors shall be deemed validly assembled without need for prior call where all its members present in person or by proxy unanimously accept that the meeting be held and its agenda.</p> <p>Resolutions of the Board of Directors held by video-conference, by multiple telephone conference or other remote communication procedures shall be valid, provided that none of the Directors object</p>	<p>In addition, the Board shall assemble at the initiative of the Chairman, as often as he deems this advisable for the proper operation of the Company and also at the request of, at least, two of its members in which case it shall be called by the Chairman to assemble within fifteen days after the request. The Directors making up at least one third of the members of the Board of Directors may call it, stating the agenda, for it to be held in the town of the registered office, if, after it has been requested by the Chairman, the Chairman, without justified cause, did not call it within the term of one month.</p> <p>Ordinary meetings shall be called through a letter sent by registered mail, fax, telegram or e-mail, authorized with the signature of the Chairman or that of the Secretary or Deputy Secretary on the instructions of the Chairman. The notice of call shall be made at least five days in advance.</p> <p>The notice of call shall always include the agenda of the meeting and shall have attached the relevant information necessary to deliberate and adopt resolutions regarding the matters to be dealt, unless the board of directors meets or has been exceptionally called for reasons of urgency.</p> <p>Notwithstanding the above, the Board of Directors shall be deemed validly assembled without need for prior call where all its members present in person or by proxy unanimously accept that the meeting be held and its agenda.</p> <p>Resolutions of the Board of Directors held by video-conference, by multiple telephone conference or other remote communication procedures shall be valid, provided that none of the Directors object</p>
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to such procedure, having the means necessary for the purpose, and mutually recognize each other, which shall be placed on record in the minutes of the board meeting and in the certificate of such resolutions. In such event, the meeting of the Board shall be deemed to be a single meeting held at the registered office. The adoption of resolutions by the Board of Directors through the written procedure and without assembly shall be valid provided that none of the directors objects to such procedure.”

to such procedure, having the means necessary for the purpose, and mutually recognize each other, which shall be placed on record in the minutes of the board meeting and in the certificate of such resolutions. In such event, the meeting of the Board shall be deemed to be a single meeting held at the registered office. The adoption of resolutions by the Board of Directors through the written procedure and without assembly shall be valid provided that none of the directors objects to such procedure.”

<p><b>“Article 44.- Compensation for Board members</b></p> <p>1. The Directors’ remuneration shall consist of a fixed, specific annual emolument and of a fee for attending the meetings of the Board of Directors and of its delegational and consulting committees. The maximum amount of the remunerations which the Company may pay to the Directors as a whole for both items shall be determined for such purpose by the Shareholders’ Meeting and shall remain in force until such time as the Shareholders’ Meeting decides to modify it. The exact amount to be paid within that limit, the distribution thereof amongst the different Directors and the payment schedule shall be determined by the Board of Directors in the proportion which it freely determines. When determining the amount of remuneration to be received by each Director, the principle shall be applied whereby the amount is to reflect the actual professional performance of each of them.</p> <p>2. Additionally, apart from the remuneration provided for in the preceding paragraph, the Company could plan to establish remuneration systems which are indexed to the market value of the shares or which entail the delivery of shares or of stock option to the Directors. The application of such remuneration systems shall be decided on by the Shareholders’ Meeting, which shall determine, as the case may be, the value of the shares to be taken as a reference, the number of shares to be delivered to each Director, the</p>	<p><b>“Article 44.- Compensation for Board Members</b></p> <p>1. The Directors’ remuneration shall consist of a fixed, specific annual emolument and of a fee for attending the meetings of the Board of Directors and of its delegation and consulting committees. The maximum amount of the <u>annual remunerations</u> which the Company may pay to the Directors as a whole <u>in their capacity as such</u> for both items shall be determined for such purpose by the Shareholders’ Meeting and shall remain in force until such time as the Shareholders’ Meeting decides to modify it. <u>Unless the Shareholders’ Meeting determines otherwise,</u> <del>t</del>The exact amount to be paid within that limit, the distribution thereof amongst the different Directors and the payment schedule shall be determined by the Board of Directors in the proportion which it freely determines. When determining the amount of remuneration to be received by each Director, the principle shall be applied whereby the amount is to reflect the actual professional performance of each of them <u>and account shall be taken of the functions and responsibilities entrusted to each director and the committees of the Board of Directors to which they belong.</u></p> <p>2. Additionally, apart from the remuneration provided for in the preceding paragraph, the Company could plan to establish remuneration systems which are indexed to the market value of the shares or which entail the delivery of shares or of stock option to the Directors. The</p>
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<p>exercise price of the stock options, the duration of this remuneration system and any other conditions it deems appropriate.</p> <p>3. The remuneration established in the preceding paragraphs derived from the Directors' membership on the Board of Director shall be compatible with the other professional or employment items received by the Directors for any executive or advisory functions they may perform for the Company other than those relating to supervision and collective decision-making specific to their office as Directors, and which shall be subject to the legal regime applicable to them.</p>	<p>application of such remuneration systems shall be decided on by the Shareholders' Meeting, <del>which shall determine, as the case may be, The resolution of the Shareholders' Meeting must include the maximum number of shares that may be allocated each year to this remuneration system,</del> the value of the shares to be taken as a reference, the number of shares to be delivered to each Director, the exercise price <del>or the system for calculating the exercise price</del> of the stock options, the duration of this remuneration system and any other conditions it deems appropriate.</p> <p>3. The remuneration established in the preceding paragraphs derived from the Directors' membership on the Board of Director shall be compatible with the other professional or employment items received by the Directors for any executive or advisory functions they may perform for the Company other than those relating to supervision and collective decision-making specific to their office as Directors, and which shall be subject to the legal regime applicable to them.”</p>
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<p><b>“Article 45.- Board executive bodies</b></p> <p>The Board of Directors may designate within it an Executive Committee and one or more Executive Directors, without prejudice to any delegations of authority it may confer on any person; it may delegate to them, in whole or in part, temporarily or permanently, all powers that may be delegated according to law. In order to be valid, the delegation and designation of the members of the Board who are to occupy such posts shall require the favourable vote of two-thirds (2/3) of the members of the Board and shall not produce effect until they have been recorded in the Companies Register.</p> <p>The Board may also establish other committees with consultative or advisory functions, and, on an exceptional basis, may attribute certain decision-making authorities to them.</p> <p>In any case, the Board must establish an Audit Committee with powers to inform, oversee, advise and propose in matters for which it is responsible, as specified at article 46 below, and which are explained in the Board of Directors’ Rules and Regulations. The Board may also establish an Appointment and Compensation Committee.”</p>	<p><b>“Article 45.- Board executive bodies</b></p> <p>The Board of Directors may designate within it an Executive Committee and one or more Executive Directors, without prejudice to any delegations of authority it may confer on any person; it may delegate to them, in whole or in part, temporarily or permanently, all powers that may be delegated according to law. In order to be valid, the delegation and designation of the members of the Board who are to occupy such posts shall require the favourable vote of two-thirds (2/3) of the members of the Board and shall not produce effect until they have been recorded in the Companies Register.</p> <p>The Board may also establish other committees with consultative or advisory functions, and, on an exceptional basis, may attribute certain decision-making authorities to them.</p> <p>In any case, the Board must establish an Audit Committee <u>and an Appointments and Remuneration Committee</u>, with powers to inform, oversee, advise and propose in matters for which it is responsible, <del>as specified at article 46 below, and</del> which are explained in the Board of Directors’ Rules and Regulations. <del>The Board may also establish an Appointment and Compensation Committee.</del> <u>In addition, the Board of Directors’ Regulations shall establish the composition and functioning of both delegated bodies.”</u></p>
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<p><b>Article 46.- Audit Committee Composition, authority and operations</b></p> <p>An Audit Committee will be set up within the Board of Directors in keeping with the following rules:</p> <p>a) The Audit Committee shall be made up by a minimum of three Board members, a majority of them non-executive, appointed by the Board of Directors.</p> <p>b) At least one of its members shall be independent and shall be designated taking into account his knowledge and experience in accounting or auditing matters or both.</p> <p>c) The Chairman of the Audit Committee shall be elected from among said non-executive Board members and must be replaced every four years; they may be re-elected after an interval of one (1) year from the date their term ended.</p> <p>d) Its members shall appoint one of their number to act as Secretary.</p> <p>The members of the Audit Committee and especially its Chairman shall be designated in consideration of their knowledge and experience in the area of accounting, audit or risk management.</p> <p>2. Without prejudice to any other duties that may be assigned to it at any time by the Board of Directors, the Audit Committee shall exercise the following basic functions:</p> <ul style="list-style-type: none"> <li>• Inform the General Meeting of Shareholders regarding issues arising within it in matters for which it is responsible.</li> <li>• Propose to the Board of Directors for submission to the General Meeting of</li> </ul>	<p><b>Article 46.- Audit Committee Composition, authority and operations</b></p> <p><i><u>Intentionally left blank</u></i></p> <p><del>An Audit Committee will be set up within the Board of Directors in keeping with the following rules:</del></p> <p><del>a) The Audit Committee shall be made up by a minimum of three Board members, a majority of them non-executive, appointed by the Board of Directors.</del></p> <p><del>b) At least one of its members shall be independent and shall be designated taking into account his knowledge and experience in accounting or auditing matters or both.</del></p> <p><del>c) The Chairman of the Audit Committee shall be elected from among said non-executive Board members and must be replaced every four years; they may be re-elected after an interval of one (1) year from the date their term ended.</del></p> <p><del>d) Its members shall appoint one of their number to act as Secretary.</del></p> <p><del>The members of the Audit Committee and especially its Chairman shall be designated in consideration of their knowledge and experience in the area of accounting, audit or risk management.</del></p> <p><del>2. Without prejudice to any other duties that may be assigned to it at any time by the Board of Directors, the Audit Committee shall exercise the following basic functions:</del></p> <p><del>• Inform the General Meeting of Shareholders regarding issues arising within it in matters for which it is responsible.</del></p>
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Con formato: Fuente: Cursiva, Color de fuente: Negro

Con formato: Fuente: Cursiva



<p>Shareholders the appointment of the auditors or audit companies referred to at article 264 of the Corporations Law, and their contractual conditions, the scope of their professional mandate, and, if appropriate, their dismissal or non-renewal.</p> <ul style="list-style-type: none"> <li>• Supervise the efficacy of the internal control of the Company, and in particular, the Internal Control of the Financial Information, the internal audit, if appropriate, and the risk management systems, and discuss with the auditors or audit companies, the significant weaknesses of the internal control system detected during the audit.</li> <li>• Supervise the process of preparation and submission of regulated financial information.</li> <li>• Review the Company's accounts, ensure compliance with legal requirements and proper application of generally accepted accounting principles, with the direct cooperation of the external and internal auditors.</li> <li>• Maintain relations with the auditors or audit companies in order to receive information about those issues that may jeopardise their independence, for its examination by the Committee, and any other issues associated with the audit process, as well as those other communications called for by audit legislation and in the audit standards. In any case, they shall receive each year from the auditors or audit companies written confirmation of their independence from the company or its directly or indirectly related companies, and information on the additional services of any kind provided to such companies by such auditors or audit companies or by their related persons or</li> </ul>	<p><del>• Propose to the Board of Directors for submission to the General Meeting of Shareholders the appointment of the auditors or audit companies referred to at article 264 of the Corporations Law, and their contractual conditions, the scope of their professional mandate, and, if appropriate, their dismissal or non-renewal.</del></p> <p><del>• Supervise the efficacy of the internal control of the Company, and in particular, the Internal Control of the Financial Information, the internal audit, if appropriate, and the risk management systems, and discuss with the auditors or audit companies, the significant weaknesses of the internal control system detected during the audit.</del></p> <p><del>• Supervise the process of preparation and submission of regulated financial information.</del></p> <p><del>• Review the Company's accounts, ensure compliance with legal requirements and proper application of generally accepted accounting principles, with the direct cooperation of the external and internal auditors.</del></p> <p><del>• Maintain relations with the auditors or audit companies in order to receive information about those issues that may jeopardise their independence, for its examination by the Committee, and any other issues associated with the audit process, as well as those other communications called for by audit legislation and in the audit standards. In any case, they shall receive each year from the auditors or audit companies written confirmation of their independence from the company or its directly or indirectly related companies, and information on the additional services of any kind provided to</del></p>
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<p>companies as provided for by Law 19/1988, of July 12, Audit Law.</p> <ul style="list-style-type: none"> <li>• Issue each year, prior to the issuance of the audit report, a report stating an opinion on the independence of the auditors or audit companies. Such report shall always issue an opinion on the provision of additional services contemplated in the above paragraph.</li> <li>• Oversee compliance with the audit contract, ensuring that the opinion on the annual financial statements and the main contents of the audit report are written clearly and accurately, and assess the results of each audit.</li> </ul> <p><input type="checkbox"/> Oversee compliance with legislation regarding swaps. In particular it will ensure that information about said operations is communicated to the market in compliance with Order 3050/2004 of the Ministry of the Economy and Treasury of September 15, 2004.</p> <ul style="list-style-type: none"> <li>• Examine compliance with the Internal Rules of Conduct, the Rules and Regulations of the Board of Directors, and in general with the Company's rules of governance, and make the necessary proposals to improve them.</li> <li>• Receive information and, if appropriate, issue a report on the disciplinary measures it is intended to impose on members of the Company's top management team.</li> </ul> <p>3. The Audit Committee shall ordinarily meet quarterly to review the periodic financial information to be submitted to the stock-exchange authorities, and the information which the Board of Directors has to approve and include in its annual public documentation. It will also meet at</p>	<p><del>such companies by such auditors or audit companies or by their related persons or companies as provided for by Law 19/1988, of July 12, Audit Law.</del></p> <p><del>• Issue each year, prior to the issuance of the audit report, a report stating an opinion on the independence of the auditors or audit companies. Such report shall always issue an opinion on the provision of additional services contemplated in the above paragraph.</del></p> <p><del>• Oversee compliance with the audit contract, ensuring that the opinion on the annual financial statements and the main contents of the audit report are written clearly and accurately, and assess the results of each audit.</del></p> <p><del><input type="checkbox"/> Oversee compliance with legislation regarding swaps. In particular it will ensure that information about said operations is communicated to the market in compliance with Order 3050/2004 of the Ministry of the Economy and Treasury of September 15, 2004.</del></p> <p><del>• Examine compliance with the Internal Rules of Conduct, the Rules and Regulations of the Board of Directors, and in general with the Company's rules of governance, and make the necessary proposals to improve them.</del></p> <p><del>• Receive information and, if appropriate, issue a report on the disciplinary measures it is intended to impose on members of the Company's top management team.</del></p> <p><del>3. The Audit Committee shall ordinarily meet quarterly to review the periodic financial information to be submitted to the stock-exchange authorities, and the information which the Board of Directors</del></p>
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the request of any of its members and whenever convened by its Chairman, who must do so whenever the Board or its Chairman asks that a report be issued or proposals adopted, and in any case whenever it is appropriate for the proper performance of its functions.

4. The Audit Committee shall prepare an annual report on its operations that will include, if deemed appropriate, proposals for improving the Company's rules of governance.

~~has to approve and include in its annual public documentation. It will also meet at the request of any of its members and whenever convened by its Chairman, who must do so whenever the Board or its Chairman asks that a report be issued or proposals adopted, and in any case whenever it is appropriate for the proper performance of its functions.~~

~~4. The Audit Committee shall prepare an annual report on its operations that will include, if deemed appropriate, proposals for improving the Company's rules of governance.~~