



REPORT BY THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. ON THE AMENDMENT TO THE RULES OF THE BOARD OF DIRECTORS FOR THE PURPOSES OF ARTICLE 516 OF THE CAPITAL COMPANIES ACT

1.PURPOSE OF THE REPORT

In accordance with article 516 of the Capital Companies Act, on 7 April 2011 the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter “**FCC**” or the “**Company**”) approved the following Report with a view to informing the General Meeting of Shareholders of amendments introduced in the Rules of the Board of Directors since the last General Meeting of Shareholders.

2.JUSTIFICATION OF THE PROPOSAL

Since the last General Meeting of Shareholders, held on 27 May 2010, the Board of Directors has amended the Rules of the Board of Directors on one occasion, namely on 7 April 2011, in order to adapt them to recent changes in the legislation on companies, as detailed below:

- The Consolidated Text of the Capital Companies Act, approved by Legislative Royal Decree 1/2010, of 2 July (hereafter "Consolidated Text of the Capital Companies Act" or the "Capital Companies Act")
- Act 12/2010, of 30 June, amending the Audit Act and the Securities Market Act, among others, and
- Act 2/2011, of 4 March, on the Sustainable Economy.

Below are listed the articles of the Rules of the Board of Directors which have been amended, grouped on the basis of the type of amendment as indicated above:

One.- Adaptation to the Capital Companies Act.-

- Replace references to “Public Limited Companies Act” with “Capital Companies Act”:
articles 20, 22, and 25



- Adaptation to the "*regularisation, clarification and harmonisation*" of the texts of the Public Limited Companies Act and the Limited Liability Companies Act by the Capital Companies Act:
 - By using, in article 22.2, the same terminology as in article 225.1 of the Capital Companies Act ("*Directors will discharge their duties with the diligence of an orderly entrepreneur*").
 - Introducing greater precision in article 22.2.g) of the Rules of the Board of Directors, in accordance with article 231 of the Capital Companies Act, to the effect that the information to be disclosed by directors about any stakes they hold or have held in companies whose activity is the same as, or similar or analogous to, that of FCC must refer not only to stakes held now or in the past by the directors themselves but also those held now or in the past by their related parties as referred to in article 231.

Two. Adaptation to Act 12/2010, of 30 June, amending the Audit Act and the Securities Market Act, among others.

1. Section two of Final Provision Four of Act 12/2010 amends sections 2 and 4 of Additional Provision Eighteen of the Securities Market Act, which now reads as follows:

*"2. At least a majority of the members of the Audit Committee must be non-executive directors or, in the case of an equivalent body, members of same **who do not have management or executive functions in the entity and do not have a contractual relationship other than that for which they were appointed.** They will be appointed, in any event, by the Board of Directors or equivalent body on the basis of the entity's legal nature. **At least one of the members of the Audit Committee must be independent and will be appointed on the basis of his/her knowledge and experience in accounting, auditing, or both.***

4. The number of members, the powers and the rules of that Committee will be established in the Articles or, as appropriate, in the rules governing the entity, and they must favour its independence. Its basic functions will include at least the following:

1. Informing the General Meeting of Shareholders or equivalent body, based on the nature of the entity, on the questions raised that fall within its scope of authority.

2.- Monitoring the effectiveness of the Company's internal control, internal audit, and, where appropriate, risk management systems, and discussing with the company's auditors any significant weaknesses in the internal control system detected during the audit.

- 3.- *Supervising the process of drawing up and presenting the regulated financial information.*
4. *Proposing to the governing body, for referral to the General Meeting of Shareholders or corresponding equivalent body, depending on the entity's legal nature, the appointment of auditors or audit firms, in accordance with the regulations applicable to the entity.*
5. *Establishing appropriate relationships with the company's auditors to receive information about matters that might jeopardise their independence, for review by the Committee, and any other matters related to the audit process as well as other communications envisaged in the audit legislation and technical audit standards. In any event, they must receive annually from the company's auditors written confirmation of their independence with respect to the entity and to entities directly or indirectly related to it, as well as information on any additional services provided to those entities by the auditors or by persons or entities related to the auditors, as provided for in Act 19/1988, of 12 July, on Audits.*
6. *Issuing an annual statement on the independence of the auditors or audit firms each year prior to the issuance of the auditors' report. This report will address the provision of additional services referred to in the preceding section."*

The new wording of Article 41 of the Rules of the Board of Directors reflects the amendment of Additional Provision Eighteen of the Securities Market Act set out above.

2. Final Provision Four of Act 12/2010, of 30 June, establishes the obligation that listed companies must have an Electronic Shareholder Forum. That obligation is also set out in article 528 of the Capital Companies Act. To that end, article 44 of the Rules of the Board of Directors is amended to include the rules of that Forum on the FCC website.

Three.- Adaptation to the Sustainable Economy Act.-

1. Act 2/2011, of 4 March, on the Sustainable Economy, establishes among other measures (Final Provision Five) that:

"With the Annual Corporate Governance Report, the Board of Directors of a listed company must draw up an annual report on its directors' remuneration which must include full, clear, comprehensible information on the company's remuneration policy approved by the Board for the current year and for future years, if appropriate. It must also contain an overview of how the policy was applied during the year, and the breakdown of individual remuneration accrued by each director." (new article 61 ter of the Securities Market Act)

The new article 11.1.e) and the new wording of article 32.2 of the Rules of the Board of Directors serve to enshrine this obligation.

2. Final Provision Five of Act 2/2011, of 4 March, on the Sustainable Economy, also incorporates a new article 61 bis to the Securities Market Act, regulating the Annual Corporate Governance Report. For this reason, the reference in article 11.2.d) of the Rules of the Board of Directors to article 116 of the Securities Market Act (where that content was previously set out) has been changed to article 61 bis of that Act.

For comparison purposes, the previous wording of the Rules of the Board of Directors and the current wording resulting from the aforementioned amendment are set out below, with the changes highlighted.

Previous Rules of the Board of Directors	Current Rules of the Board of Directors
<p>Article 1. Purpose The purpose of these Rules is to establish a set of guidelines for the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (F.C.C.), the basic rules of its organisation and operation and a code of conduct for its members in order to reach the highest level of efficacy and transparency.</p> <p>Article 2. Scope of Application and dissemination. 1. These Rules apply both to the Company's Board of Directors and to its delegate bodies and internal Committees or Commissions, and to their members and, where appropriate, to the senior executives of the Company and its Group.</p> <p>For the purposes of these Rules, the FCC Group is understood to comprise those companies in which FCC, directly or indirectly, owns more than 50% (fifty per cent) of capital stock or where, even if it does not exceed that percentage, it controls management.</p> <p>2. The persons to whom these Rules apply, particularly the directors and senior executives of the Company and, where appropriate, of its Group, are obliged to know and comply with these Rules and to ensure that others comply with them; it is the duty of the Secretary of the Board of FCC to deliver a copy to each one of them.</p>	<p>Article 1. Purpose The purpose of these Rules is to establish a set of guidelines for the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (F.C.C.), the basic rules of its organisation and operation and a code of conduct for its members in order to reach the highest level of efficacy and transparency.</p> <p>Article 2. Scope of Application and dissemination. 1. These Rules apply both to the Company's Board of Directors and to its delegate bodies and internal Committees or Commissions, and to their members and, where appropriate, to the senior executives of the Company and its Group.</p> <p>For the purposes of these Rules, the FCC Group is understood to comprise those companies in which FCC, directly or indirectly, owns more than 50% (fifty per cent) of capital stock or where, even if it does not exceed that percentage, it controls management.</p> <p>2. The persons to whom these Rules apply, particularly the directors and senior executives of the Company and, where appropriate, of its Group, are obliged to know and comply with these Rules and to ensure that others comply with them; it is the duty of the Secretary of the Board of FCC to deliver a copy to each one of them.</p>

For the purposes of these Rules, senior executives of the Company are those who report directly to the Board or the Company's first executive and, in any case, include the internal auditor. Persons not meeting the foregoing conditions who are nonetheless declared by the Board of Directors to be Senior Executives, following a favourable report by the Nominations and Remuneration Committee, will be classified as such.

3. The Board of Directors will take steps to ensure that these Rules are made known to shareholders and the investment community in general so as to make them aware of the commitments assumed by the Board members and Senior Executives of FCC. To this end, the full contents of these Rules will be reported to the National Securities Market Commission (CNMV) and registered in the Mercantile Register and will also be available on the FCC web site.

Article 3. Interpretation

These Rules complete the regulations applicable to the Board of Directors established in the mercantile legislation in force and in the Articles of Incorporation of F.C.C. and should be interpreted in conformity with the general criteria for interpreting regulations, having regard fundamentally to the spirit and purpose of the Rules, the Board itself having the authority to clarify the contents.

Article 4. Amendment

1. The Board of Directors may amend these Rules in accordance with the requirements contained in this Article.
2. The Chairman of the Board, the Managing Director, one-third of the Board members or a majority of the members of the Audit and Control Committee may propose amendments to these Rules when, in their opinion, there are circumstances which make such changes necessary or advisable. Amendment proposals must be accompanied by a report describing the reason for, and scope of, the proposed amendment.
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<p>amendment.</p> <p>4. The text of the proposed amendment, the report justifying it and the report of the Audit and Control Committee must be appended to the announcement of the Board meeting in which the amendment will be debated.</p> <p>5. The announcement must be made with the advance notice and in accordance with the other rules set out in the Articles of Incorporation and these Rules.</p> <p>6. In order to be valid, any amendment to these Rules must be approved by at least an absolute majority of the members of the Board, rounding up any fractions.</p> <p>CHAPTER II. COMPOSITION. POWERS AND FUNCTIONS OF THE BOARD OF DIRECTORS</p> <p>Article 5. Quantitative composition</p> <p>1. The General Meeting has the power to set the number of Board Members, within the maximum and minimum limits established in the Articles of Incorporation.</p> <p>2. Based on the changing circumstances of the Company, the Board of Directors will propose to the General Meeting the number which is most appropriate to ensure that the Board is both representative and efficient.</p> <p>Article 6. Qualitative composition</p> <p>1. Persons appointed as Board members must meet not only the requirements stipulated by law and by the Articles of Incorporation but also those set out in these Rules and, upon taking up office, must make a formal commitment to fulfil the obligations and duties envisaged herein.</p> <p>2. In exercising its authority to make proposals to the General Meeting and to co-opt Directors, the Board of Directors will make provisions for the existence on the Board of four types of Directors:</p> <p>a) External independent directors, i.e. those appointed for their personal or professional qualities who are in a position to perform their duties without being influenced by any connection with the company, its shareholders or its management.</p>	<p>4. The text of the proposed amendment, the report justifying it and the report of the Audit and Control Committee must be appended to the announcement of the Board meeting in which the amendment will be debated.</p> <p>5. The announcement must be made with the advance notice and in accordance with the other rules set out in the Articles of Incorporation and these Rules.</p> <p>6. In order to be valid, any amendment to these Rules must be approved by at least an absolute majority of the members of the Board, rounding up any fractions.</p> <p>CHAPTER II. COMPOSITION. POWERS AND FUNCTIONS OF THE BOARD OF DIRECTORS</p> <p>Article 5. Quantitative composition</p> <p>1. The General Meeting has the power to set the number of Board Members, within the maximum and minimum limits established in the Articles of Incorporation.</p> <p>2. Based on the changing circumstances of the Company, the Board of Directors will propose to the General Meeting the number which is most appropriate to ensure that the Board is both representative and efficient.</p> <p>Article 6. Qualitative composition</p> <p>1. Persons appointed as Board members must meet not only the requirements stipulated by law and by the Articles of Incorporation but also those set out in these Rules and, upon taking up office, must make a formal commitment to fulfil the obligations and duties envisaged herein.</p> <p>2. In exercising its authority to make proposals to the General Meeting and to co-opt Directors, the Board of Directors will make provisions for the existence on the Board of four types of Directors:</p> <p>a) External independent directors, i.e. those appointed for their personal or professional qualities who are in a position to perform their duties without being influenced by any connection with the company, its shareholders or its management.</p>
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<p>As such, the following shall in no circumstances qualify as independent directors:</p> <p>(i) Past employees or executive directors of FCC Group companies, unless 3 or 5 years have elapsed, respectively, from the end of the relation.</p> <p>(ii) Those who have received some payment or other form of compensation from the company or its group in addition to their directors' fees, unless the amount involved is not significant.</p> <p>Dividends or pension supplements received by a director for prior employment or professional services shall not count for the purposes of this section, provided such supplements are non contingent, i.e. the FCC or the group company that paid them has no discretionary power to suspend, modify or revoke their payment, and by doing so would be in breach of its obligations.</p> <p>(iii) Partners, now or on the past three (3) years, in the external auditor or the firm responsible for the audit report, during that period, of FCC or any other within its group.</p> <p>(iv) Executive directors or senior officers of another company where an executive director or senior officer of the FCC Group is an external director.</p> <p>(v) Those having material business dealings with FCC or another company in its group or who have had such dealings in the preceding year, either on their own account or as a significant shareholder, director or senior officer of a company that has or has had such dealings.</p> <p>Business dealings will include the provision of goods or services, including financial services, as well as advisory or consultancy relationships.</p> <p>(vi) Significant shareholders, executive directors or senior officers of an entity that receives significant donations from FCC or another company in its group, or has done so in the past 3 years.</p>	<p>As such, the following shall in no circumstances qualify as independent directors:</p> <p>(i) Past employees or executive directors of FCC Group companies, unless 3 or 5 years have elapsed, respectively, from the end of the relation.</p> <p>(ii) Those who have received some payment or other form of compensation from the company or its group in addition to their directors' fees, unless the amount involved is not significant.</p> <p>Dividends or pension supplements received by a director for prior employment or professional services shall not count for the purposes of this section, provided such supplements are non contingent, i.e. the FCC or the group company that paid them has no discretionary power to suspend, modify or revoke their payment, and by doing so would be in breach of its obligations.</p> <p>(iii) Partners, now or on the past three (3) years, in the external auditor or the firm responsible for the audit report, during that period, of FCC or any other within its group.</p> <p>(iv) Executive directors or senior officers of another company where an executive director or senior officer of the FCC Group is an external director.</p> <p>(v) Those having material business dealings with FCC or another company in its group or who have had such dealings in the preceding year, either on their own account or as a significant shareholder, director or senior officer of a company that has or has had such dealings.</p> <p>Business dealings will include the provision of goods or services, including financial services, as well as advisory or consultancy relationships.</p> <p>(vi) Significant shareholders, executive directors or senior officers of an entity that receives significant donations from FCC or another company in its group, or has done so in the past 3 years.</p>
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<p>This provision will not apply to those who are merely trustees of a Foundation receiving donations.</p> <p>(vii) Spouses, or partners maintaining an analogous affective relationship, or close relatives of one of the company's executive directors or senior officers.</p> <p>(viii) Any person not proposed for appointment or renewal by the Nomination and Remuneration Committee.</p> <p>(ix) Those standing in some of the situations listed in items (i), (v), (vi) or (vii) above in relation to a significant shareholder or a shareholder with board representation. In the case of the family relations set out in item (vii), the limitation shall apply in connection not only with the shareholder but also with his or her proprietary directors in the investee company.</p> <p>Proprietary directors disqualified as such and obliged to resign due to the disposal of shares by the shareholder they represent may only be re-elected as independents once that shareholder has sold all remaining shares in FCC.</p> <p>A director with shares in FCC may qualify as independent provided he or she meets all the conditions stated in this section and the holding in question is not significant.</p> <p>b. External proprietary directors, i.e.:</p> <p>(i) directors who own an equity stake above or equal to the legally determined threshold for significant holdings, or otherwise appointed due to their status as shareholders, or</p> <p>(ii) those representing the shareholders stated in section (i) above.</p> <p>For these purposes, a director shall be deemed to represent a shareholder when:</p> <ul style="list-style-type: none"> - He or she has been appointed by exercise of the right to proportional representation on the Board of Directors; - He or she is a director, senior officer, employee or regular service supplier of that 	<p>This provision will not apply to those who are merely trustees of a Foundation receiving donations.</p> <p>(vii) Spouses, or partners maintaining an analogous affective relationship, or close relatives of one of the company's executive directors or senior officers.</p> <p>(viii) Any person not proposed for appointment or renewal by the Nomination and Remuneration Committee.</p> <p>(ix) Those standing in some of the situations listed in items (i), (v), (vi) or (vii) above in relation to a significant shareholder or a shareholder with board representation. In the case of the family relations set out in item (vii), the limitation shall apply in connection not only with the shareholder but also with his or her proprietary directors in the investee company.</p> <p>Proprietary directors disqualified as such and obliged to resign due to the disposal of shares by the shareholder they represent may only be re-elected as independents once that shareholder has sold all remaining shares in FCC.</p> <p>A director with shares in FCC may qualify as independent provided he or she meets all the conditions stated in this section and the holding in question is not significant.</p> <p>b. External proprietary directors, i.e.:</p> <p>(i) directors who own an equity stake above or equal to the legally determined threshold for significant holdings, or otherwise appointed due to their status as shareholders, or</p> <p>(ii) those representing the shareholders stated in section (i) above.</p> <p>For these purposes, a director shall be deemed to represent a shareholder when:</p> <ul style="list-style-type: none"> - He or she has been appointed by exercise of the right to proportional representation on the Board of Directors; - He or she is a director, senior officer, employee or regular service supplier of that
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<p>shareholder, or of companies in the FCC group;</p> <ul style="list-style-type: none"> - Company records show that the shareholder acknowledges the director as his or her appointee or representative; - He or she is the spouse or maintains an analogous affective relationship or is a close relative up to the second degree of a significant shareholder. <p>c. Executive directors, i.e. those who perform senior management functions or are employees of FCC or another company in the Group. However, board members who are senior officers or directors of FCC's parent companies shall be classed as proprietary directors. When a director performing senior management functions at the same time is or represents a significant shareholder or any shareholder represented on the board of FCC, he or she will be considered an "executive" or "internal" director for the purpose, exclusively, of these Rules, without prejudice to him/her being classified as a proprietary director for other legal purposes.</p> <p>d) Other directors, i.e. those external directors that cannot be classified as either proprietary or independent; this circumstance and any connections between such directors and the Company, its executives or shareholders must be explained in the Annual Corporate Governance Report.</p> <p>3. The Board of Directors must have an appropriate number of independent directors to ensure a reasonable balance between proprietary and independent directors. External directors, proprietary and independent, must represent an ample majority on the Board, while the number of executive directors should be the minimum that is practical bearing in mind the complexity of the corporate group and the ownership interests they control. The Board of Directors will take account of these guidelines when exercising its power to propose appointments to the General Meeting and to fill vacancies by co-optation.</p> <p>4. The nature of each director should be explained to the General Meeting of Shareholders which will make or ratify his or</p>	<p>shareholder, or of companies in the FCC group;</p> <ul style="list-style-type: none"> - Company records show that the shareholder acknowledges the director as his or her appointee or representative; - He or she is the spouse or maintains an analogous affective relationship or is a close relative up to the second degree of a significant shareholder. <p>c. Executive directors, i.e. those who perform senior management functions or are employees of FCC or another company in the Group. However, board members who are senior officers or directors of FCC's parent companies shall be classed as proprietary directors. When a director performing senior management functions at the same time is or represents a significant shareholder or any shareholder represented on the board of FCC, he or she will be considered an "executive" or "internal" director for the purpose, exclusively, of these Rules, without prejudice to him/her being classified as a proprietary director for other legal purposes.</p> <p>d) Other directors, i.e. those external directors that cannot be classified as either proprietary or independent; this circumstance and any connections between such directors and the Company, its executives or shareholders must be explained in the Annual Corporate Governance Report.</p> <p>3. The Board of Directors must have an appropriate number of independent directors to ensure a reasonable balance between proprietary and independent directors. External directors, proprietary and independent, must represent an ample majority on the Board, while the number of executive directors should be the minimum that is practical bearing in mind the complexity of the corporate group and the ownership interests they control. The Board of Directors will take account of these guidelines when exercising its power to propose appointments to the General Meeting and to fill vacancies by co-optation.</p> <p>4. The nature of each director should be explained to the General Meeting of Shareholders which will make or ratify his or</p>
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her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination and Remuneration Committee; also, with respect to external directors that cannot be classified as either proprietary or independent, the reasons for this circumstance must be disclosed along with their connections with the Company or its executives or with its shareholders. The Annual Corporate Government Report should also disclose the reasons for the appointment of proprietary directors at the behest of shareholders controlling less than the percentage legally classified as significant and shall explain any rejection of a formal request for a board seat from shareholders whose equity stake is equal to or greater than that of others who succeeded in appointing a proprietary director.

Article 7. Powers of the Board of Directors. Powers that may not be delegated

1. The Board of Directors is competent to make decisions about any matter not attributed by Law or the Articles to the General Meeting; it has the highest powers and faculties to manage, direct, administer and represent the Company, focusing fundamentally on overseeing the day-to-day management of the Company that is entrusted to the executive directors and senior managers, and on all matters of particular importance to the Company.

2. In any event, through the passage of resolutions which must be approved in each case as stipulated by law and the Articles of Incorporation, the plenary Board of Directors has exclusive powers over the following formal list of matters, which may not be delegated:

a) Appointment and removal of the Chairman, Vice-Chairman, Managing Directors, Secretary and Vice-Secretary of the Board of Directors and, at the proposal of the Managing Director, appointment, removal and, when appropriate, indemnisation clauses for the senior officials in the company's functional areas (Administration, Finance, Human Resources, and the General-Secretariat), of members of the Management Committee and, in general, the Company's

her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination and Remuneration Committee; also, with respect to external directors that cannot be classified as either proprietary or independent, the reasons for this circumstance must be disclosed along with their connections with the Company or its executives or with its shareholders. The Annual Corporate Government Report should also disclose the reasons for the appointment of proprietary directors at the behest of shareholders controlling less than the percentage legally classified as significant and shall explain any rejection of a formal request for a board seat from shareholders whose equity stake is equal to or greater than that of others who succeeded in appointing a proprietary director.

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<p>Senior Executives.</p> <p>b) Propose to respective Boards of Directors, at the initiative of the Managing Director and through the Company's representatives, the appointment, removal and, when appropriate, indemnity clauses of the Chairmen and General Managers of the parent companies of FCC Group, acting in this connection in pursuit of the corporate interest of each of them.</p> <p>c) Delegating faculties to any of the members of the Board of Directors in the terms established by law and the Articles of Incorporation, and revoking such powers.</p> <p>d) Appointment and removal of Board members as members of the various Committees envisaged in these Rules.</p> <p>e) Supervising the Board's Delegated Committees.</p> <p>f) Appointing Board members by co-option to fill vacancies that arise, until the next General Meeting is held.</p> <p>g) Accepting the resignation of board members.</p> <p>h) Authorising the financial statements and dividend policy for submission and proposal to the General Meeting, and declaring any interim dividends.</p> <p>i) Defining the structure of the Group and coordinating, within the legal limits, the Group's general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the Managing Director, and disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise.</p> <p>j) Approving investments and financing policy, particularly the approval of investments, disinvestments, credit lines, loans, surety or guarantee lines, and other</p>	<p>b) Propose to respective Boards of Directors, at the initiative of the Managing Director and through the Company's representatives, the appointment, removal and, when appropriate, indemnity clauses of the Chairmen and General Managers of the parent companies of FCC Group, acting in this connection in pursuit of the corporate interest of each of them.</p> <p>c) Delegating faculties to any of the members of the Board of Directors in the terms established by law and the Articles of Incorporation, and revoking such powers.</p> <p>d) Appointment and removal of Board members as members of the various Committees envisaged in these Rules.</p> <p>e) Supervising the Board's Delegated Committees.</p> <p>f) Appointing Board members by co-option to fill vacancies that arise, until the next General Meeting is held.</p> <p>g) Accepting the resignation of board members.</p> <p>h) Authorising the financial statements and dividend policy for submission and proposal to the General Meeting, and declaring any interim dividends.</p> <p>i) Defining the structure of the Group and coordinating, within the legal limits, the Group's general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the Managing Director, and disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise.</p> <p>j) Approving investments and financing policy, particularly the approval of investments, disinvestments, credit lines, loans, surety or guarantee lines, and other financial facilities within the limits that the Board of Directors itself establishes as well as investments and</p>
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<p>financial facilities within the limits that the Board of Directors itself establishes as well as investments and any other type of transactions whose specific circumstances make them strategic.</p> <p>k) The general organising powers of the Board of Directors, particularly the power to amend these Rules.</p> <p>l) The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.</p> <p>Article 8. General Functions - Equilibrium in the performance of functions.</p> <p>1. The Board of Directors is responsible for performing such acts as may be necessary to attain the corporate purpose set forth in the Articles of Incorporation, in accordance with the applicable laws.</p> <p>2. Delegation by the Board of powers to any of its members within the limits allowed by the law does not deprive the Board of those powers.</p> <p>3. Under no circumstances may the following powers of the plenary Board of Directors be delegated:</p> <p>a) Coordinating the performance of business by the FCC Group in the interests of the Company and its subsidiaries.</p> <p>b. Approving the Company's general policies and strategies, particularly the strategic business plan, and the management goals and annual budgets, the policy on own shares, particularly its limits, the policy relating to corporate governance and corporate social responsibility, directors' remuneration policy, and the policy on risk control and management, identifying the main risks faced by the Company, and implementing and monitoring the most appropriate internal control and information systems in order to guarantee its future viability and competitiveness, taking the principal decisions for its optimal development.</p> <p>c. Approving the internal Rules or Codes of conduct of FCC and, to the extent that it is</p>	<p>any other type of transactions whose specific circumstances make them strategic.</p> <p>k) The general organising powers of the Board of Directors, particularly the power to amend these Rules.</p> <p>l) The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.</p> <p>Article 8. General Functions - Equilibrium in the performance of functions.</p> <p>1. The Board of Directors is responsible for performing such acts as may be necessary to attain the corporate purpose set forth in the Articles of Incorporation, in accordance with the applicable laws.</p> <p>2. Delegation by the Board of powers to any of its members within the limits allowed by the law does not deprive the Board of those powers.</p> <p>3. Under no circumstances may the following powers of the plenary Board of Directors be delegated:</p> <p>a) Coordinating the performance of business by the FCC Group in the interests of the Company and its subsidiaries.</p> <p>b. Approving the Company's general policies and strategies, particularly the strategic business plan, and the management goals and annual budgets, the policy on own shares, particularly its limits, the policy relating to corporate governance and corporate social responsibility, directors' remuneration policy, and the policy on risk control and management, identifying the main risks faced by the Company, and implementing and monitoring the most appropriate internal control and information systems in order to guarantee its future viability and competitiveness, taking the principal decisions for its optimal development.</p> <p>c. Approving the internal Rules or Codes of conduct of FCC and, to the extent that it is</p>
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<p>legally necessary, its subsidiaries.</p> <p>d) Determining the policies governing information and communication with shareholders, the markets and public opinion, ensuring the quality of the information provided, approving the financial information that the Company must disclose periodically by virtue of being listed.</p> <p>e) Approving the remuneration policy for the Company's senior executives and members of the Company's Management Committee, and evaluating their performance.</p> <p>f) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.</p> <p>The powers referred to above in connection with the appointment and removal of senior executives and their indemnity clauses, the periodic financial disclosures, strategic investments and transactions, and those referred to in item f) above, may be exercised on an urgent basis by the Executive Committee subject to subsequent ratification by the plenary Board of Directors.</p> <p>4. The Board of Directors will perform its function based on the principle of equilibrium between powers and responsibilities. The Board members and Committees to which the Board delegates are also subject to this principle of equilibrium.</p> <p>5. The Board of Directors will establish such mechanisms as may be appropriate, suitable or necessary to supervise the decisions adopted by any of its members or Committees.</p> <p>6. The Board of Directors is answerable to the General Meeting of Shareholders, and must seek the Meeting's prior authorisation for the acquisition or disposal of essential operating assets when they entail a change in the company's object, and for transactions whose effect is the equivalent of liquidating the Company.</p>	<p>legally necessary, its subsidiaries.</p> <p>d) Determining the policies governing information and communication with shareholders, the markets and public opinion, ensuring the quality of the information provided, approving the financial information that the Company must disclose periodically by virtue of being listed.</p> <p>e) Approving the remuneration policy for the Company's senior executives and members of the Company's Management Committee, and evaluating their performance.</p> <p>f) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.</p> <p>The powers referred to above in connection with the appointment and removal of senior executives and their indemnity clauses, the periodic financial disclosures, strategic investments and transactions, and those referred to in item f) above, may be exercised on an urgent basis by the Executive Committee subject to subsequent ratification by the plenary Board of Directors.</p> <p>4. The Board of Directors will perform its function based on the principle of equilibrium between powers and responsibilities. The Board members and Committees to which the Board delegates are also subject to this principle of equilibrium.</p> <p>5. The Board of Directors will establish such mechanisms as may be appropriate, suitable or necessary to supervise the decisions adopted by any of its members or Committees.</p> <p>6. The Board of Directors is answerable to the General Meeting of Shareholders, and must seek the Meeting's prior authorisation for the acquisition or disposal of essential operating assets when they entail a change in the company's object, and for transactions whose effect is the equivalent of liquidating the Company.</p>
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<p>Article 9. Representative Functions</p> <p>1. The Board of Directors is the representative of F.C.C. in the terms established by law and in the Articles of Incorporation.</p> <p>2. The Committees and members of the Board vested with representation powers must keep the Board informed at all times of any and all actions they take in the exercise of such powers which go beyond ordinary administration.</p> <p>Article 10. Specific Functions in connection with the Financial Statements and Directors' Report</p> <p>1. The Board of Directors must authorise the Financial Statements and the Directors' Report, for both the parent company and the consolidated group, so as to provide a true and fair view of the equity, financial situation and results of F.C.C., as provided for under the law, based on a prior report by the Audit and Control Committee. Those Financial Statements must first be certified for their integrity and accuracy by the Chief Financial Officer and countersigned by the Chairman, if he has executive powers, otherwise by the Managing Director.</p> <p>2. After examining those reports, the Board of Directors may ask the drafters for any additional clarifications that it considers to be necessary.</p> <p>3. In particular, the Board of Directors will ensure that those accounting documents are written in clear and precise terms that facilitate understanding of their contents. In particular, they must include any comments that facilitate such understanding.</p> <p>4. All members of the Board of Directors must certify that, before signing the authorisation of the Financial Statements, as required by law, they have had access to the report of the Audit and Control Committee on the Financial Statements and, generally, to any other information that may be necessary for authorisation, and they may place on record any comments they deem appropriate.</p> <p>5. The Board will monitor the evolution of the Company's accounts on a quarterly basis, following a report of the Audit and</p>	<p>Article 9. Representative Functions</p> <p>1. The Board of Directors is the representative of F.C.C. in the terms established by law and in the Articles of Incorporation.</p> <p>2. The Committees and members of the Board vested with representation powers must keep the Board informed at all times of any and all actions they take in the exercise of such powers which go beyond ordinary administration.</p> <p>Article 10. Specific Functions in connection with the Financial Statements and Directors' Report</p> <p>1. The Board of Directors must authorise the Financial Statements and the Directors' Report, for both the parent company and the consolidated group, so as to provide a true and fair view of the equity, financial situation and results of F.C.C., as provided for under the law, based on a prior report by the Audit and Control Committee. Those Financial Statements must first be certified for their integrity and accuracy by the Chief Financial Officer and countersigned by the Chairman, if he has executive powers, otherwise by the Managing Director.</p> <p>2. After examining those reports, the Board of Directors may ask the drafters for any additional clarifications that it considers to be necessary.</p> <p>3. In particular, the Board of Directors will ensure that those accounting documents are written in clear and precise terms that facilitate understanding of their contents. In particular, they must include any comments that facilitate such understanding.</p> <p>4. All members of the Board of Directors must certify that, before signing the authorisation of the Financial Statements, as required by law, they have had access to the report of the Audit and Control Committee on the Financial Statements and, generally, to any other information that may be necessary for authorisation, and they may place on record any comments they deem appropriate.</p> <p>5. The Board will monitor the evolution of the Company's accounts on a quarterly basis, following a report of the Audit and Control</p>
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<p>Control Committee.</p> <p>Article 11. Specific Functions relating to the Securities Market</p> <p>1. The Board of Directors will perform any functions inherent to the fact that the company is listed on the stock market.</p> <p>2. In particular, the Board will perform the following specific functions in relation to the securities market, in the manner set out in these Rules:</p> <p>a) The performance of all acts and the adoption of such measures as may be necessary to ensure the transparency of F.C.C. vis-à-vis the financial markets.</p> <p>b. The performance of such acts and the adoption of such measures as may be necessary to promote proper discovery of the price of F.C.C. shares, avoiding manipulation and the abuse of inside information, in particular.</p> <p>c. Approval and updating of the Internal Code of Conduct on matters related to the stock market.</p> <p>d) Approval of the annual corporate governance report referred to in Article 116 of the Securities Market Act.</p> <p>CHAPTER III. RELATIONS OF THE BOARD OF DIRECTORS</p> <p>Article 12. Relations with shareholders The Board of Directors will encourage communications between F.C.C. and its shareholders. Accordingly, it will foster informative meetings between Directors and/or senior executives and institutional shareholders to discuss the progress of the F.C.C. Group. Under no circumstances may such meetings involve providing any information which could put such shareholders in a privileged situation with respect to the other shareholders.</p>	<p>Committee.</p> <p>Article 11. Specific Functions relating to the Securities Market</p> <p>1. The Board of Directors will perform any functions inherent to the fact that the company is listed on the stock market.</p> <p>2. In particular, the Board will perform the following specific functions in relation to the securities market, in the manner set out in these Rules:</p> <p>a) The performance of all acts and the adoption of such measures as may be necessary to ensure the transparency of F.C.C. vis-à-vis the financial markets.</p> <p>b. The performance of such acts and the adoption of such measures as may be necessary to promote proper discovery of the price of F.C.C. shares, avoiding manipulation and the abuse of inside information, in particular.</p> <p>c. Approval and updating of the Internal Code of Conduct on matters related to the stock market.</p> <p>d) Approval of the annual corporate governance report referred to in Article 61 bis of the Securities Market Act.</p> <p>e) Approval of the report on directors' remuneration referred to in Article 61 ter of the Securities Market Act.</p> <p>CHAPTER III. RELATIONS OF THE BOARD OF DIRECTORS</p> <p>Article 12. Relations with shareholders The Board of Directors will encourage communications between F.C.C. and its shareholders. Accordingly, it will foster informative meetings between Directors and/or senior executives and institutional shareholders to discuss the progress of the F.C.C. Group. Under no circumstances may such meetings involve providing any information which could put such shareholders in a privileged situation with respect to the other shareholders.</p>
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Article 13. Information to shareholders in relation to General Meetings.

1. Prior to each General Meeting of Shareholders, the Board of Directors will make available to shareholders all the information required by law and, through the Stock Market and Investor Relations Department or any other that takes its place, will answer in writing any questions or requests for information or clarification raised by the shareholders in relation to the items on the agenda, up to the seventh day before the scheduled meeting date; it will also respond to questions and requests for information or clarification raised in relation to the information accessible to the public which has been filed with the National Securities Market Commission (CNMV) since the last General Meeting. The information referred to in this paragraph will be provided in writing to the shareholders who request it up to the day of the General Meeting in question.

The Chairman or, by delegation from the Chairman, the Managing Director, a director, the Board Secretary or a Senior Executive of FCC who is present in the Meeting, will, on the Chairman's instructions, answer the requests for information raised in connection with the items on the agenda by shareholders verbally during the General Meeting itself or in writing in the seven calendar days prior to the date scheduled for the General Meeting. If the shareholders' right to information cannot be fulfilled at that time, the Board of Directors, through the Stock Market and Investor Relations Department or any other that takes its place, will provide the requested information in writing within seven days following the conclusion of the Meeting. All within the limits established by the legislation in force.

2. The Board of Directors will take the necessary measures to enable the General Meeting of Shareholders to efficiently discharge its duties under the law and the Articles of Incorporation.

Article 14. Relations with the Markets

1. The Board of Directors will take the necessary measures to inform the public immediately, by filing with the National Securities Market Commission (CNMV) and simultaneously posting on the FCC website,

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<p>of:</p> <p>a) Any significant events capable of having a significant influence on the formation of the market price of FCC shares.</p> <p>b. Changes that have a significant effect on the ownership structure of F.C.C.</p> <p>c. Substantial changes to the F.C.C. rules of governance, which currently comprise the Articles of Incorporation, the Rules of the General Meeting, the Rules of the Board of Directors and the Internal Code of Conduct.</p> <p>d) Transactions with own securities as required by law.</p> <p>2. The Board of Directors will adopt the necessary measures to ensure that the periodical financial information and any other information that is made available to the markets is prepared according to the same principles, standards and professional practices as the financial statements and is equally reliable.</p> <p>Article 15. Relations with Auditors</p> <p>1. Relations with the external auditors of FCC will be channelled via the Audit and Control Committee, as envisaged in the Articles of Incorporation and these Rules.</p> <p>2. The Board of Directors may not engage audit firms where the fees foreseeably to be paid by the Company and the companies in its Group under any heading exceed ten percent of that audit firm's revenues in Spain in the immediately preceding fiscal year.</p> <p>3. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without qualifications or reservations in the audit report, and, exceptionally, should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of the scope and content of such reservations or qualifications.</p>	<p>a) Any significant events capable of having a significant influence on the formation of the market price of FCC shares.</p> <p>b. Changes that have a significant effect on the ownership structure of F.C.C.</p> <p>c. Substantial changes to the F.C.C. rules of governance, which currently comprise the Articles of Incorporation, the Rules of the General Meeting, the Rules of the Board of Directors, the FCC Group Code of Ethics and the Internal Code of Conduct in connection with the Securities Market.</p> <p>d) Transactions with own securities as required by law.</p> <p>2. The Board of Directors will adopt the necessary measures to ensure that the periodical financial information and any other information that is made available to the markets is prepared according to the same principles, standards and professional practices as the financial statements and is equally reliable.</p> <p>Article 15. Relations with Auditors</p> <p>1. Relations with the external auditors of FCC will be channelled via the Audit and Control Committee, as envisaged in the Articles of Incorporation and these Rules.</p> <p>2. The Board of Directors may not engage audit firms where the fees foreseeably to be paid by the Company and the companies in its Group under any heading exceed ten percent of that audit firm's revenues in Spain in the immediately preceding fiscal year.</p> <p>3. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without qualifications or reservations in the audit report, and, exceptionally, should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of the scope and content of such reservations or qualifications.</p>
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<p>CHAPTER IV. APPOINTMENT AND REMOVAL OF DIRECTORS</p> <p>Article 16. Appointment, ratification or re-election of directors</p> <p>1. Proposals for the appointment or re-election of directors submitted by the Board of Directors to the General Meeting of Shareholders for its consideration, and the appointments made by the Board using the powers of co-optation attributed to it by law must fall upon people of recognised integrity, fitness, technical competence and experience, and must be approved by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of independent directors, and based on a prior report of the Appointments and Remuneration Committee, in the case of other directors.</p> <p>2. From the moment of publication of the notice of the General Meeting, the Board of Directors must publish, on the website, the following information about the persons proposed for appointment or ratification as directors:</p> <p>(i) professional experience and background;</p> <p>(ii) directorships held in other companies, listed or otherwise;</p> <p>(iii) an indication of the director's classification; in the case of proprietary directors, the shareholder they represent or have links with must be identified;</p> <p>(iv) the date of their first and subsequent appointments as a company director;</p> <p>(v) shares of the Company and financial derivatives whose underlying are shares of the Company that are owned by the director proposed for ratification or re-appointment or by the candidate for first-time appointment as director. That information must be kept up to date.</p> <p>3. The Secretary of the Board of Directors will provide each new director with a copy of the Articles of Incorporation, these Rules, the Internal Code of Conduct, the latest annual Financial Statements and</p>	<p>CHAPTER IV. APPOINTMENT AND REMOVAL OF DIRECTORS</p> <p>Article 16. Appointment, ratification or re-election of directors</p> <p>1. Proposals for the appointment or re-election of directors submitted by the Board of Directors to the General Meeting of Shareholders for its consideration, and the appointments made by the Board using the powers of co-optation attributed to it by law must fall upon people of recognised integrity, fitness, technical competence and experience, and must be approved by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of independent directors, and based on a prior report of the Appointments and Remuneration Committee, in the case of other directors.</p> <p>2. From the moment of publication of the notice of the General Meeting, the Board of Directors must publish, on the website, the following information about the persons proposed for appointment or ratification as directors:</p> <p>(i) professional experience and background;</p> <p>(ii) directorships held in other companies, listed or otherwise;</p> <p>(iii) an indication of the director's classification; in the case of proprietary directors, the shareholder they represent or have links with must be identified;</p> <p>(iv) the date of their first and subsequent appointments as a company director;</p> <p>(v) shares of the Company and financial derivatives whose underlying are shares of the Company that are owned by the director proposed for ratification or re-appointment or by the candidate for first-time appointment as director. That information must be kept up to date.</p> <p>3. The Secretary of the Board of Directors will provide each new director with a copy of the Articles of Incorporation, these Rules, the FCC Group Code of Ethics, the Internal Code of Conduct in relation to the Securities Market, the latest annual Financial</p>
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<p>Directors' Report, of both the Company and its consolidated Group, as approved by the General Meeting of Shareholders, the auditors' report on the Financial Statements and the latest financial information provided to the markets. It will also provide them with the names of the current auditors and their interlocutors.</p> <p>4. Each director must sign a receipt for the documentation and undertake to take cognizance of it immediately and to faithfully fulfil his obligations as a director.</p> <p>5. The Company will establish induction programmes to provide newly-appointed directors rapidly with sufficient knowledge of the Company and its Group and the corporate governance rules, while also offering refresher courses when circumstances make this advisable.</p> <p>Article 17. Designation of Independent Directors</p> <p>1. Persons appointed as external independent directors must meet the conditions indicated in Article 6.2.a) of these Rules.</p> <p>2. Even where they remain on the Board, directors who have been classified as independent directors for a continuous period of 12 years may not continue to hold that category, although the Board may propose to the General Meeting, based on a prior favourable report from the Appointments and Remuneration Committee, that he or she retain the status of independent nonetheless.</p> <p>Article 18. Term of office</p> <p>1. The term of office of directors will be that established in the Articles of Incorporation, which may not be more than six years, although directors may be re-appointed.</p> <p>2. The directors appointed by co-optation will hold office until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.</p> <p>3. Directors whose mandates expire or who cease to sit on the Board for any reason may not render services to FCC competitors</p>	<p>Statements and Directors' Report, of both the Company and its consolidated Group, as approved by the General Meeting of Shareholders, the auditors' report on the Financial Statements and the latest financial information provided to the markets. It will also provide them with the names of the current auditors and their interlocutors.</p> <p>4. Each director must sign a receipt for the documentation and undertake to take cognizance of it immediately and to faithfully fulfil his obligations as a director.</p> <p>5. The Company will establish induction programmes to provide newly-appointed directors rapidly with sufficient knowledge of the Company and its Group and the corporate governance rules, while also offering refresher courses when circumstances make this advisable.</p> <p>Article 17. Designation of Independent Directors</p> <p>1. Persons appointed as external independent directors must meet the conditions indicated in Article 6.2.a) of these Rules.</p> <p>2. Even where they remain on the Board, directors who have been classified as independent directors for a continuous period of 12 years may not continue to hold that category, although the Board may propose to the General Meeting, based on a prior favourable report from the Appointments and Remuneration Committee, that he or she retain the status of independent nonetheless.</p> <p>Article 18. Term of office</p> <p>1. The term of office of directors will be that established in the Articles of Incorporation, which may not be more than six years, although directors may be re-appointed.</p> <p>2. The directors appointed by co-optation will hold office until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.</p> <p>3. Directors whose mandates expire or who cease to sit on the Board for any reason may not render services to FCC competitors for two years.</p>
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4. The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors.

Article 19. Re-appointment of Directors.
Prior to the proposing the re-appointment of any director to the General Meeting of Shareholders, the Appointments and Remuneration Committee must issue a report evaluating the quality of work and dedication of the proposed directors during their previous mandate.

Article 20. Removal of Directors

1. Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Articles of Incorporation.

2. The directors must tender their resignation to the Board of Directors and officially resign at the Board's request in the following cases:

a) In the case of executive directors, when they no longer occupy the positions or perform the functions by virtue of which they were appointed.

b. In the case of proprietary directors, when the shareholder whose interests they represent disposes of its holding in FCC or reduces it to such a level that its number of proprietary directors must be reduced.

c. When they fall under a situation of incompatibility or legal disqualification.

d) When the Board, by a two-thirds majority, asks the director to resign:

- if he receives a severe reprimand from the Board due to breach of his duties as director, based on a proposal or report by the Appointments and Remuneration Committee, or

- when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them

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c. When they fall under a situation of incompatibility or legal disqualification.

d) When the Board, by a two-thirds majority, asks the director to resign:

- if he or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments, Remuneration and Corporate Governance Committee, or

- when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if



<p>and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in article 124 of the Limited Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.</p> <p>3. The Board of Directors may not propose the removal of independent directors before the expiry of their tenure as mandated by the Articles, except where just cause is found by the Board, based on a report from the Nomination and Remuneration Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the grounds enumerated in article 6.2.a of these rules that disqualify from appointment as an independent director.</p> <p>4. When a director steps down either due to resignation or otherwise, he or she must set out the reasons in a letter to be sent to all other members of the Board, and his or her removal and the reasons must be disclosed in the Annual Corporate Governance Report. In particular, where the director resigns due to the adoption by the Board of significant or repeated decisions to which the director has placed serious objections on record, and decides to resign as a result, the resignation letter to the other directors must expressly state this fact.</p> <p>Article 21. Nature of the Resolutions of the Board on this Subject Pursuant to the provisions of Article 25 of these Rules, the directors being proposed for appointment, re- appointment or dismissal may not participate in the debates or vote on these issues.</p> <p>CHAPTER V. DIRECTORS' DUTIES</p> <p>Article 22. General obligations of Directors 1. The directors must comply with the obligations imposed by law and the Articles of Incorporation, and the Company's Rules (Rules of the General Meeting of Shareholders, Rules of the Board of Directors, and Internal Code of Conduct), and be loyal to</p>	<p>any director is tried for any of the corporate crimes described in article 124 of the Limited Companies Act article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.</p> <p>3.The Board of Directors may not propose the removal of independent directors before the expiry of their tenure as mandated by the Articles, except where just cause is found by the Board, based on a report from the Nomination and Remuneration Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the grounds enumerated in article 6.2.a of these rules that disqualify from appointment as an independent director.</p> <p>4. When a director steps down either due to resignation or otherwise, he or she must set out the reasons in a letter to be sent to all other members of the Board, and his or her removal and the reasons must be disclosed in the Annual Corporate Governance Report. In particular, where the director resigns due to the adoption by the Board of significant or repeated decisions to which the director has placed serious objections on record, and decides to resign as a result, the resignation letter to the other directors must expressly state this fact.</p> <p>Article 21. Nature of the Resolutions of the Board on this Subject Pursuant to the provisions of Article 25 of these Rules, the directors being proposed for appointment, re- appointment or dismissal may not participate in the debates or vote on these issues.</p> <p>CHAPTER V. DIRECTORS' DUTIES</p> <p>Article 22. General obligations of Directors 1. The directors must comply with the obligations imposed by law and the Articles of Incorporation, and the Company's Rules (Rules of the General Meeting of Shareholders, Rules of the Board of Directors, Code of Ethics and Internal Code of Conduct),</p>
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<p>the interests of the Company, and respect the principle of treating all shareholders equally, discharging their duties with singleness of purpose and independence.</p> <p>A director's function is to direct and oversee the management of FCC so as to maximise value in a sustained way to the benefit of all shareholders. Directors must also ensure that their relations with any party having a direct or indirect interest in the Company comply with the law and regulations, that obligations and contracts are fulfilled in good faith, that customs and practices in the industries and territories where the business is carried on are complied with, and that any additional principles of social responsibility that the Company has adopted voluntarily are fulfilled.</p> <p>2. In discharging their duties, directors must act with the diligence of an orderly businessman and loyal representative, and must undertake to devote the necessary time and effort to discharge their duties effectively. In particular, they undertake to:</p> <p>a) Keep themselves informed and prepare for Board meetings and meetings of the delegate committees of which they are members; to this end, they must gather the information they require on their legal obligations.</p> <p>b. Attend the meetings of the committees of which they are members and participate actively in the debates in order to contribute effectively to the decision-making process.</p> <p>If a director is unable to attend a meeting for good reasons and must unavoidably grant proxy, he or she must give instructions to the director to whom he or she grants proxy.</p> <p>c. Attend the General Meeting of Shareholders.</p> <p>d) Perform any specific function entrusted to him/her by the Board of Directors that falls reasonably within his or her commitment of dedication.</p> <p>e) Encourage people with the ability to do so to call an extraordinary Board meeting or to include, on the agenda of the next meeting to be held, any items he or she</p>	<p>and be loyal to the interests of the Company, and respect the principle of treating all shareholders equally, discharging their duties with singleness of purpose and independence.</p> <p>A director's function is to direct and oversee the management of FCC so as to maximise value in a sustained way to the benefit of all shareholders. Directors must also ensure that their relations with any party having a direct or indirect interest in the Company comply with the law and regulations, that obligations and contracts are fulfilled in good faith, that customs and practices in the industries and territories where the business is carried on are complied with, and that any additional principles of social responsibility that the Company has adopted voluntarily are fulfilled.</p> <p>2. In discharging their duties, directors must act with the diligence of an orderly entrepreneur and loyal representative, and must undertake to devote the necessary time and effort to discharge their duties effectively. In particular, they undertake to:</p> <p>a) Keep themselves informed and prepare for Board meetings and meetings of the delegate committees of which they are members; to this end, they must gather the information they require on their legal obligations.</p> <p>b. Attend the meetings of the committees of which they are members and participate actively in the debates in order to contribute effectively to the decision-making process.</p> <p>If a director is unable to attend a meeting for good reasons and must unavoidably grant proxy, he or she must give instructions to the director to whom he or she grants proxy.</p> <p>c. Attend the General Meeting of Shareholders.</p> <p>d) Perform any specific function entrusted to him/her by the Board of Directors that falls reasonably within his or her commitment of dedication.</p> <p>e) Encourage people with the ability to do so to call an extraordinary Board meeting or to include, on the agenda of the next meeting to be held, any items he or she considers appropriate.</p>
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<p>considers appropriate.</p> <p>f) Inform the Board of Directors of any direct or indirect conflict of interest he may have with the Company. In the event of such a conflict, the director in question must not participate in the transaction giving rise to the conflict except where expressly authorised to do so by the Board of Directors.</p> <p>g) Disclose to the Board of Directors, through the Corporate Responsibility Department, or any other unit which takes its place, within the first calendar month of each year, in connection with the immediately preceding year, and without prejudice to the provisions of the Company's Internal Code of Conduct with regard to the Securities Market:</p> <p>i. Any interest, held now or in the past, in the share capital of other companies with activities that are the same as, or similar or complementary to, those constituting the corporate purpose of FCC, as well as any positions or functions held or performed at such companies.</p> <p>ii. Any activities performed by the director that are the same as, or similar or complementary to, those constituting the corporate purpose of FCC.</p> <p>iii. Shares of FCC, held now or in the past, by the director.</p> <p>iv. Transactions carried out during the previous fiscal year by the director in his or her own interest, or by people acting on his or her behalf, with FCC or with companies of its Group, when such operations are material, fall outside of the normal business operations of the FCC Group or were not carried out under arm's-length conditions.</p> <p>v. Any situations of direct or indirect conflict of interest involving the director with regard to the interests of the FCC Group.</p> <p>The Corporate Responsibility Department, or any other unit which takes its place, will gather the Directors' disclosures referred to in g) above.</p> <p>The information referred to in paragraphs iv</p>	<p>f) Inform the Board of Directors of any direct or indirect conflict of interest he may have with the Company. In the event of such a conflict, the director in question must not participate in the transaction giving rise to the conflict except where expressly authorised to do so by the Board of Directors.</p> <p>g) Disclose to the Board of Directors, through the Corporate Responsibility Department, or any other unit which takes its place, within the first calendar month of each year, in connection with the immediately preceding year, and without prejudice to the provisions of the Company's Internal Code of Conduct with regard to the Securities Market:</p> <p>i. Any interest, held now or in the past by either the director or his/her related parties as referred to in article 231 of the Capital Companies Act, in the share capital of other companies with activities that are the same as, or similar or complementary to, those constituting the corporate purpose of FCC, as well as any positions or functions held or performed at such companies.</p> <p>ii. Any activities performed by the director that are the same as, or similar or complementary to, those constituting the corporate purpose of FCC.</p> <p>iii. Shares of FCC, held now or in the past, by the director.</p> <p>iv. Transactions carried out during the previous fiscal year by the director in his or her own interest, or by people acting on his or her behalf, with FCC or with companies of its Group, when such operations are material, fall outside of the normal business operations of the FCC Group or were not carried out under arm's-length conditions.</p> <p>v. Any situations of direct or indirect conflict of interest involving the director with regard to the interests of the FCC Group.</p> <p>The Corporate Responsibility Department, or any other unit which takes its place, will gather the Directors' disclosures referred to in g) above.</p> <p>The information referred to in paragraphs iv</p>
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<p>and v above must also be disclosed specifically at the time of each operation or transaction.</p> <p>h) Clearly express his or her opposition to any motion set before the Board which may be contrary to the corporate interest; in particular, independent and other directors unaffected by the potential conflict of interest must challenge any decision that might be detrimental to the interests of the shareholders not represented on the board.</p> <p>3. Directors must inform the Appointments and Remuneration Committee of their other professional obligations in case they interfere with the dedication required of a director, and the Board of Directors must establish, based on a proposal by the Appointments and Remuneration Committee, the number of boards to which directors may belong.</p> <p>Article 23. Directors' duty of confidentiality</p> <p>1. Directors must keep secret the deliberations of the Board and the Committees of which they are members, and generally not reveal any information to which they are party by virtue of their position.</p> <p>2. This does not apply to those situations in which the law requires notification or disclosure to the supervisory authorities or third parties, in which case the disclosure must conform to the provisions of the law.</p> <p>3. When the director is a legal entity, the secrecy obligation is incumbent upon its representative, notwithstanding the representative's obligation to inform its principal.</p> <p>Article 24. Non-competition obligation</p> <p>1. Directors may not hold office at, or work for, competitors of the Company or its subsidiaries that are part of the FCC Group. The Board of Directors may, at its discretion, waive this limitation for certain directors.</p> <p>2. Persons who have interests which clash in any way with those of the Company must resign at the request of any shareholder and by resolution of the General Meeting of Shareholders.</p>	<p>and v above must also be disclosed specifically at the time of each operation or transaction.</p> <p>h) Clearly express his or her opposition to any motion set before the Board which may be contrary to the corporate interest; in particular, independent and other directors unaffected by the potential conflict of interest must challenge any decision that might be detrimental to the interests of the shareholders not represented on the board.</p> <p>3. Directors must inform the Appointments and Remuneration Committee of their other professional obligations in case they interfere with the dedication required of a director, and the Board of Directors must establish, based on a proposal by the Appointments and Remuneration Committee, the number of boards to which directors may belong.</p> <p>Article 23. Directors' duty of confidentiality</p> <p>1. Directors must keep secret the deliberations of the Board and the Committees of which they are members, and generally not reveal any information to which they are party by virtue of their position.</p> <p>2. This does not apply to those situations in which the law requires notification or disclosure to the supervisory authorities or third parties, in which case the disclosure must conform to the provisions of the law.</p> <p>3. When the director is a legal entity, the secrecy obligation is incumbent upon its representative, notwithstanding the representative's obligation to inform its principal.</p> <p>Article 24. Non-competition obligation</p> <p>1. Directors may not hold office at, or work for, competitors of the Company or its subsidiaries that are part of the FCC Group. The Board of Directors may, at its discretion, waive this limitation for certain directors.</p> <p>2. Persons who have interests which clash in any way with those of the Company must resign at the request of any shareholder and by resolution of the General Meeting of Shareholders.</p>
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<p>3. Before accepting any management position or directorship at another company or entity, directors must consult the Appointments and Remuneration Committee.</p> <p>Article 25. Conflicts of interest</p> <p>1. Directors may not attend or participate in debates regarding related-party transactions and generally issues in which they may have a direct or indirect personal interest, nor may they vote or grant proxy on the corresponding resolutions, and they must withdraw from the meeting while the Board debates and votes.</p> <p>An indirect interest on the part of the director is likewise considered to exist when that matter affects a related party.</p> <p>2. Directors must give due advance notice to the Board, via the Corporate Responsibility Department or any other that takes its place, of any situation that may give rise to a conflict of interest with the Company or any of the companies in the FCC group of companies or their related companies.</p> <p>3. In the following cases, the prior written consent of the Board of Directors of FCC, which may not be delegated, based on a favourable report from the Appointments and Remuneration Committee, will be required:</p> <p>a) Provision by a director or a related party to companies of the FCC Group of professional services other than those deriving from executive directors' employment relationship.</p> <p>b. Sale or disposal by any other means, for good and valuable consideration of any type, of supplies, materials, goods or rights in general by a director, significant shareholder or shareholder represented on the Board, or their related parties, to companies of the FCC Group.</p> <p>c. Transfer of supplies, materials, goods or rights in general outside the seller's normal course of business by a company of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties.</p>	<p>3. Before accepting any management position or directorship at another company or entity, directors must consult the Appointments and Remuneration Committee.</p> <p>Article 25. Conflicts of interest</p> <p>1. Directors may not attend or participate in debates regarding related-party transactions and generally issues in which they may have a direct or indirect personal interest, nor may they vote or grant proxy on the corresponding resolutions, and they must withdraw from the meeting while the Board debates and votes.</p> <p>An indirect interest on the part of the director is likewise considered to exist when that matter affects a related party.</p> <p>2. Directors must give due advance notice to the Board, via the Corporate Responsibility Department or any other that takes its place, of any situation that may give rise to a conflict of interest with the Company or any of the companies in the FCC group of companies or their related companies.</p> <p>3. In the following cases, the prior written consent of the Board of Directors of FCC, which may not be delegated, based on a favourable report from the Appointments and Remuneration Committee, will be required:</p> <p>a) Provision by a director or a related party to companies of the FCC Group of professional services other than those deriving from executive directors' employment relationship.</p> <p>b. Sale or disposal by any other means, for good and valuable consideration of any type, of supplies, materials, goods or rights in general by a director, significant shareholder or shareholder represented on the Board, or their related parties, to companies of the FCC Group.</p> <p>c. Transfer of supplies, materials, goods or rights in general outside the seller's normal course of business by a company of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties.</p>
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<p>d) Provision of works or services or the sale of materials by companies of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties, in the normal course of the former's business, at lower than market prices.</p> <p>The request for authorisation will be processed through the Corporate Social Responsibility Department, which will request a report from the affected area of FCC; that report, together with the request, will be referred to the Appointment and Remuneration Committee.</p> <p>4. The authorisation referred to in item 4 above will not be necessary for related-party transactions that fulfil all of the following three conditions:</p> <p>a) They are governed by standard form agreements applied on an across-the-board basis to a large number of clients.</p> <p>b. They are performed at market prices or rates generally set by the person supplying the goods or services.</p> <p>c. Their amount is no more than 1% of the company's annual revenues.</p> <p>5. In any event, all material transactions of any kind between directors and FCC, its subsidiaries or associated companies must be disclosed in the Annual Corporate Governance Report. This obligation extends to material transactions between the Company and its significant shareholders (direct and indirect).</p> <p>6. Related parties will be as defined in article 127 ter. 5 of the Public Corporations Act.</p> <p>Article 26. Use of F.C.C. Information</p> <p>1. Directors may only use non-public information of F.C.C. for personal purposes under the following conditions:</p> <p>a) such information may not be used in connection with the purchase or sale of securities of F.C.C. Group companies that are listed on the stock market;</p>	<p>d) Provision of works or services or the sale of materials by companies of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties, in the normal course of the former's business, at lower than market prices.</p> <p>The request for authorisation will be processed through the Corporate Social Responsibility Department, which will request a report from the affected area of FCC; that report, together with the request, will be referred to the Appointment and Remuneration Committee.</p> <p>4. The authorisation referred to in item 4 above will not be necessary for related-party transactions that fulfil all of the following three conditions:</p> <p>a) They are governed by standard form agreements applied on an across-the-board basis to a large number of clients.</p> <p>b. They are performed at market prices or rates generally set by the person supplying the goods or services.</p> <p>c. Their amount is no more than 1% of the company's annual revenues.</p> <p>5. In any event, all material transactions of any kind between directors and FCC, its subsidiaries or associated companies must be disclosed in the Annual Corporate Governance Report. This obligation extends to material transactions between the Company and its significant shareholders (direct and indirect).</p> <p>6. Related parties will be as defined in article 127 ter.5 of the Public Corporations Act. 231 of the Capital Companies Act.</p> <p>Article 26. Use of F.C.C. Information</p> <p>1. Directors may only use non-public information of F.C.C. for personal purposes under the following conditions:</p> <p>a) such information may not be used in connection with the purchase or sale of securities of F.C.C. Group companies that are listed on the stock market;</p>
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<p>b. its use may not be detrimental to any of the companies of the F.C.C. Group; and</p> <p>c. the information in question must not be held by a F.C.C. Group company under an exclusive right or similar situation.</p> <p>2. In addition to the condition envisaged in item a) above, directors must comply with the code of conduct established in the securities market legislation and, in particular, the rules enshrined in the F.C.C.'s Internal Code of Conduct in matters relating to the Securities Market.</p> <p>Article 27. Business opportunities. Use of company assets</p> <p>1. Directors may not use to their own advantage any business opportunity that is being considered by any company in the F.C.C. Group, unless the F.C.C. Group companies have already decided not to study or make use of such opportunity uninfluenced by the director who wishes to make use of it. Such use must also be authorised by the Board based on a report by the Appointments and Remuneration Committee.</p> <p>2. For the purposes of paragraph 1 above, a business opportunity is considered to be any possibility of making an investment or carrying out a commercial transaction arising or coming to the knowledge of the director by virtue of his status as such or through the use of resources and information belonging to the F.C.C. Group or under circumstances that reasonably suggest that the third party's offer was actually intended for the F.C.C. Group.</p> <p>3. Directors may not use the assets of the Company's Group of companies, nor use their position to obtain a gain, except when the appropriate consideration is paid.</p> <p>Exceptionally, directors may be released from the obligation to pay an appropriate consideration but in such cases the gain will be considered as indirect remuneration by the Board of Directors, based on a report of the Appointments and Remuneration Committee.</p> <p>For the purposes of this paragraph 3, it is understood that:</p>	<p>b. its use may not be detrimental to any of the companies of the F.C.C. Group; and</p> <p>c. the information in question must not be held by a F.C.C. Group company under an exclusive right or similar situation.</p> <p>2. In addition to the condition envisaged in item a) above, directors must comply with the code of conduct established in the securities market legislation and, in particular, the rules enshrined in the F.C.C.'s Internal Code of Conduct in matters relating to the Securities Market.</p> <p>Article 27. Business opportunities. Use of company assets</p> <p>1. Directors may not use to their own advantage any business opportunity that is being considered by any company in the F.C.C. Group, unless the F.C.C. Group companies have already decided not to study or make use of such opportunity uninfluenced by the director who wishes to make use of it. Such use must also be authorised by the Board based on a report by the Appointments and Remuneration Committee.</p> <p>2. For the purposes of paragraph 1 above, a business opportunity is considered to be any possibility of making an investment or carrying out a commercial transaction arising or coming to the knowledge of the director by virtue of his status as such or through the use of resources and information belonging to the F.C.C. Group or under circumstances that reasonably suggest that the third party's offer was actually intended for the F.C.C. Group.</p> <p>3. Directors may not use the assets of the Company's Group of companies, nor use their position to obtain a gain, except when the appropriate consideration is paid.</p> <p>Exceptionally, directors may be released from the obligation to pay an appropriate consideration but in such cases the gain will be considered as indirect remuneration by the Board of Directors, based on a report of the Appointments and Remuneration Committee.</p> <p>For the purposes of this paragraph 3, it is understood that:</p>
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<p>a) the use of company assets means the use by the director of the Company's assets for exclusively private purposes or purposes unrelated to the Company's interests;</p> <p>b. appropriate consideration means the consideration which would be paid on the market if the gain were acquired by a third party unrelated to the Company.</p> <p>Article 28. Indirect operations Directors violate their duty of loyalty to the Company if they knowingly allow, or fail to disclose, transactions by individual or legal persons which fall under any of the cases envisaged in article 25.6 of these Rules without being subjected to the conditions and controls envisaged in the preceding articles.</p> <p>Article 29. Directors' duty of disclosure. Directors must disclose the following to F.C.C.'s Appointments and Remuneration Committee through the Corporate Responsibility Department or any unit that takes its place:</p> <p>a) Shares they own in F.C.C. Group companies that are listed, held either directly or through companies in which they have a significant holding. Such information includes stock options or derivatives referring to the value of the shares, as well as the modifications to such stockholdings or related rights, which must be disclosed within three business days from the occurrence of such modifications. The Corporate Responsibility Department will forward a copy of the disclosure to the Stock Market and Investor Relations Department of F.C.C. In accordance with the provisions of its Internal Code of Conduct.</p> <p>b. Positions held and activities performed in other companies or entities.</p> <p>c. Significant changes in the director's professional situation that affects the status or conditions under which the director was appointed to the Board.</p> <p>d) Legal, governmental, or any other type of claim which, due to its significance, could have a serious effect on the reputation of F.C.C.</p>	<p>a) the use of company assets means the use by the director of the Company's assets for exclusively private purposes or purposes unrelated to the Company's interests;</p> <p>b. appropriate consideration means the consideration which would be paid on the market if the gain were acquired by a third party unrelated to the Company.</p> <p>Article 28. Indirect operations Directors violate their duty of loyalty to the Company if they knowingly allow, or fail to disclose, transactions by individual or legal persons which fall under any of the cases envisaged in article 25.6 of these Rules without being subjected to the conditions and controls envisaged in the preceding articles.</p> <p>Article 29. Directors' duty of disclosure. Directors must disclose the following to F.C.C.'s Appointments and Remuneration Committee through the Corporate Responsibility Department or any unit that takes its place:</p> <p>a) Shares they own in F.C.C. Group companies that are listed, held either directly or through companies in which they have a significant holding. Such information includes stock options or derivatives referring to the value of the shares, as well as the modifications to such stockholdings or related rights, which must be disclosed within three business days from the occurrence of such modifications. The Corporate Responsibility Department will forward a copy of the disclosure to the Stock Market and Investor Relations Department of F.C.C. In accordance with the provisions of its Internal Code of Conduct.</p> <p>b. Positions held and activities performed in other companies or entities.</p> <p>c. Significant changes in the director's professional situation that affects the status or conditions under which the director was appointed to the Board.</p> <p>d) Legal, governmental, or any other type of claim which, due to its significance, could have a serious effect on the reputation of F.C.C.</p>
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<p>e) In general, any event or situation that might be relevant to the director's performance as a member of the F.C.C. Board of Directors.</p> <p>CHAPTER VI. INFORMATION FOR DIRECTORS</p> <p>Article 30. Powers to gather information and inspect</p> <p>1. In order to discharge their duties, directors may obtain information about any aspect of F.C.C. and its subsidiaries and associated companies, in Spain and other countries. To this end, they may examine documentation, talk to the heads of the departments in question and visit the companies' facilities.</p> <p>2. So as not to disturb the ordinary operations of the F.C.C. Group, the exercise of these information rights must be channelled through the Chairman, who will respond to the directors' requests by either providing the information directly or offering the appropriate interlocutors at the pertinent organisational level.</p> <p>3. If such a request for information is denied, delayed or handled deficiently, the requesting director may refer his petition to the Audit and Control Committee, which must grant a hearing to both the Chairman and requesting director before deciding how to proceed.</p> <p>4. The requested information may only be denied when, in the opinion of the Chairman and the Audit and Control Committee, it is unnecessary or could be harmful to the Company's interests. Information requests can not be denied if supported by a majority of the Board members.</p> <p>Article 31. Expert assistance</p> <p>1. In order to assist them in discharging their duties, external directors are entitled to obtain the necessary assistance from the Company to discharge their duties and, where necessary, to obtain advice, at FCC's expense, from legal, accounting and financial consultants and other experts.</p> <p>2. Requests to engage external</p>	<p>e) In general, any event or situation that might be relevant to the director's performance as a member of the F.C.C. Board of Directors.</p> <p>CHAPTER VI. INFORMATION FOR DIRECTORS</p> <p>Article 30. Powers to gather information and inspect</p> <p>1. In order to discharge their duties, directors may obtain information about any aspect of F.C.C. and its subsidiaries and associated companies, in Spain and other countries. To this end, they may examine documentation, talk to the heads of the departments in question and visit the companies' facilities.</p> <p>2. So as not to disturb the ordinary operations of the F.C.C. Group, the exercise of these information rights must be channelled through the Chairman, who will respond to the directors' requests by either providing the information directly or offering the appropriate interlocutors at the pertinent organisational level.</p> <p>3. If such a request for information is denied, delayed or handled deficiently, the requesting director may refer his petition to the Audit and Control Committee, which must grant a hearing to both the Chairman and requesting director before deciding how to proceed.</p> <p>4. The requested information may only be denied when, in the opinion of the Chairman and the Audit and Control Committee, it is unnecessary or could be harmful to the Company's interests. Information requests can not be denied if supported by a majority of the Board members.</p> <p>Article 31. Expert assistance</p> <p>1. In order to assist them in discharging their duties, external directors are entitled to obtain the necessary assistance from the Company to discharge their duties and, where necessary, to obtain advice, at FCC's expense, from legal, accounting and financial consultants and other experts.</p> <p>2. Requests to engage external consultants or experts must be referred to the</p>
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<p>consultants or experts must be referred to the Chairman of FCC and will be approved by the Board of Directors if it considers that:</p> <p>a) it is necessary for the proper performance by independent directors of their assigned duties.</p> <p>b. the cost is reasonable, in view of the materiality of the problem and the assets and revenues of FCC and</p> <p>c. the technical assistance cannot be properly provided by internal FCC experts or technical personnel.</p> <p>3. Requests for expert assistance by any of the Board Committees may not be denied except when a majority of the Board members considers that the conditions envisaged in paragraph 2 of this Article are not met.</p> <p>CHAPTER VII. DIRECTORS' REMUNERATION</p> <p>Article 32. Remuneration of directors</p> <p>1. Based on a proposal by the Appointments and Remuneration Committee, the Board will distribute among its members the remuneration decided by the General Meeting of shareholders, as provided in the Articles of Incorporation and in line with the criteria envisaged in this article, each director being entitled to receive the remuneration established by the Board of Directors.</p> <p>Without prejudice to the foregoing, the Company will arrange civil liability insurance for its directors.</p> <p>2. The Board will draft a report on the directors' remuneration policy for the current year and for future years, as the case may be, to be made available to shareholders from the date of notice of the General Meeting of Shareholders. The report will include all aspects referred to in the last paragraph of section 2, except those potentially entailing the disclosure of commercially sensitive information, while also referring to any changes in remuneration policy with respect to the previous year, with a global summary of the policy in the previous year, and details of the role of the Appointments and Remuneration Committee in designing the</p>	<p>Chairman of FCC and will be approved by the Board of Directors if it considers that:</p> <p>a) it is necessary for the proper performance by independent directors of their assigned duties.</p> <p>b. the cost is reasonable, in view of the materiality of the problem and the assets and revenues of FCC and</p> <p>c. the technical assistance cannot be properly provided by internal FCC experts or technical personnel.</p> <p>3. Requests for expert assistance by any of the Board Committees may not be denied except when a majority of the Board members considers that the conditions envisaged in paragraph 2 of this Article are not met.</p> <p>CHAPTER VII. DIRECTORS' REMUNERATION</p> <p>Article 32. Remuneration of directors</p> <p>1. Based on a proposal by the Appointments and Remuneration Committee, the Board will distribute among its members the remuneration decided by the General Meeting of shareholders, as provided in the Articles of Incorporation and in line with the criteria envisaged in this article, each director being entitled to receive the remuneration established by the Board of Directors.</p> <p>Without prejudice to the foregoing, the Company will arrange civil liability insurance for its directors.</p> <p>2. The Board of Directors will also draw up an annual report on its directors' remuneration which must include full, clear, comprehensible information on the company's remuneration policy approved by the Board for the current year and that planned for future years, if any. It must also contain an overview of how the policy was applied during the year, and the breakdown of individual remuneration accrued by each director. This report will be published and voted upon by the Ordinary General Meeting of Shareholders, on a consultative basis, as a separate item on the agenda. The report will be available to shareholders from the time the General</p>
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<p>remuneration policy, along with the identity of any external advisors engaged by that Committee.</p> <p>In setting the remuneration policy, the Board must apply the following criteria: (i) external directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence; (ii) remuneration comprising the delivery of shares in the Company or other companies in the Group, share options or other share-based instruments, variable remuneration linked to the Company's performance or membership of pension schemes should be confined to executive directors except where directors are obliged to retain the shares until the end of their tenure; (iii) in the case of remuneration linked to Company earnings, they should take account of any qualifications in the external auditor's report that lead to a reduction in such earnings; (iv) in the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, atypical or exceptional transactions or circumstances of this kind.</p> <p>The remuneration policy approved by the Board must necessarily address the following issues, where they arise: (i) the amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment to which they give rise; (ii) variable components, in particular the types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items; performance evaluation</p>	<p>Meeting to which it is to be submitted is announced. The report will include all aspects referred to in the last paragraph of section 2, except those potentially entailing the disclosure of commercially sensitive information, while also referring to any changes in remuneration policy with respect to the previous year, with a global summary of the policy in the previous year, and details of the role of the Appointments and Remuneration Committee in designing the remuneration policy, along with the identity of any external advisors engaged by that Committee.</p> <p>In setting the remuneration policy, the Board must apply the following criteria: (i) external directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence; (ii) remuneration comprising the delivery of shares in the Company or other companies in the Group, share options or other share-based instruments, variable remuneration linked to the Company's performance or membership of pension schemes should be confined to executive directors except where directors are obliged to retain the shares until the end of their tenure; (iii) in the case of remuneration linked to Company earnings, they should take account of any qualifications in the external auditor's report that lead to a reduction in such earnings; (iv) in the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, atypical or exceptional transactions or circumstances of this kind.</p> <p>The remuneration policy approved by the Board must necessarily address the following issues, where they arise: (i) the amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment to which they give rise; (ii) variable components, in particular the types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items; performance evaluation</p>
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<p>criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration; the main parameters and grounds for any system of annual bonuses or other, non-cash benefits; and an estimate of the sum total of variable payments arising from the proposed remuneration policy, as a function of degree of compliance with pre-set targets or benchmarks; (iii) The main characteristics of providential systems (e.g. supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost; (iv) and the conditions to apply to the contracts of executive directors exercising senior management functions, including duration, notice periods and any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between Company and executive director.</p> <p>3. The remuneration paid to the executive directors for discharging their executive functions, which, as provided by article 37 of the Articles of Incorporation, is compatible with, and independent of, the remuneration for Board membership, will be disclosed as part of the information included in the Annual Corporate Governance Report.</p> <p>Article 33. Directors' liability</p> <p>1. Directors will be liable to the Company, its shareholders and creditors for the damage caused by acts that contravene the law, the Articles of Incorporation and the Internal Code of Conduct of F.C.C. and its Group of companies, or these Rules, and for actions in breach of the duties inherent to the position of director.</p> <p>2. Persons who, <i>de facto</i> or <i>de jure</i>, occupy management positions or act as directors <i>de facto</i>, or act on behalf or in representation of the Company will be personally liable to the Company, to the shareholders and to the creditors for any damage caused by acts that contravene the law, the Articles of Incorporation and for actions in breach of the duties inherent to the position of director.</p> <p>3. The members of the governing body</p>	<p>criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration; the main parameters and grounds for any system of annual bonuses or other, non-cash benefits; and an estimate of the sum total of variable payments arising from the proposed remuneration policy, as a function of degree of compliance with pre-set targets or benchmarks; (iii) The main characteristics of providential systems (e.g. supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost; (iv) and the conditions to apply to the contracts of executive directors exercising senior management functions, including duration, notice periods and any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between Company and executive director.</p> <p>3. The remuneration paid to the executive directors for discharging their executive functions, which, as provided by article 37 of the Articles of Incorporation, is compatible with, and independent of, the remuneration for Board membership, will be disclosed as part of the information included in the Annual Corporate Governance Report.</p> <p>Article 33. Directors' liability</p> <p>1. Directors will be liable to the Company, its shareholders and creditors for the damage caused by acts that contravene the law, the Articles of Incorporation and the Internal Code of Conduct of F.C.C. and its Group of companies, or these Rules, and for actions in breach of the duties inherent to the position of director.</p> <p>2. Persons who, <i>de facto</i> or <i>de jure</i>, occupy management positions or act as directors <i>de facto</i>, or act on behalf or in representation of the Company will be personally liable to the Company, to the shareholders and to the creditors for any damage caused by acts that contravene the law, the Articles of Incorporation and for actions in breach of the duties inherent to the position of director.</p> <p>3. The members of the governing body</p>
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<p>that performed the harmful action or adopted the harmful resolutions will be jointly and severally liable except for those who can prove that they did not participate in its adoption or performance or were unaware of its existence or, although aware of its existence, did everything they could to avoid the damage, or at least expressed their opposition to it.</p> <p>4. Under no circumstances will the fact that the harmful action or resolution was adopted, authorised or ratified by the General Meeting of Shareholders constitute exoneration from liability.</p> <p>CHAPTER VIII. STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS</p> <p>Article 34. Chairman. Functions</p> <p>1. The Chairman of the Board of Directors may be granted some or all of the powers that may be delegated in accordance with the law, the Articles of Incorporation and these Rules.</p> <p>2. The Chairman has the ordinary power to convene a meeting of the Board of Directors and to draw up the agenda. The Chairman, however, will be obliged to convene the Board and to include a particular item on the meeting agenda at the request of four Board members or any of the Board committees.</p> <p>3. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to stimulate the debate and the active involvement of the directors, safeguarding their rights to freely express and adopt positions, and organising and coordinating regular evaluations of the board and, where appropriate, the company's Managing Director, in conjunction with the chairmen of the relevant board committees.</p> <p>When a company's Chairman is also its Managing Director or chief executive, an independent director should be empowered by the Board to request the calling of board meetings or the inclusion of new business on the agenda, to coordinate and give voice to</p>	<p>that performed the harmful action or adopted the harmful resolutions will be jointly and severally liable except for those who can prove that they did not participate in its adoption or performance or were unaware of its existence or, although aware of its existence, did everything they could to avoid the damage, or at least expressed their opposition to it.</p> <p>4. Under no circumstances will the fact that the harmful action or resolution was adopted, authorised or ratified by the General Meeting of Shareholders constitute exoneration from liability.</p> <p>CHAPTER VIII. STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS</p> <p>Article 34. Chairman. Functions</p> <p>1. The Chairman of the Board of Directors may be granted some or all of the powers that may be delegated in accordance with the law, the Articles of Incorporation and these Rules.</p> <p>2. The Chairman has the ordinary power to convene a meeting of the Board of Directors and to draw up the agenda. The Chairman, however, will be obliged to convene the Board and to include a particular item on the meeting agenda at the request of four Board members or any of the Board committees.</p> <p>3. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to stimulate the debate and the active involvement of the directors, safeguarding their rights to freely express and adopt positions, and organising and coordinating regular evaluations of the board and, where appropriate, the company's Managing Director, in conjunction with the chairmen of the relevant board committees.</p> <p>When a company's Chairman is also its Managing Director or chief executive, an independent director should be empowered by the Board to request the calling of board meetings or the inclusion of new business on</p>
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the concerns of external directors, and to lead the board's evaluation of the Chairman.

Article 35. Vice-Chairman. Managing Directors.

1. The Board may appoint one or more Vice-Chairmen to substitute for the Chairman in the event of absence or incapacity, as established in the Articles of Incorporation.

2. The Board may delegate permanently, to one or more of its members, all of the powers vested in the Board of Directors with the exception of those which, by law or under the Articles of Incorporation or these Rules, may not be delegated.

In order to be valid, the permanent delegation of the powers of the Board of Directors and the designation of the director or directors delegated with such powers, regardless of their title, will require the favourable vote of at least two-thirds of the members of the Board of Directors.

The Managing Director is responsible for representing and directing the Company's business, always in keeping with the decisions and criteria established by the General Meeting of Shareholders and the Board of Directors, within the scope of their respective authority.

The effective representation and direction of the company's business affairs includes but is not limited to:

- Supporting the Board of Directors in defining the Group's strategy.
- Drafting the Business Plan and Annual Budgets to be submitted to the Board of Directors for approval.
- Preparing, and submitting to the Board of Directors or the Executive Committee for approval, depending on whether the amount involved is more or less than eighteen million euro, respectively, proposals for investments, divestments, credit, loans, surety and guarantee lines and any other type of financial facility.
- Hiring and dismissing any company employee, with the exception of appointments

the agenda, to coordinate and give voice to the concerns of external directors, and to lead the board's evaluation of the Chairman.

Article 35. Vice-Chairman. Managing Directors.

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- Hiring and dismissing any company



<p>which fall under the powers of the Board of Directors pursuant to the terms of these Rules.</p> <p>Once per year, at the first Board meeting of the year, the Managing Director will inform the members of the Executive Committee of the actual level of compliance with the forecasts contained in the investment proposals submitted to the Committee and to the Board of Directors for approval.</p> <p>Article 36. Secretary of the Board. Functions. Vice-Secretary of the Board</p> <p>1. The Secretary of the Board of Directors need not be a director. His or her appointment and removal should be approved by a plenary board meeting based on a proposal by the Appointments and Remuneration Committee.</p> <p>2. The Secretary will assist the Chairman and must ensure the smooth operation of the Board's activities, duly reflecting the events of the sessions and the contents of the deliberations in the minutes and certifying the resolutions passed by the Board.</p> <p>The Secretary should take care to ensure that the board's actions: (i) adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies; (ii) comply with the Company's Articles and the Rules of the General Shareholders' Meeting, the Rules of the Board of Directors and others; (iii) and adhere to the corporate governance recommendations contained in the Articles of Incorporation and the Rules of the Company. Even if not a director, the Secretary must act in conformity with the second item of article 20.4 of these Rules.</p> <p>3. If no Legal Counsel has been appointed, the Secretary will oversee the formal and material legality of the Board's actions.</p> <p>4. The Board of Directors may appoint a Vice-Secretary, who need not be a director, to assist the Secretary of the Board or to substitute for the Secretary in his or her absence.</p>	<p>employee, with the exception of appointments which fall under the powers of the Board of Directors pursuant to the terms of these Rules.</p> <p>Once per year, at the first Board meeting of the year, the Managing Director will inform the members of the Executive Committee of the actual level of compliance with the forecasts contained in the investment proposals submitted to the Committee and to the Board of Directors for approval.</p> <p>Article 36. Secretary of the Board. Functions. Vice-Secretary of the Board</p> <p>1. The Secretary of the Board of Directors need not be a director. His or her appointment and removal should be approved by a plenary board meeting based on a proposal by the Appointments and Remuneration Committee.</p> <p>2. The Secretary will assist the Chairman and must ensure the smooth operation of the Board's activities, duly reflecting the events of the sessions and the contents of the deliberations in the minutes and certifying the resolutions passed by the Board.</p> <p>The Secretary should take care to ensure that the board's actions: (i) adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies; (ii) comply with the Company's Articles and the Rules of the General Shareholders' Meeting, the Rules of the Board of Directors and others; (iii) and adhere to the corporate governance recommendations contained in the Articles of Incorporation and the Rules of the Company. Even if not a director, the Secretary must act in conformity with the second item of article 20.4 of these Rules.</p> <p>3. If no Legal Counsel has been appointed, the Secretary will oversee the formal and material legality of the Board's actions.</p> <p>4. The Board of Directors may appoint a Vice-Secretary, who need not be a director, to assist the Secretary of the Board or to substitute for the Secretary in his or her absence.</p>
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<p>5. Unless the Board of Directors decides otherwise, the Vice-Secretary may attend the Board meetings to assist the Secretary in drafting the meeting minutes.</p> <p>Article 37. Minutes Book</p> <p>1. Unless otherwise determined by the Board, the Company will maintain a single Minutes Book containing the minutes of the General Meeting of Shareholders, the Board of Directors and its committees.</p> <p>2. The Company, under the Chairman's supervision, is responsible for the custody of the Minutes Book.</p> <p>Article 38. Meetings of the Board of Directors</p> <p>1. The Board of Directors must meet with the necessary frequency to properly perform its functions, and whenever the interests of FCC require, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items not initially envisaged in the agenda, which proposal must be made not less than thirteen days prior to the date scheduled for the meeting. The calendar of the ordinary meetings will be set by the Board at the beginning of each year. The calendar may be modified by decision of the Board itself or of the Chairman, who will notify the directors of the change at least ten days in advance of the original meeting date, or of the modified meeting date if it is earlier.</p> <p>2. The announcement of the ordinary meetings will be sent by post, fax, e-mail or telegram and will be authorised with the signature of the Chairman or the Secretary or Vice-Secretary, by order of the Chairman.</p> <p>Notwithstanding the provisions of Article 30 of the Articles of Incorporation, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues submitted to them for their consideration.</p> <p>In emergency situations, at the Chairman's discretion, an immediate meeting of the Board</p>	<p>5. Unless the Board of Directors decides otherwise, the Vice-Secretary may attend the Board meetings to assist the Secretary in drafting the meeting minutes.</p> <p>Article 37. Minutes Book</p> <p>1. Unless otherwise determined by the Board, the Company will maintain a single Minutes Book containing the minutes of the General Meeting of Shareholders, the Board of Directors and its committees.</p> <p>2. The Company, under the Chairman's supervision, is responsible for the custody of the Minutes Book.</p> <p>Article 38. Meetings of the Board of Directors</p> <p>1. The Board of Directors must meet with the necessary frequency to properly perform its functions, and whenever the interests of FCC require, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items not initially envisaged in the agenda, which proposal must be made not less than thirteen days prior to the date scheduled for the meeting. The calendar of the ordinary meetings will be set by the Board at the beginning of each year. The calendar may be modified by decision of the Board itself or of the Chairman, who will notify the directors of the change at least ten days in advance of the original meeting date, or of the modified meeting date if it is earlier.</p> <p>2. The announcement of the ordinary meetings will be sent by post, fax, e-mail or telegram and will be authorised with the signature of the Chairman or the acting Chairman or of the Secretary or Vice-Secretary, by order of the Chairman.</p> <p>Notwithstanding the provisions of Article 30 of the Articles of Incorporation, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues submitted to them for their consideration.</p> <p>In emergency situations, at the Chairman's</p>
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<p>of Directors may be called, in which case the meeting agenda will be limited to the urgent matters.</p> <p>3. The Chairman will decide the meeting agenda. The directors and the Board Committees may ask the Chairman to include items on the agenda in the terms envisaged in section 1 of this article, and the Chairman will be obliged to include them.</p> <p>When a specific item is included on the meeting agenda at the request of the directors, then the directors who requested the inclusion of that item must forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.</p> <p>In view of the directors' duty of confidentiality, every effort will be made to ensure that the importance and confidential nature of the information is not used as a pretext for breaching this rule, except under exceptional circumstances at the Chairman's discretion.</p> <p>4. Board meetings may be held via telephone multiconference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must be located, the announcement must state that directors can attend via telephone multiconference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees. The Secretary of the Board of Directors must enter, in the minutes of meetings held in this way, in addition to the names of the directors physically in attendance or represented by another director, those who attended via telephone multiconference, videoconference or an equivalent system.</p> <p>5. The meetings will be conducted and the resolutions passed as provided for under the law and the Articles of Incorporation and in these Rules. In the event of doubt, the Chairman will decide on the validity of the</p>	<p>discretion, an immediate meeting of the Board of Directors may be called, in which case the meeting agenda will be limited to the urgent matters.</p> <p>3. The Chairman will decide the meeting agenda. The directors and the Board Committees may ask the Chairman to include items on the agenda in the terms envisaged in section 1 of this article, and the Chairman will be obliged to include them.</p> <p>When a specific item is included on the meeting agenda at the request of the directors, then the directors who requested the inclusion of that item must forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.</p> <p>In view of the directors' duty of confidentiality, every effort will be made to ensure that the importance and confidential nature of the information is not used as a pretext for breaching this rule, except under exceptional circumstances at the Chairman's discretion.</p> <p>4. Board meetings may be held via telephone multiconference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must be located, the announcement must state that directors can attend via telephone multiconference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees. The Secretary of the Board of Directors must enter, in the minutes of meetings held in this way, in addition to the names of the directors physically in attendance or represented by another director, those who attended via telephone multiconference, videoconference or an equivalent system.</p> <p>5. The meetings will be conducted and the resolutions passed as provided for under the law and the Articles of Incorporation and in these Rules. In the event of doubt, the Chairman will decide on the validity of the</p>
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<p>proxies conferred by the Directors who are absent. Such proxies may be granted in a letter or in any other written form that guarantees the authenticity of the proxy in the Chairman's opinion.</p> <p>6. The plenary Board will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work, and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional. Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.</p> <p>7. The Board Secretary or Vice-Secretary, as the case may be, will draft the minutes of each meeting of the Board of Directors, listing the attendees, the agenda, the time and place of the meeting, the main issues of the debate, and the motions that were passed. Any director is entitled to have his or her words or proposals transcribed in full into the minutes provided that he or she provides, in the meeting or within the deadline provided by the Chairman, the literal transcription of his or her comments; this requirement is waived where the Board meeting is recorded by any electromagnetic means that allows it to be stored and replayed in full at a later date. In particular, at any director's request, the minutes must reflect concerns expressed by the directors or the Secretary about any proposal, or by the Secretary about the Company's performance, where such concerns are not resolved by the Board.</p> <p>Article 39. Committees of the Board of Directors</p> <p>1. To achieve greater efficiency and transparency in the exercise of its powers and the performance of its functions, the Board of Directors will organise its work by setting up committees to reinforce the objectivity with which it must address certain questions.</p> <p>2. Notwithstanding the Board's ability to set up other Committees, it will set up the following standing committees:</p>	<p>proxies conferred by the Directors who are absent. Such proxies may be granted in a letter or in any other written form that guarantees the authenticity of the proxy in the Chairman's opinion.</p> <p>6. The plenary Board will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work, and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional. Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.</p> <p>7. The Board Secretary or Vice-Secretary, as the case may be, will draft the minutes of each meeting of the Board of Directors, listing the attendees, the agenda, the time and place of the meeting, the main issues of the debate, and the motions that were passed. Any director is entitled to have his or her words or proposals transcribed in full into the minutes provided that he or she provides, in the meeting or within the deadline provided by the Chairman, the literal transcription of his or her comments; this requirement is waived where the Board meeting is recorded by any electromagnetic means that allows it to be stored and replayed in full at a later date. In particular, at any director's request, the minutes must reflect concerns expressed by the directors or the Secretary about any proposal, or by the Secretary about the Company's performance, where such concerns are not resolved by the Board.</p> <p>Article 39. Committees of the Board of Directors</p> <p>1. To achieve greater efficiency and transparency in the exercise of its powers and the performance of its functions, the Board of Directors will organise its work by setting up committees to reinforce the objectivity with which it must address certain questions.</p> <p>2. Notwithstanding the Board's ability to set up other Committees, it will set up the following standing committees:</p>
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<p>a) Executive Committee.</p> <p>b. Audit and Control Committee.</p> <p>c. Appointments and Remuneration Committee.</p> <p>d) Strategy Committee.</p> <p>3. The Committees will be answerable to the Board of Directors, which will debate and decide on their proposals and reports, and they must report to the Board about their activities at the next plenary session following their meetings.</p> <p>Commissions may obtain external assistance when they consider it necessary for the discharge of their duties; their meetings will be minuted, and a copy of the minutes will be sent to all members of the Board of Directors.</p> <p>4. The Board of Directors will designate the members of the Committees, having regard to the directors' knowledge, skills and experience and each Committee's area of competence.</p> <p>5. Any employee or executive of the Company must attend a meeting of any Committee when requested to do so, and must attend alone if so requested by the Committee in question.</p> <p>Article 40. Executive Committee.</p> <p>1. The Board may set up an Executive Committee in which it may permanently delegate all of the powers vested in the Board of Directors with the exception of those which, by law or under the Articles of Incorporation or these Rules, may not be delegated. Unless otherwise stipulated in the delegation of powers by the Board of Directors, the Executive Committee will have specific responsibility for deciding on investments, divestments, credits, loans, guarantee and surety lines and other financial facilities for unit amounts not exceeding the figure that is established in each case in accordance with article 7.2.j).</p> <p>In situations of emergency, the Executive Committee will exercise the following powers</p>	<p>a) Executive Committee.</p> <p>b. Audit and Control Committee.</p> <p>c. Appointments and Remuneration Committee.</p> <p>d) Strategy Committee.</p> <p>3. The Committees will be answerable to the Board of Directors, which will debate and decide on their proposals and reports, and they must report to the Board about their activities at the next plenary session following their meetings.</p> <p>Commissions may obtain external assistance when they consider it necessary for the discharge of their duties; their meetings will be minuted, and a copy of the minutes will be sent to all members of the Board of Directors.</p> <p>4. The Board of Directors will designate the members of the Committees, having regard to the directors' knowledge, skills and experience and each Committee's area of competence.</p> <p>5. Any employee or executive of the Company must attend a meeting of any Committee when requested to do so, and must attend alone if so requested by the Committee in question.</p> <p>Article 40. Executive Committee.</p> <p>1. The Board may set up an Executive Committee in which it may permanently delegate all of the powers vested in the Board of Directors with the exception of those which, by law or under the Articles of Incorporation or these Rules, may not be delegated. Unless otherwise stipulated in the delegation of powers by the Board of Directors, the Executive Committee will have specific responsibility for deciding on investments, divestments, credits, loans, guarantee and surety lines and other financial facilities for unit amounts not exceeding the figure that is established in each case in accordance with article 7.2.j).</p> <p>In situations of emergency, the Executive Committee will exercise the following powers</p>
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<p>attributed to the Board of Directors, under article 8 of these Rules, which must be reported to the Board of Directors for subsequent ratification: the appointment and removal of senior executives and their indemnity clauses, periodic public financial information, strategic investment and transactions, and those covered by 8.3.f).</p> <p>2. The Board of Directors will designate the directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board itself in terms of the various categories of director. The Secretary of the Board will also be the secretary of the Executive Committee.</p> <p>3. The Executive Committee will be composed of a minimum of five and a maximum of ten members.</p> <p>4. The members of the Executive Committee will step down from the Committee when they cease to be directors or when decided by the Board.</p> <p>5. Any vacancies arising will be filled as quickly as possible by the Board of Directors.</p> <p>6. In the absence of the Chairman of the Executive Committee, a committee member will be chosen to perform his or her functions.</p> <p>7. The Executive Committee will hold ordinary meetings in the months when a Board of Directors meeting is not scheduled, apart from the month of August, and it may meet on an extraordinary basis when required by the company's interests. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and vote.</p> <p>8. The Executive Committee will be convened as established in Article 35 of the Articles of Incorporation, although, except in the event of a justified emergency, every effort will be made to ensure at least ten days' of advance notice. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to vote.</p>	<p>attributed to the Board of Directors, under article 8 of these Rules, which must be reported to the Board of Directors for subsequent ratification: the appointment and removal of senior executives and their indemnity clauses, periodic public financial information, strategic investment and transactions, and those covered by 8.3.f).</p> <p>2. The Board of Directors will designate the directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board itself in terms of the various categories of director. The Secretary of the Board will also be the secretary of the Executive Committee.</p> <p>3. The Executive Committee will be composed of a minimum of five and a maximum of ten members.</p> <p>4. The members of the Executive Committee will step down from the Committee when they cease to be directors or when decided by the Board.</p> <p>5. Any vacancies arising will be filled as quickly as possible by the Board of Directors.</p> <p>6. In the absence of the Chairman of the Executive Committee, a committee member will be chosen to perform his or her functions.</p> <p>7. The Executive Committee will hold ordinary meetings in the months when a Board of Directors meeting is not scheduled, apart from the month of August, and it may meet on an extraordinary basis when required by the company's interests. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and vote.</p> <p>8. The Executive Committee will be convened as established in Article 35 of the Articles of Incorporation, although, except in the event of a justified emergency, every effort will be made to ensure at least ten days' of advance notice. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to vote.</p>
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<p>9. The Executive Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting.</p> <p>10. The Committee, through its Chairman, will inform the Board of the business transacted and the decisions made by the Committee, and a copy of the minutes of each meeting will be given to each director.</p> <p>11. In all other matters, the Executive Committee will be governed by the pertinent provisions of the Articles of Incorporation and, supplementarily, by the provisions relating to the Board of Directors contained in the Articles of Incorporation and these Rules.</p> <p>Article 41. Audit and Control Committee</p> <p>1. The Board of Directors of FCC will establish, on a permanent basis, an Audit and Control Committee comprising at least three directors designated by the Board of Directors having regard to their knowledge and experience of accounting, auditing or risk management; all of its members will be external directors, and the Committee will appoint a Chairman from among its members, who will hold office for not more than four years; it may also appoint a Vice-Chairman. The term of the members of the Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely so long as they are also re-appointed as directors.</p> <p>2. The Audit and Control Committee will govern its own affairs in accordance with the Articles of Incorporation and these Rules. The Committee members who have held the post of Chairman may not be re-elected until at least one year has passed since stepping down as Chairman. The Audit and Control Committee will designate a Secretary, and may also designate a Vice-Secretary, neither of whom need be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee,</p>	<p>9. The Executive Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting.</p> <p>10. The Committee, through its Chairman, will inform the Board of the business transacted and the decisions made by the Committee, and a copy of the minutes of each meeting will be given to each director.</p> <p>11. In all other matters, the Executive Committee will be governed by the pertinent provisions of the Articles of Incorporation and, supplementarily, by the provisions relating to the Board of Directors contained in the Articles of Incorporation and these Rules.</p> <p>Article 41. Audit and Control Committee</p> <p>1. The Board of Directors of FCC will establish, on a permanent basis, an Audit and Control Committee comprising at least three directors designated by the Board of Directors having regard to their knowledge and experience of accounting, auditing or risk management; all of its members will be external directors, and the Committee will appoint a Chairman from among its members, who will hold office for not more than four years; it may also appoint a Vice-Chairman. The term of the members of the Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely so long as they are also re-appointed as directors.</p> <p>2. At least one of the members of the Audit and Control Committee shall be an Independent Director appointed on the basis of his/her knowledge and experience in accounting, auditing, or both.</p> <p>3. The Audit and Control Committee will govern its own affairs in accordance with the Articles of Incorporation and these Rules. The Committee members who have held the post of Chairman may not be re-elected until at least one year has passed since stepping down as Chairman. The Audit and Control Committee will designate a Secretary, and may also designate a Vice-Secretary, neither of whom need be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in</p>
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<p>duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted. The Secretary or the person standing in for him will draft the minutes of each committee meeting, which will be signed by the Committee members in attendance</p> <p>The Audit and Control Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting; it will adopt decisions by majority vote of those present or represented, and the Chairman will have a casting vote.</p> <p>3. The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors.</p> <p>In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:</p> <p>a) Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.</p> <p>b. Liaising between the Board of Directors and the external auditor, evaluating the results of each audit, with the following additional duties with respect to the external auditor: (i) Making recommendations to the Board of Directors for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his or her engagement; (ii) receiving regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations; (iii) ensuring the independence of the external auditor and, in particular, establishing appropriate measures to ensure that: 1) contracting consulting services with that auditor or a company of its group does not jeopardise its independence; and 2) the Company issue a regulatory disclosure to the CNMV as regards the change in auditor, with a statement about any disagreements with the outgoing auditor and</p>	<p>the meeting minutes, the business transacted, the deliberations and the resolutions adopted. The Secretary or the person standing in for him will draft the minutes of each committee meeting, which will be signed by the Committee members in attendance</p> <p>The Audit and Control Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting; it will adopt decisions by majority vote of those present or represented, and the Chairman will have a casting vote.</p> <p>3. 4 The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors.</p> <p>In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:</p> <p>a) Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.</p> <p>b. Liaising between the Board of Directors and the external auditor, evaluating the results of each audit, with the following additional duties with respect to the external auditor:(i) Making recommendations to the Board of Directors for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his or her engagement; (ii) receiving regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations; (iii) discussing with the external auditors any significant weaknesses in the internal control system detected during the audit; (iv) ensuring the independence of the external auditor and, in particular, establishing appropriate measures to ensure that: 1) contracting consulting services with that auditor or a company of its group does not jeopardise its independence, to which end the Committee will request and receive annually</p>
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<p>their nature; where the external auditor resigns, and the Committee must examine the reasons; (iv) and seeking to ensure that the Company's auditor takes responsibility for auditing the companies comprising the Group.</p> <p>c. Supervising the Company's internal audit units that oversee the good working of the information and internal control systems; the head of internal audit is obliged to present an annual work plan to the Committee and inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.</p> <p>d) Analysing the risk control and management policy, identifying at least:(i) the different types of risk to which the Company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks; (ii) the determination of the risk level the company sees as acceptable; (iii) the measures in place to mitigate the impact of risk events, should they occur; (iv) and the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks, and submission to the Board for approval.</p> <p>e) Supervising the preparation of the financial statements and directors' report of the Company and the consolidated group, and of the information released periodically to the markets, checking for compliance with</p>	<p>from the auditor a written confirmation of its independence with respect to the entity or entities directly or indirectly related to it, as well as information on any additional services provided to those entities by the auditor or by persons or entities related to the auditor, as set out in the Audit Act, and 2) the Company issues a regulatory disclosure to the CNMV as regards the change in auditor, with a statement about any disagreements with the outgoing auditor and their nature; where the external auditor resigns, and the Committee must examine the reasons; (iv) and seeking to ensure that the Company's auditor takes responsibility for auditing the companies comprising the Group.</p> <p>c) Issuing an annual statement on the independence of the auditors or audit firms each year prior to the issuance of the auditors' report. In any event, that statement must address the provision of any additional services as referred to in section b) (iii) 1 above.</p> <p>d) Supervising the Company's internal audit units that oversee the good working of the information and internal control systems; the head of internal audit is obliged to present an annual work plan to the Committee and inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.</p> <p>e) Supervising and analysing the risk control and management policy, identifying at least:(i) the different types of risk to which the Company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks; (ii) the determination of the risk level the company sees as acceptable; (iii) the measures in place to mitigate the impact of risk events, should they occur; (iv) and the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks, and submission to the Board for approval.</p> <p>f) Supervising the preparation and presentation of the financial statements and directors' report of the Company and the consolidated group, and of the information released periodically to the markets, checking for compliance with legal provisions and the</p>
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<p>legal provisions and the correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions: (i) the financial information that the Company must release periodically by virtue of being listed, ensuring that the interim financial statements are drawn up in accordance with the same accounting principles as the annual financial statements and, to this end, considering the advisability of a limited review by the Company's external auditor; (ii) and the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC group.</p> <p>f) With respect to internal control and reporting systems: (i) monitoring the preparation and the integrity of the financial information prepared on the Company and, as the case may be, the Group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles; (ii) reviewing internal control and risk management systems on a regular basis, to ensure that the main risks are properly identified, managed and disclosed; (iii) monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; proposing that department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports; (iv) receiving, from employees, confidential (though not anonymous) reports from employees and written communiqués about possible material irregularities, particularly of a financial or accounting nature, that they observe in any FCC Group company; and (v) ensuring that the internal codes of conduct and the rules of corporate governance comply with the requirements of law and are appropriate for the company, and reviewing compliance, by the persons governed by those codes and governance rules, of their obligations to inform the Company.</p> <p>g) Issuing reports and proposals as requested by the Board of Directors or the</p>	<p>correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions: (i) the financial information that the Company must release periodically by virtue of being listed, ensuring that the interim financial statements are drawn up in accordance with the same accounting principles as the annual financial statements and, to this end, considering the advisability of a limited review by the Company's external auditor; (ii) and the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC group.</p> <p>g) With respect to internal control and reporting systems: (i) monitoring the preparation and the integrity of the financial information prepared on the Company and, as the case may be, the Group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles; (ii) reviewing internal control and risk management systems on a regular basis, to ensure that the main risks are properly identified, managed and disclosed; (iii) monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; proposing that department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports; (iv) receiving, from employees, confidential (though not anonymous) reports from employees and written communiqués about possible material irregularities, particularly of a financial or accounting nature, that they observe in any FCC Group company; and (v) ensuring that the internal codes of conduct and the rules of corporate governance comply with the requirements of law and are appropriate for the company, and reviewing compliance, by the persons governed by those codes and governance rules, of their obligations to inform the Company.</p> <p>h) Issuing reports and proposals as requested by the Board of Directors or the Chairman of the Board and those it deems</p>
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<p>Chairman of the Board and those it deems appropriate for the best performance of its functions, particularly the report on proposed amendments to these Rules, as provided in article 4.3.</p> <p>h) Deciding on requests for information presented by directors, by virtue of article 30.3 of these Rules, to the Committee, and requesting the inclusion of any items on the agenda of Board meetings, in the conditions and time periods established in article 38.3 of these Rules.</p> <p>4. The Audit and Control Committee will have access to all of the documentation and information needed to perform its functions and it may seek the advice of external professionals, in which case the provisions of articles 31.3 and 39.3 of these Rules will apply. These advisers may speak at the meetings but may not vote.</p> <p>5. The Audit Committee will meet at least once per quarter and as convened by the Chairman or when requested by two Committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board of Directors.</p> <p>6. Any member of the FCC Group's management team or personnel, and the Company's external auditors, will be obliged to attend meetings of the Committee when requested to do so, and must collaborate and provide the information at their disposal, article 39.3 of these Rules being applicable where appropriate.</p> <p>7. The Audit and Control Committee itself will decide on any matter not expressly regulated in this article with regard to its operation, and the rules contained in the Articles of Incorporation and these Rules with respect to the Board of Directors will apply supplementarily insofar as the nature and functions of the Committee allow.</p> <p>Article 42. Appointments and Remuneration Committee</p> <p>1. FCC's Board of Directors will establish, on a permanent basis, an Appointments and Remuneration Committee comprising at least three (3) directors, the</p>	<p>appropriate for the best performance of its functions, particularly the report on proposed amendments to these Rules, as provided in article 4.3.</p> <p>i) Deciding on requests for information presented by directors, by virtue of article 30.3 of these Rules, to the Committee, and requesting the inclusion of any items on the agenda of Board meetings, in the conditions and time periods established in article 38.3 of these Rules.</p> <p>5 4. The Audit and Control Committee will have access to all of the documentation and information needed to perform its functions and it may seek the advice of external professionals, in which case the provisions of articles 31.3 and 39.3 of these Rules will apply. These advisers may speak at the meetings but may not vote.</p> <p>6 5. The Audit Committee will meet at least once per quarter and as convened by the Chairman or when requested by two Committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board of Directors.</p> <p>7. Any member of the FCC Group's management team or personnel, and the Company's external auditors, will be obliged to attend meetings of the Committee when requested to do so, and must collaborate and provide the information at their disposal, article 39.3 of these Rules being applicable where appropriate.</p> <p>8. The Audit and Control Committee itself will decide on any matter not expressly regulated in this article with regard to its operation, and the rules contained in the Articles of Incorporation and these Rules with respect to the Board of Directors will apply supplementarily insofar as the nature and functions of the Committee allow.</p> <p>Article 42. Appointments and Remuneration Committee</p> <p>1. FCC's Board of Directors will establish, on a permanent basis, an Appointments and Remuneration Committee comprising at least three (3) directors, the majority of its members being external directors; the Committee will</p>
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<p>majority of its members being external directors; the Committee will appoint a Chairman from among its non executive members. The term of the members of the Appointments and Remuneration Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely so long as they are also re-appointed as directors.</p> <p>2. The Appointments and Remuneration Committee will govern its own affairs in accordance with the Articles of Incorporation and these Rules. The Committee will designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted; the minutes must be signed by the members of the Committee who attended the meeting in question. The members of the Appointments and Remuneration Committee will step down from the Committee when they step down as directors or when decided by the Board of Directors.</p> <p>The Appointments and Remuneration Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting; it will adopt decisions by majority vote of those present or represented, and the Chairman will have a casting vote.</p> <p>3. The Appointments and Remuneration Committee will have the powers to inform, advise and propose within its areas of competence, and it will have the following functions in particular, in addition to those already indicated in these Rules:</p> <p>a) Evaluating the balance of skills, knowledge and experience on the board, defining the roles and capabilities required of the candidates to fill each vacancy, and deciding the time and dedication necessary for them to properly perform their duties.</p> <p>Any director member may suggest directorship candidates to the Appointments and Remuneration Committee for its</p>	<p>appoint a Chairman from among its non executive members. The term of the members of the Appointments and Remuneration Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely so long as they are also re-appointed as directors.</p> <p>2. The Appointments and Remuneration Committee will govern its own affairs in accordance with the Articles of Incorporation and these Rules. The Committee will designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted; the minutes must be signed by the members of the Committee who attended the meeting in question. The members of the Appointments and Remuneration Committee will step down from the Committee when they step down as directors or when decided by the Board of Directors.</p> <p>The Appointments and Remuneration Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting; it will adopt decisions by majority vote of those present or represented, and the Chairman will have a casting vote.</p> <p>3. The Appointments and Remuneration Committee will have the powers to inform, advise and propose within its areas of competence, and it will have the following functions in particular, in addition to those already indicated in these Rules:</p> <p>a) Evaluating the balance of skills, knowledge and experience on the board, defining the roles and capabilities required of the candidates to fill each vacancy, and deciding the time and dedication necessary for them to properly perform their duties.</p> <p>Any director member may suggest directorship candidates to the Appointments and Remuneration Committee for its consideration.</p> <p>b. Examining or organising appropriately</p>
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<p>consideration.</p> <p>b. Examining or organising appropriately the succession of the Chairman and Chief Executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.</p> <p>c. Proposing the appointment and reappointment of independent directors and advising on proposals for the appointment and reappointment of the other directors.</p> <p>d) Advising on proposals to maintain independent directors in their positions after 12 years and advising on proposals for the removal of independent directors, in accordance with Article 20.3.</p> <p>e) Advising on the appointment and removal of senior executives proposed to the Board by the chief executive, and proposing the candidates for senior executive positions in the Company, in addition to those envisaged in Article 2.2. of these rules, and making the proposals for reprimands envisaged in Article 20.2.d) of these Rules.</p> <p>The Committee will also issue a report before any appointment to a position or office whose annual remuneration is equal to or greater than the figure established by the Appointments and Remuneration Committee and reported to the Board of Directors in each case.</p> <p>f) Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior executives, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior executives, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares. Proposing to the Board of Directors the distribution among its the Directors of the remuneration for Board membership decided by the General Meeting of Shareholders in accordance with the Articles of Incorporation and these Rules.</p> <p>g) Preparing and maintaining a record of</p>	<p>the succession of the Chairman and Chief Executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.</p> <p>c. Proposing the appointment and reappointment of independent directors and advising on proposals for the appointment and reappointment of the other directors.</p> <p>d) Advising on proposals to maintain independent directors in their positions after 12 years and advising on proposals for the removal of independent directors, in accordance with Article 20.3.</p> <p>e) Advising on the appointment and removal of senior executives proposed to the Board by the chief executive, and proposing the candidates for senior executive positions in the Company, in addition to those envisaged in Article 2.2. of these rules, and making the proposals for reprimands envisaged in Article 20.2.d) of these Rules.</p> <p>The Committee will also issue a report before any appointment to a position or office whose annual remuneration is equal to or greater than the figure established by the Appointments and Remuneration Committee and reported to the Board of Directors in each case.</p> <p>f) Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior executives, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior executives, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares. Proposing to the Board of Directors the distribution among its the Directors of the remuneration for Board membership decided by the General Meeting of Shareholders in accordance with the Articles of Incorporation and these Rules.</p> <p>g) Preparing and maintaining a record of the status of directors and senior executives of FCC.</p> <p>h) Ensuring that the procedures for filling</p>
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<p>the status of directors and senior executives of FCC.</p> <p>h) Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and the Annual Corporate Governance Report must disclose the reason why there are few or no female directors and the initiatives adopted to correct this situation.</p> <p>i) Advising on the proposed appointment of members of the Board of Directors committees.</p> <p>j) Advising on the appointment and removal of the Secretary of the Board.</p> <p>k) Verifying the qualifications of the directors under Article 6.4.</p> <p>l) Receiving the information provided by directors under Article 24.2 of these Rules.</p> <p>m) Advising on any professional or commercial transactions referred to in Article 25.3 of these Rules.</p> <p>n) Advising on the use, for the benefit of a director, of business opportunities or assets of FCC which have been previously studied and ruled out by the FCC Group, as referred to in Article 27.1 and 27.3 of these Rules.</p> <p>o) Receiving and filing, in the record of status referred to in item e) above, the personal information provided by the directors as established in Article 29 of these Rules.</p> <p>p) Requesting, as necessary, the inclusion of items in the agenda of Board meetings, under the conditions and by the deadlines established in Article 38.3 of these Rules.</p> <p>The Appointments and Remuneration Committee must consult with the Company's Chairman and Chief Executive in matters relating to the executive directors and senior executives.</p>	<p>vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and the Annual Corporate Governance Report must disclose the reason why there are few or no female directors and the initiatives adopted to correct this situation.</p> <p>i) Advising on the proposed appointment of members of the Board of Directors committees.</p> <p>j) Advising on the appointment and removal of the Secretary of the Board.</p> <p>k) Verifying the qualifications of the directors under Article 6.4.</p> <p>l) Receiving the information provided by directors under Article 24.2 of these Rules.</p> <p>m) Advising on any professional or commercial transactions referred to in Article 25.3 of these Rules.</p> <p>n) Advising on the use, for the benefit of a director, of business opportunities or assets of FCC which have been previously studied and ruled out by the FCC Group, as referred to in Article 27.1 and 27.3 of these Rules.</p> <p>o) Receiving and filing, in the record of status referred to in item e) above, the personal information provided by the directors as established in Article 29 of these Rules.</p> <p>p) Requesting, as necessary, the inclusion of items in the agenda of Board meetings, under the conditions and by the deadlines established in Article 38.3 of these Rules.</p> <p>The Appointments and Remuneration Committee must consult with the Company's Chairman and Chief Executive in matters relating to the executive directors and senior executives.</p>
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<p>4. The Appointments and Remuneration Committee will regulate its own operations to the extent that they are not regulated in the Articles of Incorporation and these Rules, whose provisions relating to the operation of the Board of Directors will apply supplementarily inasmuch as this is possible considering the nature and functions of the Committee.</p>	<p>4. The Appointments and Remuneration Committee will regulate its own operations to the extent that they are not regulated in the Articles of Incorporation and these Rules, whose provisions relating to the operation of the Board of Directors will apply supplementarily inasmuch as this is possible considering the nature and functions of the Committee.</p>
<p>5. The Appointments and Remuneration Committee will have access to all of the documentation and information needed to perform its functions. The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two advisers per Committee member, as required. Such advisors may attend meetings but not vote, and the provisions of article 31 of these Rules will apply to them.</p>	<p>5. The Appointments and Remuneration Committee will have access to all of the documentation and information needed to perform its functions. The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two advisers per Committee member, as required. Such advisors may attend meetings but not vote, and the provisions of article 31 of these Rules will apply to them.</p>
<p>6. The Committee will meet periodically, at least once per quarter, and when convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.</p>	<p>6. The Committee will meet periodically, at least once per quarter, and when convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.</p>
<p>Article 43. Strategy Committee</p>	<p>Article 43. Strategy Committee</p>
<p>1. F.C.C. will have a Strategy Committee whose members will be appointed by the Board of Directors for a period not to exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely to the extent that they are also re-appointed as directors. The majority of the members of the Strategy Committee will be external directors.</p>	<p>1. F.C.C. will have a Strategy Committee whose members will be appointed by the Board of Directors for a period not to exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely to the extent that they are also re-appointed as directors. The majority of the members of the Strategy Committee will be external directors.</p>
<p>2. The Strategy Committee will choose a Chairman from among its non-executive members. The Committee will also designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted.</p>	<p>2. The Strategy Committee will choose a Chairman from among its non-executive members. The Committee will also designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted.</p>
<p>3. The members of the Strategy Committee will step down from the Committee when they cease to be directors or when decided by the Board.</p>	<p>3. The members of the Strategy Committee will step down from the Committee when they cease to be directors or when decided by the Board.</p>
<p>4. It is a function of the Strategy</p>	<p>4. It is a function of the Strategy</p>



<p>Committee to assist the Board of Directors in determining the Group's strategy based on the guidelines set out by the Board, preparing such reports and motions as may be necessary.</p> <p>5. In particular, the Strategy Committee will advise the Board on any proposals involving investments, divestments, associations with third parties, the development of new lines of business, and financial transactions whose relevance is such that they may, in the Board's opinion, have an effect on the Group's strategy; it will also advise the Board on any other matters as requested by the Board which do not fall under the jurisdiction of any other Committee.</p> <p>6. To perform its functions optimally, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Rules will apply.</p> <p>7. The members of the Strategy Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers may speak at the meetings but may not vote.</p> <p>8. The Strategy Committee will meet periodically and as convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.</p> <p>9. The minutes of each committee meeting will be drafted and signed by the Committee members in attendance.</p> <p>10. Any member of the Company's management team or personnel who is asked to attend the Strategy Committee's meetings will be obliged to attend, collaborate and provide the information at his disposal.</p> <p>11. The Strategy Committee will have access to all of the documentation and information needed to perform its functions.</p> <p>12. The Strategy Committee will regulate its own operations to the extent that they are not regulated in these Rules and in the Articles of</p>	<p>Committee to assist the Board of Directors in determining the Group's strategy based on the guidelines set out by the Board, preparing such reports and motions as may be necessary.</p> <p>5. In particular, the Strategy Committee will advise the Board on any proposals involving investments, divestments, associations with third parties, the development of new lines of business, and financial transactions whose relevance is such that they may, in the Board's opinion, have an effect on the Group's strategy; it will also advise the Board on any other matters as requested by the Board which do not fall under the jurisdiction of any other Committee.</p> <p>6. To perform its functions optimally, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Rules will apply.</p> <p>7. The members of the Strategy Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers may speak at the meetings but may not vote.</p> <p>8. The Strategy Committee will meet periodically and as convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.</p> <p>9. The minutes of each committee meeting will be drafted and signed by the Committee members in attendance.</p> <p>10. Any member of the Company's management team or personnel who is asked to attend the Strategy Committee's meetings will be obliged to attend, collaborate and provide the information at his disposal.</p> <p>11. The Strategy Committee will have access to all of the documentation and information needed to perform its functions.</p> <p>12. The Strategy Committee will regulate its own operations to the extent that they are not regulated in these Rules and in the Articles of</p>
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<p>Incorporation, whose provisions relating to the operations of the Board of Directors will apply supplementarily inasmuch as this is possible considering the nature and functions of the Committee.</p> <p>CHAPTER IX. POLICY OF INFORMATION VIA THE CORPORATE WEB SITE</p> <p>Article 44. Corporate web site of FCC.</p> <p>1. The Company will have a corporate web site to provide shareholders with the mandatory information and to disseminate any information that is relevant either to the Company's stakeholders or for the purposes of the regulations on regulatory disclosures contained in article 82.5 of the Securities Market Law.</p> <p>2. The Corporate Responsibility Department, under the supervision of the Board of Directors, will be responsible for fulfilling the obligation of establishing the information content to appear on the web site, in accordance with current law and with the Articles of Incorporation and these rules, and for keeping it up to date.</p> <p>Article 45. Content of the corporate web site</p> <p>1. FCC's corporate web site will contain at least the following documents:</p> <p>a) The current Articles of Incorporation and any amendments made to them in the last twelve months.</p> <p>b. The current Rules of the General Meeting of Shareholders.</p> <p>c. The current Rules of the Board of Directors and any current Rules of the Board Committees.</p> <p>d) The annual report for the last two years.</p> <p>e) The current Internal Code of Conduct with regard to the Securities Markets.</p> <p>f) The Annual Corporate Governance Report for the last closed year.</p>	<p>Incorporation, whose provisions relating to the operations of the Board of Directors will apply supplementarily inasmuch as this is possible considering the nature and functions of the Committee.</p> <p>CHAPTER IX. POLICY OF INFORMATION VIA THE CORPORATE WEB SITE</p> <p>Article 44. Corporate web site of FCC.</p> <p>1. The Company will have a corporate web site to provide shareholders with the mandatory information and to disseminate any information that is relevant either to the Company's stakeholders or for the purposes of the regulations on regulatory disclosures contained in article 82.5 of the Securities Market Law.</p> <p>2. The Corporate Responsibility Department, under the supervision of the Board of Directors, will be responsible for fulfilling the obligation of establishing the information content to appear on the web site, in accordance with current law and with the Articles of Incorporation and these rules, and for keeping it up to date.</p> <p>Article 45. Content of the corporate web site</p> <p>1. FCC's corporate web site will contain at least the following documents:</p> <p>a) The current Articles of Incorporation and any amendments made to them in the last twelve months.</p> <p>b. The current Rules of the General Meeting of Shareholders.</p> <p>c. The current Rules of the Board of Directors and any current Rules of the Board Committees.</p> <p>d) The FCC Group's Code of Ethics.</p> <p>e) The annual report for the last two years.</p> <p>f) The current Internal Code of Conduct with regard to the Securities Markets.</p> <p>g) The Annual Corporate Governance Report for the last closed year, and the annual report on director remuneration.</p>
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<p>g) Information about meetings of the General Meeting during the current year and the previous years, about the composition of the General Meeting when it was declared quorate, and the resolutions that were adopted, with the number and breakdown of votes.</p> <p>h) The communications channels existing between the Company and its shareholders and, in particular, the pertinent explanations to enable shareholders to exercise their right to information, plus any postal or electronic mail addresses for shareholder correspondence.</p> <p>i) The means and procedures for granting proxy for the General Meeting, established for the General Meeting from the time it is announced until the time it is held.</p> <p>j) The means and procedures for distance voting, including any forms for accrediting attendance and voting at the General Meeting by telematic means.</p> <p>k) Regulatory disclosures filed with the National Securities Market Commission in the current year and the last closed year.</p> <p>l) The following information about each director:</p> <ul style="list-style-type: none"> (i) Professional experience and background. (ii) Directorships held in other companies, listed or otherwise. (iii) An indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or have links with. (iv) The date of their first and subsequent appointments as a director of FCC. (v) Shares held in FCC and any options on the same. <p>2. The Board of Directors must ensure that the information on the web site is updated constantly and immediately by the Corporate Responsibility Department.</p> <p>Final Provision: ENTRY INTO FORCE OF</p>	<p>h) Information about meetings of the General Meeting during the current year and the previous years, about the composition of the General Meeting when it was declared quorate, and the resolutions that were adopted, with the number and breakdown of votes.</p> <p>i) The communications channels existing between the Company and its shareholders and, in particular, the pertinent explanations to enable shareholders to exercise their right to information, plus any postal or electronic mail addresses for shareholder correspondence.</p> <p>j) The means and procedures for granting proxy for the General Meeting, established for the General Meeting from the time it is announced until the time it is held.</p> <p>k) The means and procedures for distance voting, including any forms for accrediting attendance and voting at the General Meeting by telematic means.</p> <p>l) Regulatory disclosures filed with the National Securities Market Commission in the current year and the last closed year.</p> <p>ll) The following information about each director:</p> <ul style="list-style-type: none"> (i) Professional experience and background. (ii) Directorships held in other companies, listed or otherwise. (iii) An indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or have links with. (iv) The date of their first and subsequent appointments as a director of FCC. (v) Shares held in FCC and any options on the same. <p>m) The rules of the Electronic Shareholder Forum.</p> <p>2. The Board of Directors must ensure that the information on the web site is updated constantly and immediately by the Corporate Responsibility Department.</p> <p>Final Provision: ENTRY INTO FORCE OF THE</p>
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THE AMENDMENTS	AMENDMENTS
The amendments to the Rules of the Board of Directors approved by the Board of Directors on 12th May 2008 came into force on the day of its approval.	The amendments to the Rules of the Board of Directors approved by the Board of Directors on 7 April 2011 came into force on the day they were approved.

