



Gamesa Corporación Tecnológica, S.A. Board of Directors Regulations

(Approved by the Board of Directors on April 28, 2004, and modified by the Board of Directors on January 24, 2008)



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BOARD OF DIRECTORS REGULATIONS FOR GAMESA CORPORACIÓN TECNOLÓGICA, S.A. (GAMESA)

CHAPTER I. INTRODUCTION

Article 1. Purpose and Scope of the Regulations

1. The purpose of these Regulations is to set forth the principles for action for the Gamesa Corporación Tecnológica, S.A. Board of Directors (hereinafter, the "Board of Directors", the "Board", and "Gamesa", the "Corporation" or the "Company", respectively), including the basic rules for its organization and functioning, the code of conduct for its members, and the measures aimed at assuring the best possible administration of the Corporation.
2. The standards of conduct established in these Regulations for Board of Directors shall also apply to the Executive Committee as well as to its Board committees. They shall also, to the extent compatible, apply to Senior Management and Directors of the Company and Group.

"Senior Management" covers those employees with senior management roles who carry out their executive functions under the authority of the (i) Board of Directors, (ii) the Chairman of the Board, (iii) the CEO and/or (iv) of the Board of Directors Committees, as well as, at all times, the Internal Audit Manager.

"Executives" are those employees having managerial functions who, although not belonging to Senior Management, are treated as Executives in the prevailing organizational charts and job descriptions of the Company and the Group.

The "Group" comprises all those companies that may be regarded as included in same, in conformity with that which is set forth in the Securities Market Law.



Article 2. Interpretation

1. These Regulations are to be interpreted as in line with (i) the prevailing law; (ii) the currently applicable statutory rules; and (iii) the principles and recommendations of Good Governance put forth by regulatory agencies – as adapted to the particular circumstances of the Company as well as to (iv) the rules contained in Gamesa’s Internal Code of Conduct Regarding the Securities Markets.

Legal and statutory rules shall prevail wherever they may conflict with that which is put forth in these Regulations.

2. The Board of Directors itself must clear up any doubts arising from the application of these Regulations, pursuant to the general criteria for interpreting legal rules and within the spirit and aims of the Bylaws.
3. With these Regulations, Gamesa complies with the duty imposed by Securities Market legislation, incorporating and applying to Corporate Governance the legal mandates to which Gamesa is subject, as a company with shares quoted in the stock market.

Article 3. Modification

1. These Regulations may only be modified by the Board of Directors, at the request of (i) the Chairman, (ii) three Board Members or (iii) the Audit and Compliance Committee. In all cases, this proposal must be accompanied by a report laying out the reasons for, and scope of, the proposed modification. Proposals not originating from the Audit and Compliance Committee shall be directed there through its Chairman.
2. Before approval by the Board, modification proposals must be subject to a report by the Audit and Compliance Committee.
3. The text for the proposal, the explanatory report and the Audit and Compliance Committee Report must be attached to the notification for the Board Meeting at which it shall be addressed. This notification should be sent with sufficient lead time.
4. Adoption of any modification of the Regulations shall require a two-thirds majority of the Board of Directors either present or represented at the meeting, except those modifications imposed by law.



Article 4. Dissemination

1. All those persons to whom these Regulations apply have the responsibility of being familiar with them, complying with them and assuring their compliance. Towards this end, the Board Secretary shall provide an updated copy of said Regulations to all such persons.
2. The Board of Directors shall make every effort to assure that the Regulations are available to shareholders and the general investing public. In general, the Regulations must be (i) duly inscribed in the corresponding Commercial Register, (ii) included on the Company Website, (iii) communicated to the Spanish Securities and Exchange Commission to be included in its public records, and (iv) be the object of any other legally established public information source. The Board shall also inform the next General Shareholders Meeting of any such modifications.

CHAPTER II. BOARD OF DIRECTORS MISSION

Article 5. Mission and Functions of the Board

1. The mission of Gamesa's Board of Directors is to promote the Company's interests, to represent the Company and its shareholders in the management of its assets, to manage the business and to direct the business' administration.
2. Apart from the matters reserved for the competence of the General Shareholders' Meeting, the Board of Directors is the highest representative and decision-making body in the Company. It has no substantial constraints apart from those laid down in legislation and the Bylaws, and particularly in the corporate purpose.
3. The Board's policy is to delegate the Company's day-to-day management to executive bodies and the management team, thereby focusing its activity on exercising general oversight and setting overall strategies.
4. Without prejudice to the powers and functions delegated to the Audit and Compliance Committee and to the Appointment and Remuneration Committee, the Board shall deal with all matters of relevance to the Company and shall specifically assume the obligation of directly exercising the following responsibilities:



- (i) Approving the Company's overall policies and strategies and in particular:
 - a) The strategic or business plan, as well as annual management targets and budgets.
 - b) Defining the group of companies' structure.
 - c) The corporate social responsibility policy.
 - d) The risk identification, control and management policy, as well as the implementation and regular monitoring of internal information and control systems.

- (ii) Concerning general management:
 - a) Setting general regulations and proposing the appointment of individuals to represent the Company, either as its administrators or as individuals representing them, in the Group companies' governing bodies as well as in those of its subsidiaries and of any companies in which it holds a stake, as long as the Board of Directors should so decide due to the relevance of any of these.

 - b) As regards Senior Management, approving:
 - The appointments, dismissals –if applicable- and remuneration of the Company's Senior Management, including any compensation in the event of dismissal or removal from office;

 - Remuneration policy and performance assessments;

 - Organizing Senior Management's structure, organization chart and job descriptions.

All of the foregoing shall be carried out at the proposal of (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer and/or (iii) the Board of Directors Committees, depending on the individual or body to which Senior Management may report and after having received a report from the Appointment and Remuneration Committee.



- c) Overseeing Senior Management's and Executives' management activities and, if necessary, adopting any disciplinary measures for them should they breach their Corporate Governance obligations and/or the Internal Code of Conduct Regarding the Securities Markets.
- d) After having received a report from the Audit and Compliance Committee, authorizing operations or transactions that may involve Conflicts of Interest (i) with the Company or the Group's companies, (ii) with Directors or their Related Parties, (iii) with shareholders owning significant stakes or represented on the Board and their Related Parties, (iv) with Senior Management and Executives, as well as (v) any other relevant transaction concerning the same, except when it is not necessary pursuant to the provisions set forth in Article 35.5 contained herein.
- e) Approving waivers and other authorizations concerning Directors' duties which lie within its competence according to these Regulations.
- f) Approving policies concerning treasury stock within the framework the General Shareholders' Meeting may lay down.
- g) Drawing up dividend policy to be brought before the General Shareholders' Meeting and taking resolutions on interim dividend amounts.
- h) Approving specific, multi-year incentive schemes after having received a report from the Appointment and Remuneration Committee.
- i) In general terms, approving operations that involve substantial amounts of the Company's assets, along with investments and operations of all kinds that, due to their large amounts or special characteristics, are of strategic importance according to the requirements or criteria the Board may set at the time.



(iii) Concerning the General Shareholders' Meeting

The Board of Directors shall bring the following operations before the General Shareholders' Meeting for its approval:

- i) The transformation of the Company into a holding through subsidiarization or the incorporation of essential activities performed up to that time by the Company itself into subsidiaries, even when the Company maintains full control over them.
- ii) Acquisition or divestment transactions involving essential operating assets, whenever they involve an effective modification of the corporate purpose.
- iii) Operations whose effect would be equivalent to liquidating the Company.

(iv) Concerning the Board's organization and running and after having received a proposal or report from the Appointment and Remuneration Committee:

- a) (i) Appointing Directors to cover vacancies produced in the Board through cooptation and (ii) proposing to the General Shareholders' Meeting the appointment, ratification, reappointment and relieving of office of Directors, without prejudice to the entitlements granted to Shareholders pursuant to prevailing legislation.
- b) Appointing and dismissing the Chairman, the CEO, the Secretary and, if necessary, the Deputy Chairman and Deputy Secretary, along with the members that should form part of each of the Committees set up within the Board.
- c) Proposing the most appropriate number of directors in order to duly ensure the body is representative and runs smoothly.
- d) Approving remuneration schemes (compensation, allowances, pension schemes, life insurance, liability insurance, etc.) for Directors that are legally within its competence and in accordance with the Bylaws, as well as additional remuneration schemes for Executive Directors due to their executive functions and the other conditions their contracts must fulfill, including any compensation in the event of dismissal or removal from office after having received the Appointment and Remuneration Committee's report.



- e) Approving amendments to these Regulations under the terms set forth in Article 3.
- (v) Concerning the annual accounts, transparency and veracity of the information:
- a) Drawing up the annual accounts and management report, and proposing how both individual and consolidated profits are to be allocated, and submitting them before the General Shareholders' Meeting, along with the quarterly and half-yearly financial statements, should it be the case.
 - b) Setting shareholder, market and public reporting and communications policies and contents, and more specifically that of the Company's corporate Website, where the shareholders' entitlement to information shall be attended, and disclosing relevant information. All of the foregoing shall be done pursuant to prevailing legislation.
 - c) Ensuring that information that has to be disclosed to the public is transparent, including the Directors' and Senior Management's remuneration.
 - d) Pursuant to the provisions set forth in Article 37 of the Regulations, drawing up, approving, informing about and publishing the Annual Corporate Governance Report with the contents and under the terms that may be legally laid down by prevailing legislation at any one time.
 - e) Approving the Internal Rules of Conduct for the Securities Markets.
 - f) Drawing up and approving the Company's Sustainability Report or Social Responsibility Report pursuant to Article 39 of the Regulations, with the regularity it may deem appropriate and, should it be the case, defining and promoting corporate social responsibility actions.
5. The Board shall also have the functions the Law may attribute to it, those which the General Shareholders' Meeting may delegate to it, those contained in the General Shareholders' Meeting Regulations and the ones specifically set forth herein.



6. Any powers that may not be delegated pursuant to the Law, the Bylaws or expressly set forth in an internal rule as such shall be exclusively reserved for the Board of Directors' consideration.

Article 6. Creating value for Shareholders and other interests

1. The Board of Directors shall at all times be guided by the criteria of the Company's corporate interest, which implies the sustained maximization of its economic value. The Board shall determine and monitor the Company's business and financial strategies.
2. Within the area of corporate organization, the Board of Directors shall execute its functions with unity of purpose and independence of criteria, adopting all measures necessary for assuring that:
 - a) Company management faithfully pursues the creation of value for its shareholders, maintaining the appropriate incentives for doing so:
 - b) Company management is performed under the adequate supervision of the Board;
 - c) a single individual or a small group of people shall not hold decision-making powers that are not subject to checks and balances;
 - d) no single shareholder receives any privilege in relation to others.
3. The Board of Directors must pursue the maximization of company value in the shareholders' interest with full respect for legal requirements, good faith compliance with the explicit and implicit agreements with workers, suppliers, financiers and customers and by generally following those ethical duties reasonably implied by the responsible management of its business.

CHAPTER III. BOARD OF DIRECTORS COMPOSITION

Article 7. Qualitative Composition

1. Gamesa Directors are classified as executive or external directors. The latter are in turn classified as external proprietary directors, external independent directors and other external directors, in keeping with the provisions set forth herein. For such purposes they shall be considered as:



- a) Executive directors, should they perform senior management functions or be employees or otherwise perform management responsibilities or executive functions in the Company or its Group.
Nonetheless, directors who are Senior Executives or directors of the Company's parent companies shall be considered as proprietary directors.

For the sole purposes of this classification and good governance, when a Director performs Senior Management functions while at the same time being or representing a significant shareholder or being a shareholder represented on the Board, he/she shall be construed as an "Executive Director".

- b) External proprietary directors should they (i) own a shareholding equivalent to or in excess of that legally construed as a significant shareholding or should they have been appointed as such due to their condition as shareholders even though their shareholding does not reach the aforementioned amount: or (ii) because their appointment has been proposed to the Company by the shareholders set forth in (i) above.

For the purposes of this definition, it shall be assumed that a director has been proposed to the Company by a shareholder whenever: (i) he/she has been appointed to exercise the right of representation; (ii) is a director, a senior executive, an employee or a non-occasional provider of services to the aforementioned significant shareholder or to companies belonging to its same group; (iii) it can be gleaned from corporate documents that the director has been appointed by the significant shareholder or represents it; (iv) is the spouse of or a party related to the significant shareholder by an analogous relationship, or is a family member up to the second degree of kinship of the significant shareholder.

- c) External independent directors should they be appointed due to their personal or professional qualities and be able to perform their functions without being conditioned by relationships with the Company, its significant shareholders or its senior management.
- d) Other external directors should they be neither proprietary nor independent directors.



2. Under no circumstances, may the following be appointed as an independent director:

- a) Anyone who has been an employee or executive director of the Group's companies, except when three (3) or five (5) years have respectively elapsed since they stood down from such offices.
- b) Anyone who receives from the Company or its Group any amount or benefits for an item other than remuneration as a director, except when such amount or benefits are insignificant.

For the purposes set forth in this paragraph, neither dividends nor pension scheme complements received by the director arising from his/her previous professional or employment relationship shall be taken into consideration, as long as such complements are unconditional, and consequently the Company paying them out may not do so discretionally without breaching obligations or suspending, amending or revoking entitlements.

- c) Anyone who is or has been a partner of the external auditor or those holding responsibility for the auditor's report during the last three (3) years, whether it be of the Company's audit or that of any other group company during the aforementioned period.
- d) Anyone who is an executive director or senior executive of another company in which some executive director or senior executive of the Company is an external director.
- e) Anyone who maintains or has maintained during the past year a significant business relationship with the Company or with any of the companies of its Group, be it on their own behalf or as a significant shareholder, director or senior executive of an organization that maintains or has maintained such a relationship.

The provision of goods or services, including financial and advisory or consulting services, shall be construed as business relationships.

- f) Anyone who is a significant shareholder, an executive director or a senior executive of an organization that receives or has received during the last three (3) years significant donations from the Company or its Group.

Anyone who is simply a governing board member of a foundation that receives donations shall not be included among those set forth in this paragraph.



- g) Spouses of or parties related through an analogous relationship to an executive director or senior executive of the Company, as well as their family members up to the second degree of kinship.
- h) Anyone whose appointment or renewal has not been put forward by the Appointment and Remuneration Committee.
- i) Anyone finding themselves in any of the circumstances set forth in paragraphs a), e), f) or g), as regards a significant shareholder or a shareholder represented on the Board. In the case of the family relationships set forth in paragraph g), the limitation shall not only apply as regards the shareholder but also to the directors representing them in the company in which the stake is held.

Any proprietary directors whose condition as such ceases to be the case as a result of the shareholder who put forward his/her appointment selling their stake may only be reappointed as independent directors when the shareholder that has put forward his/her appointment has sold the entire stake in the Company.

Directors who own a stake in the Company may be considered as independent directors, as long as they meet all the conditions set forth in this paragraph and when their stakes do not constitute a significant shareholding.

3. The Board of Directors, when exercising its powers to propose to the General Shareholders' Meeting and to co-opt to fill vacancies, shall make an effort to ensure that the composition of the External Directors (hereinafter "External Directors") represents an ample majority over Executive Directors.
4. Taking into consideration the provisions set forth in Article 19 contained herein, the Board shall likewise attempt to ensure that the holders of stable significant stakes in the Company's share capital or their representatives (hereinafter, "Proprietary Directors") and professionals of recognized prestige that are not conditioned by relationships with the Company, its significant shareholders or its senior executives (hereinafter "Independent Directors"), form part of the majority group of External Directors.
5. In order to establish a reasonable balance between Proprietary Directors and Independent Directors, the Board shall attempt, in so far as it is possible, to take into account the Company's ownership structure, the absolute and relative importance of significant shareholdings, as well as the level of permanence, commitment and strategic links with the Company of the owners of such shareholdings.



6. In any event, the provisions set forth in this article are subject to the shareholders' legally recognized right to proportional representation – in which case the Directors thus appointed shall be considered Proprietary Directors – and the Board's freedom to decide on the appointment of Directors.
7. The status of each director shall be explained by the Board before the General Shareholders' Meeting that will have to effectuate or ratify their appointment. This shall be confirmed and, if necessary, revised annually in the Corporate Governance Report after being verified by the Appointment and Remuneration Committee.

Article 8. Quantitative Composition

1. The Board of Directors shall comprise the number of Directors set by the General Shareholders' Meeting pursuant to the limits set out in the Company Bylaws.
2. The Board shall propose to the General Shareholders' Meeting the appropriate number of members, which according to changing circumstances at the Company, they deem to be the most appropriate for assuring the Board's due representativeness and efficient performance. The proposed number shall in no case exceed fifteen.

CHAPTER IV. BOARD OF DIRECTORS STRUCTURE

Article 9. The Board's Chairman

1. The Chairman of the Board of Directors shall be chosen by the Board from among its members after the Board has received a report from the Appointment and Remuneration Committee. Any resolution on the granting and, should it be the case, on the widening of the Chairman's powers shall be adopted by the Board at the moment of his/her appointment.
2. It shall be the Chairman's and/or the Secretary's, at the former's indication, ordinary prerogative to call a Board of Directors meeting, set the meeting's agenda and lead the debates. The Chairman, nonetheless, should call a Board Meeting and include any matters to be dealt with when at least three Directors have so requested.



3. In addition to the powers attributed by Law, the Bylaws and other rules of the Company, the Chairman shall be responsible for organizing and coordinating with the chairmen of the relevant Committees the regular assessment of the Board, as well as of the Company's CEO or chief executive.
4. Should the Chairman of the Board also be the Company's CEO, the Board of Directors may empower the Deputy Chairman, should he/she be an Independent Director, or one of the Independent Directors, so that they may coordinate and reflect the concerns of External Directors and request the Chairman to call a Board of Directors meeting when they see fit, as well as to direct the Board's assessment of its Chairman.

Article 10. The Deputy Chairman

1. Following a report from the Appointment and Remuneration Committee, the Board may designate a Deputy Chairman to replace the Chairman should he/she be unable to perform his/her functions or in his/her absence.
2. The Board may also appoint more than one Deputy Chairman. In such a case, the position described in the preceding section shall be attributed to the First Deputy Chairman, who shall, in turn, be replaced if necessary by the Second Deputy Chairman, and so on in this order.

Article 11. Secretary to the Board

1. The Board shall appoint the Secretary to the Board of Directors, who does not have to be a Director, following a report from the Appointment and Remuneration Committee.
2. Among other functions, the Secretary shall help the Board in its activities, especially focusing on counseling and providing necessary information to the Directors, channeling relations between the Company and the Directors in all affairs related to the Board's functioning, overseeing company documentation, duly recording meeting developments in the minutes book and certifying Board decisions.
3. The Secretary shall at all times ensure the substantive and material formality of the Board's actions and specially oversee that the Board's actions:
 - a) Comply with the wording and spirit of the Law and its regulations, including those approved by regulatory bodies.



- b) Comply with all Company Bylaws and with the Board and General Shareholders' Regulations, along with any others the Company may have.
 - c) Take into consideration any recommendations on good governance issued by regulatory authorities that the Company may have accepted in its Bylaws and/or Regulations.
4. The Secretary or Deputy Secretary to the Board may assume the role of Legal Counsel to the Board of Directors, as long as he/she is a legally recognized attorney, should the Board so decide, notwithstanding the fact that said position may be assigned to another person, pursuant to the requirements set forth under prevailing law.
5. The Secretary or Deputy Secretary to the Board may also perform the role of Secretary to the Executive Committee as well as the other Board of Director Committees. He/she may also assume the position of General Secretary, should the Board so decide.

Article 12. The Deputy Secretary to the Board

- 1. Following a report from the Appointment and Remuneration Committee, the Board of Directors may proceed to appoint a Deputy Secretary, who need not be a Director, to assist the Secretary to the Board in his/her functions, should the Board so decide, or to serve as a substitute should the Secretary be absent or otherwise unable to perform his/her functions.
- 2. The Deputy Secretary may attend Board as well as Board Commission meetings in order to substitute or assist the Secretary as needed, or should the Chairman so decide.

Article 13. Board of Directors Delegated Bodies

- 1. Without prejudice to the responsibilities delegated to the Chairman or to any other Director (Executive Directors), the Board may constitute an Executive Committee, with general decision-making powers, or committees specializing in specific areas whose powers are limited to information, recommendations or proposals, similar to that of the Audit and Compliance Committee or the Appointment and Remuneration Committee.
- 2. The Appointment and Remuneration Committee shall assess the background of the people most suited to form part of the different Committees and propose to the Board of Directors the members that should form part of each of these committees for its approval.



3. The Committees shall be self-regulating, shall appoint a Chairman and Secretary, and shall meet when called upon to do so by the Chairman. A copy of the minutes of said meetings signed by the Chairman and Secretary shall be distributed to all members of the Board of Directors. Especially under unforeseen circumstances, the meetings shall be governed by the rules set forth in the Company Bylaws and these Regulations, as long as they remain compatible with the purpose and functioning of the Committee in question.
4. Following a report from the Appointment and Remuneration Committee, the Board of Directors may delegate those responsibilities under their power to one or more Executive Directors (hereinafter, "Chief Executive Officer, CEO"), pursuant to the rules set forth in the Law, the company Bylaws and these Regulations. In such a case, said CEO shall assume the effective management of Company business, in accordance with the decisions and criteria adopted by the General Shareholders' Meeting and the Board of Directors for their respective areas of competence.
5. Following a report from the Appointment and Remuneration Committee, the CEO may present the description and organization of the organizational structure, along with its organizational chart and job descriptions of the Senior Management team, before the Board of Directors for its approval.
6. Should there be an Executive Committee, the Board of Directors shall assure to the greatest extent possible and with regards to the Company situation, that the participatory structure of Director categories be similar to that of the Board of Directors itself. Similarly, the Executive Committee shall inform the Board of Directors of the affairs it addresses and the decisions it has adopted.
7. When compatible with its nature, the same organizational and functioning rules that apply to the Board of Directors shall be applied to the Executive Committee.

Article 14. The Audit and Compliance Committee

1. The Audit and Compliance Committee shall be comprised of three (3) External Directors, appointed by the Board of Directors. The Board shall endeavor to ensure that the members of the Audit and Compliance Committee, and more particularly its Chairman, are appointed by taking into account their knowledge and experience in accounting, auditing or risk management matters, although they must not be experts.



2. The Audit and Compliance Committee shall choose a Chairman from among its members, who shall have to be an External Director and who shall be replaced every four years. Former chairmen may be re-elected to the post once one year has elapsed from the moment they have relinquished the post.
3. The Audit and Compliance Committee shall likewise appoint a Secretary, who may be one of its members or the Secretary or Deputy Secretary to the Board of Directors. The Committee's Secretary does not have to be a Director, in which case he/she shall not be considered as a member of the Committee.
4. Concerning the way the Audit and Compliance Committee is run internally, particularly concerning the way its meetings are called and the way it adopts resolutions, it shall be governed by the provisions laid down for the Board of Directors in the Bylaws and in the Board of Directors Regulations for matters not foreseen in its specific regulations, as long as they are compatible with the Committee's nature and functions.
5. Without prejudice to other responsibilities the Board may assign to it, the Audit and Compliance Committee shall have at least the following basic responsibilities:
 - a) Informing the General Shareholders' Meeting about any matters that the shareholders may broach regarding matters within its competence.
 - b) Proposing to the Board of Directors the appointment of the external Auditors of Accounts referred to by Article 204 of the Revised Text of the Corporations Law (Texto Refundido de la Ley de Sociedades Anónimas) for submission to the General Shareholder's Meeting's consideration, as well as their contracting conditions, the scope of their professional mandate, safeguarding their independence and, should it be the case, their removal or dismissal and overseeing their independence.
 - c) Overseeing the Company's and its Group's Internal Audit services approved by the Internal Audit Plan, overseeing both the internal and external material and human resources needed by the Internal Audit Department to perform its tasks and informing about the appointment or dismissal of the Internal Audit Manager;



- d) Dealing with the financial reporting process, sufficiently checking the information the Company should regularly and/or statutorily provide to the markets and to their supervisory bodies in order to ensure its accuracy, reliability, sufficiency and clarity, being familiar with the Company's internal control systems, as well as verifying their appropriateness and integrity by overseeing the identification, measurement and control of risks. It shall likewise ensure that the regular financial reporting is drawn up with the same accounting criteria as the annual financial information;
- e) Maintaining relationships with External Auditors to receive information on any matters that could place their independence at risk and regarding any other matters concerning the performance of the account auditing process, as well as of any other disclosures laid down by account auditing legislation and technical auditing standards, and serving as a channel of communications between the Board of Directors and the auditors, assessing the results of each audit and the management team's response to its recommendations, and mediating in the event of discrepancies between them regarding the principles and criteria applicable to the drawing up of financial statements.
- f) Checking the content of auditor's reports before they are issued, endeavoring to ensure that such contents and the opinions expressed therein about the annual accounts are drafted clearly and precisely, as well as overseeing the fulfillment of the auditing agreement;
- g) Ensuring compliance with legal requirements and the correct application of generally accepted accounting standards, and informing the Board of any significant changes of accounting criteria and of both on and off the balance sheet risk;
- h) Providing information about transactions that entail or could entail conflicts of interest or about transactions with shareholders owning a significant stake and, in general terms, concerning the matters set forth in Chapter IX contained herein;
- i) Providing information concerning the Board's possible authorization or waiving thereof to Directors in the circumstance set forth in Article 5.4.ii).e) contained herein;



- j) Approving transactions entailing a conflict of interest or transactions with a shareholder owning a significant stake under the terms set forth in Articles 30.6 and 35.4 contained herein and in compliance with them, when it is so charged by the Board's Chairman;
- k) Overseeing compliance with the Internal Code of Conduct Regarding the Securities Market, with these Regulations and, in general terms, the Company's rules of governance, as well as putting forward proposals for their improvement. The Audit and Compliance Committee is particularly responsible for receiving information from the Statutory Compliance Unit regarding the aforementioned matters and, if necessary, issuing reports on disciplinary matters to members of the Company's Senior Management and Executive team for not complying with the Corporate Governance obligations and/or the Internal Code of Conduct regarding the Securities Market, as well as resolving questions concerning Corporate Governance and its compliance which the Statutory Compliance Unit may raise pursuant to the Internal Code of Conduct Regarding the Securities Market;
- l) Drawing up and bringing an annual report on Corporate Governance before the Board for its approval;
- m) Drawing up an annual report on the Audit and Compliance Committee's activities, which shall be brought before the Board of directors for its approval and placed at the shareholders' and investors' disposal for the announcement of the General Shareholders' Meeting;
- n) Supervising the way in which the Company's website runs in terms of making information on Corporate Governance publicly available;
- o) Providing information on matters within its competence in the Company's Sustainability Report or its Social Responsibility Report for its approval by the Board of Directors;
- p) Proposing modifications to the current Board Regulations, and informing about matters within its competence regarding any modifications that may be made for their approval by the Board;



- q) Setting and overseeing a mechanism that allows employees to confidentially and, if deemed appropriate, anonymously report any irregularities that could be potentially important, especially financial and accounting irregularities they may notice within the Company. All the foregoing shall be done with the utmost respect for the rights of the parties involved.
6. The Audit and Compliance Committee shall meet at least twice a year, and as many times as its Chairman may see fit. It shall likewise have to meet whenever the Board or its Chairman requests the issuing of a report or the adoption of proposals, and it shall meet whenever it may be suitable to ensure its functions are properly performed, or when two members of the Committee so request. The Chairman of the Audit and Compliance Committee shall report its activities to the Board of Directors at the first Board meeting held after Committee meetings.
7. Any employee of the Company or its management team required to do so shall be obliged to take part in the Committee's meetings, collaborate with it and provide it with access to any information he/she may have. The Committee may also require the Auditors of Accounts to attend its meetings.
8. In order to enhance the fulfillment of its functions, the Audit and Compliance Committee may request external professional advice. In such an event, the provisions set forth in these Regulations shall apply.

Article 15. The Appointment and Remuneration Committee

1. The Appointment and Remuneration Committee shall be comprised of three (3) External Directors. The Board shall endeavor to ensure that the members of the Appointment and Remuneration Committee are appointed by taking into account their knowledge, capacity and experience in the matters entrusted to the Committee.
2. The Appointment and Remuneration Committee shall choose a Chairman from among its members. It shall likewise appoint the Secretary to the Committee, who may either be one of its members or the Secretary or Deputy Secretary to the Board of Directors, who does not have to be a Director, in which case he/she shall not be considered as a member of the Committee.



3. Concerning the way the Appointment and Remuneration Committee is run internally, particularly concerning the way its meetings are called and the way it adopts resolutions, it shall be governed by the provisions laid down for the Board of Directors in the Bylaws and the Board of Directors Regulations for matters not foreseen in its specific regulations, as long as they are compatible with the Committee's nature and functions.
4. Without prejudice to other responsibilities the Board may assign to it, the Appointment and Remuneration Committee shall have the following basic responsibilities:
 - a) Informing about, or proposing to the Board of Directors the proposals the Board may bring before the General Shareholders' Meeting concerning appointments, reappointments to offices and the ratification or dismissal of Directors, with criteria as regards their suitability to the Company's interests. The Committee shall have the same functions in circumstances of cooptation. For these purposes, among other considerations, the necessary competence, knowledge and experience shall be taken into consideration and consequently the candidates' functions and abilities, as well as the time and dedication needed so that they may perform their duties.
 - b) Informing the Board of Directors for its approval about the appointment of the Chief Executive Officer, the Chairman, the Deputy Chairman, the Secretary and the Deputy Secretary to the Board, as well as about the specific related-party schemes of the Chairman and the Chief Executive Officer.
 - c) Proposing the members that should form part of each of the Board's Committees to the Board of Directors for its approval.
 - d) Proposing the Directors' remuneration scheme and its annual amounts to the Board of Directors, as well as the individual remuneration for Executive Directors, along with the rest of their contract conditions. All the foregoing shall be in accordance with the provisions set forth in the Corporate Bylaws and these Regulations.
 - e) Informing about the appointment of individuals who will represent the Company either as administrators or as representatives of the administrators before the bodies of the Company's subsidiaries and the companies in which it holds a stake that the Board may deem most relevant.



- f) Providing information concerning the Board's possible authorization or waiving thereof to Directors in the circumstance set forth in Article 29 contained herein.
- g) Informing the Board of Directors about the appointment and, should it be the case, the dismissal of the Company's senior management, and describing and organizing Senior Management's structure, organization chart and job descriptions. The former shall be carried out at the proposal of (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer and/or (iii) the Board's Committees, depending on the individual or body to which Senior Management may report.
- h) Approving the Company's Senior Management remuneration scheme and bands, as well as their remuneration, including any compensation in the event of dismissal or removal from office and other basic contract conditions and regularly reviewing remuneration schemes. All the foregoing shall be done at the request of (i) the Chairman of the Board of Directors or (ii) of the CEO, depending on the individual or body to which Senior Management may report.
- i) Informing the Board of Directors for its approval about multi-year incentive schemes.
- j) Ensuring observance of the remuneration policy set by the Company and transparency concerning remuneration, reviewing the information about the remuneration of Directors and Senior Management that the Board of Directors has to approve and include in publicly available information.
- k) Drawing up and keeping the list of offices that comprise Senior Management and Executive team updated, in keeping with the prevailing organization chart and job descriptions.
- l) Providing information on matters within its competence in the Company's Sustainability Report or its Social Responsibility Report for its approval by the Board of Directors.
- m) Ensuring that when new vacancies on the Board of Directors are filled, the selection procedures do not suffer from any implicit discriminatory biases due to any reason whatsoever.



- n) Examining and organizing the Chairman's and the Chief Executive Officer's succession so that they may be properly understood, and bringing proposals before the Board, so that such successions come about in an orderly, well-planned fashion.
5. The Committee shall take into consideration any suggestions from the Company's Chairman, Directors, Executives or shareholders.
6. The Appointment and Remuneration Committee shall meet whenever the Board or its Chairman may request the issuing of a report or the adoption of proposals and, in any case, whenever it may turn out to be suitable for the proper performance of its duties, or whenever two of the Committee's members should so request. In any event, it shall meet at least twice a year.
7. The Appointment and Remuneration Committee shall bring before the Board of Directors for its approval a Report on its activities throughout the year. Likewise, the Chairman of the Appointment and Remuneration Committee shall inform the Board of Directors of its activities - and the work it has performed - at the first Board meeting after a Committee meeting is held.
8. Any employee of the Company or its management team required to do so shall be obliged to take part in the Committee's meetings, collaborate with it and provide it with access to any information he/she may have.
9. In order to enhance the fulfillment of its functions, the Appointment and Remuneration Committee may request external professional advice. In such an event, the provisions set forth in these Regulations shall apply.

CHAPTER V. BOARD OF DIRECTORS FUNCTIONING

Article 16. Board of Directors Meetings

1. The Board of Directors shall meet at least once every two (2) months, at any time at the request of three Directors, and as often as the Chairman so decides is needed for the proper functioning of the Company. Board meetings shall also be called when at least three (3) Directors so request.
2. Board of Director meetings may be called by means of a letter, fax, telegram or email, and shall be authorized by the signature of the Chairman or the Secretary by order of the Chairman.



The meeting notification shall be issued with at least three (3) days notice. The notification shall include the meeting agenda, as well all relevant information, duly summarized and prepared.

3. Extraordinary Board Meetings may be called by means of the telephone. The notification period and other such requirements noted above shall not apply when, in the judgment of the Chairman, the circumstances so justify. The calling of the meeting may be immediately confirmed through any of the means noted in section 2 above.
4. Board decisions may also be adopted outside of meetings. Written votes outside of meetings shall only be admitted when no Director objects to this procedure, and when it complies with all requirements set out in commercial law.
5. The Board may also meet simultaneously from different rooms, as long as effective, real-time interactivity and communications between the Directors are assured through audiovisual or telephonic means. In such cases, the meeting notification shall include the sites at which the technical means for attending and participating in the meeting are available. Any decisions shall be understood to have been adopted at the site that is shown in the notification as the main meeting place. In the lack of such information, this shall be the place at which the greatest number of Directors is present.
6. Before the end of each year, the Board of Directors shall draw up an annual agenda for regular meetings. The Board shall devote at least one meeting per year for evaluating (i) the quality and efficiency of its operation, (ii) the Chairman's and CEO's performance of their responsibilities, working from a report prepared by the Appointment and Remuneration Committee and (iii) the functioning of the Committees, working from reports that they provide to the Board of Directors.

Article 17. Session Procedure

1. The Board shall be regarded as validly constituted when half plus one of its members are present or represented at a meeting, and also when, without the need to call all its members, present or represented, those present unanimously agree to hold the meeting. Any absences occurring once the Board has been constituted shall not affect the validity of that meeting.



Directors shall make every effort to attend Board meetings. When they cannot attend personally, they may confer proxy on another Director. The number of representations granted to any attending Director shall not be limited by this. Notwithstanding the above, the Directors shall make sure that the representation they confer corresponds to another Board member from the same group to which he/she belongs, and shall provide the appropriate instructions. Such power of representation may be conferred by any written means, by telegram, fax or email, and must be done specifically for each Board meeting. The Annual Corporate Governance Report shall include a list of all such absences.

2. The Chairman shall lead and facilitate the debate, encouraging the participation of all Directors in company deliberations.
3. Except in those cases in which a voting quorum has been set, decisions shall be adopted on the basis of an absolute majority of attending votes (present or represented).
4. At the proposal of the Chairman or CEO, members of Senior Management may attend the Board of Directors meetings when their presence is deemed necessary or appropriate, in order to provide information on matters falling within their responsibilities.
5. Board of Directors deliberations and decisions shall be noted in a minutes book, which shall be signed by the Secretary, with the approval of the Chair of the meeting, and which shall be approved by the Board either at the finish of the meeting or at the following.

CHAPTER VI. APPOINTMENT AND DISMISSAL OF DIRECTORS

Article 18. Appointing Directors

1. Directors shall be appointed by the General Shareholders' Meeting or by the Board of Directors pursuant to the regulations set out in the Corporations Law (Ley de Sociedades Anónimas) and in the Company Bylaws.
2. Any proposals for the appointment of Directors that the Board of Directors may bring before the General Shareholders' Meeting for its consideration, and any appointment decisions said body may take by virtue of the powers of cooptation legally attributed to it shall be preceded by the relevant report issued by the Appointment and Remuneration Committee.



3. Should the Board reject a proposal or report from the Appointment and Remuneration Committee, it shall set forth the reasons for its decision and certify same in the minutes.
4. The Company shall provide new Directors with all the support they require in order to rapidly and adequately familiarize themselves with the Company and its rules of corporate governance. Orientation programs may be set up for this task. Similarly, when circumstances so advise, the Company may set up programs for updating the knowledge destined for the Directors.

Article 19. Requirements for Appointment

1. The Board of Directors and the Appointment and Remuneration Committee shall make an effort within the sphere of their competencies to ensure that the proposal and appointment of candidates shall fall on individuals of renowned honorability, solvency, competence and experience. They shall take special care regarding the individuals called upon to fill the positions of Independent Directors as described in article 7 of these Regulations.
2. In the case of Directors who are legal persons, the individual who represents them in carrying out the functions of the position shall be subject to the conditions of honorability, solvency, competence and experience set forth in the preceding paragraph and shall be personally required as regards the Directors' duties set forth in these Regulations.

Article 20. Reappointment of Directors

Any proposals for the reappointment of Directors that the Board of Directors may resolve to bring before the General Shareholders' Meeting shall have to comply with a formal assessment process, of which a report issued by the Appointment and Remuneration Committee shall form part, in conformance with the Regulations herein.

Article 21. Length of Duty

1. Directors shall occupy their position on the Board for a maximum period of six years, and may be reappointed.
2. Those Directors appointed by cooptation shall occupy their position until the date of the first General Shareholders' Meeting, without prejudice to the ratification of said position, in which case the start of their period of duty shall go back to the date of their acceptance of their provisional appointment by the Board of Directors.



Article 22. Relieving Directors of Office

1. Directors shall stand down once the term of office for which they were appointed has elapsed, without prejudice to the possibility of being reappointed, and whenever the General Shareholders' Meeting may so resolve. Similarly, the Board may propose a Director's dismissal to the General Shareholders' Meeting.
2. Directors shall place their position at the Board of Directors' disposal and formally tender their resignation, if the Board sees fit after a report is issued by the Appointment and Remuneration Committee, under the following circumstances:
 - a) Concerning Proprietary Directors, whenever these or the shareholder they represent cease being the holders of significant stable stakes in the Company, as well as whenever such shareholders withdraw their representation.
 - b) Concerning Executive Directors, whenever the Board may deem fit.
 - c) Concerning External Directors, whenever they join the Company's management or the management of any of the Group's companies.
 - d) Concerning Independent Directors, when for any other reason any of the circumstances set forth in Article 7.1 of these Regulations apply, causing an incompatibility with the condition of being an Independent Director.
 - e) Whenever they are involved in a conflict of interest or prohibition as set forth in prevailing legislation, the Bylaws or these Regulations.
 - f) Whenever they are brought to trial or if a court ruling on the initiation of a court hearing against him/her is issued for any of the offences set forth in Article 124 of the Corporations Law (Ley de Sociedades Anónimas), or whenever they are involved in disciplinary proceedings for a serious offense by the supervisory authorities.
 - g) When they reach the age of 70 years. The Chairman, the Deputy Chairmen, the CEO, the Board Secretary and Deputy Secretary shall relinquish office at the age of 65, but may carry on as Directors. Standing down as a Director and from the position shall come about during the first Board of Directors' Meeting held after the General Shareholders' Meeting in which the annual accounts are approved for the financial year in which the Director reaches the aforementioned age.



- h) Whenever they may stand down from executive positions linked to their appointment as a Director.
 - i) Whenever they are issued a serious admonishment by the Audit and Compliance Committee or are severely punished by a public authority for having breached their duties as a Director.
 - j) Whenever their permanence on the Board may place the Company's interests at risk, or whenever the reasons for their appointment have ceased to exist.
3. Without prejudice to the foregoing, Directors shall inform the Board of Directors of any criminal proceedings in which they are involved as suspects, as well as about any subsequent procedural events.

Article 23. Objectivity and Confidentiality of Votes

- 1. The decisions made by the Board of Directors related to the appointment, reappointment or removal of Directors, as well as the deliberations behind such decisions, shall be done in the absence of the Director in question. Should he/she be present when the issue comes up, he/she must leave the meeting and abstain from participating in same.
- 2. All Board of Directors votes concerning the appointment, reappointment or removal of Directors shall be secret if requested by any of the Board members, without prejudice to the right of any Director to certify his/her vote in the minutes.

CHAPTER VII. DIRECTOR INFORMATION

Article 24. Entitlement to Information

- 1. Directors may request any information about the Company they may reasonably need, as long as it is required for the performance of their duty. The entitlement to information shall also cover the Group's Spanish and foreign companies and subsidiaries.



2. In order not to disturb the Company's day-to-day management when exercising the entitlement to information, such requests shall be channeled through the Chairman, the Chief Executive Officer or the Secretary to the Board, who shall respond to the Director's request by directly providing him/her with the information, indicating the appropriate person within the organization to deal with the request or putting into place measures so that the Director may conduct the verification or inspection tasks he/she may need on site.
3. Should the person responsible for responding to the Director's request have refused to provide the information requested considering that it could prejudice the Company's interests, it shall be the Board of Directors' responsibility to resolve the issue pursuant to the provisions laid down in the Corporations Law (Ley de Sociedades Anónimas).

Article 25. Aid from Experts

1. In order to be aided in the performance of their duties, External Directors may request the contracting of legal, accounting and financial experts, as well as other experts at the Company's cost.

The commission must necessarily be related to specific problems of a certain relevance and complexity that arise during the course of the duties' performance.

2. The request to contract such experts must be made to the Company's Chairman and can be vetoed by the Board of Directors should it find that:
 - a) it is not necessary in order to properly perform the functions External Directors are entrusted with;
 - b) its cost is unreasonable with a view to the problem's importance and the Company's assets and revenues;
 - c) the professional advice requested can be properly given by in-house experts and technicians;
 - d) it may entail a risk to the confidentiality of the information that has to be handled.



CHAPTER VIII. DIRECTOR REMUNERATION

Article 26. The Board's Remuneration

1. The Board shall be entitled to obtain the remuneration set for it pursuant to the Bylaws' provisions.
2. The Board shall make an effort to ensure its remuneration is moderate and based on the market's requirements and that a significant part of it is linked to the Company's performance.
3. The Board of Directors shall draw up a remuneration policy that shall include all fixed items, variable remuneration items (indicating essential parameters and hypotheses or targets taken as a reference, along with assessment criteria), the main features of the social welfare schemes and the main conditions which the contracts of executive Directors must fulfill.

The Board of Directors shall draw up a report on the remuneration policy for the current year on an annual basis. The report shall be placed at the shareholders' disposal in the form that the Board may deem appropriate for the announcement of the General Shareholders' Meeting.

4. The Board's remuneration shall be transparent and broken down in the report, as an integral part of the Annual Accounts, the remuneration received by each Director on an individual basis either from the Company or from any of the companies belonging to its Consolidated Group. Such information shall be disclosed in the Annual Corporate Governance report under the terms and conditions required by the Law.
5. The Board shall determine the way and amounts in which the remuneration thus set shall be distributed among its members in each financial year, which may be done on an individual basis. The Board shall ensure that the amount of the External Directors' remuneration is appropriate for their dedication and provides an incentive thereof, but without compromising their independence.
6. The remuneration set forth in this article shall be compatible with and independent of any other kind of remuneration that may be generally or individually set for any members of the Board of Directors performing executive functions or entrusted with professional tasks, whatever their nature may be.



CHAPTER IX. DIRECTOR DUTIES

Article 27. General Obligations of a Director

1. Pursuant to articles 5 and 6, the function of a Director is to focus and control the management of the Company towards the aim of maximizing value to the benefit of its shareholders.
2. Directors shall perform their functions with the diligence of an orderly businessperson and of a loyal representative and shall be specifically obliged to:
 - a) Inform and prepare themselves properly for the meetings of the Board and the governing bodies to which they may belong.
 - b) Take part in the meetings of the bodies of which they form part and to actively participate in deliberations, so that their perspective makes an effective contribution to decision-making. Should a Director not be able to attend the meetings to which he/she has been called for justifiable reasons, he/she shall issue instructions to the Director who shall represent him/her if at all possible, assuring that said representation and vote are left in the hands of a Director operating under the same conditions.
 - c) Carry out any specific task the Board of Directors may entrust in him/her that reasonably falls within his/her professional commitments.
 - d) Investigate any irregularity in Company management that may come to his/her notice, and watch over any risk situation.
 - e) Urge those with the power to call meetings to call an extraordinary Board meeting, or include in the agenda of the next scheduled meeting any of the affairs he/she deems appropriate.
 - f) Assure that Board decisions adequately uphold the corporate interest, especially regarding Independent Directors or other Directors not affected by a potential conflict of interest, when the Board is dealing with issues that could prejudice the priority of said corporate interest.



Article 28. Director Confidentiality Obligation

1. Directors shall keep secret all deliberations of the Board of Directors, as well as those of any Board Committee of which they make take part, and generally abstain from revealing any information to which they may have had access during the execution of their duties, nor shall they divulge such information in such as way as to arrive at third parties if this could result in consequences damaging to the corporate interest.

Directors shall also assure the highest level of reserve and confidentiality in terms of the use and dissemination of the documents put at their disposal as members of the Board, especially those documents that are made available at Board meetings, meetings of Board Committees, or during other, especially important operations.

When the Director is a legal person, the secrecy obligation shall apply to the representative of same, without prejudice to his/her obligation to keep the represented body informed.

2. Situations in which the law permits the communication of said information to third parties represent an exception to the obligation set forth above. The obligation is also superseded when judicial or regulatory authorities require such information. In such a case, the information must be provided pursuant to applicable law.
3. This obligation shall remain in effect after the Director has left his/her position.

Article 29. Non-competition Obligation

Except when authorized by the Board, Directors may not be Administrators, nor perform duties and functions in companies having a corporate purpose that is completely or partially the same, analogous to or complementary to the activities comprising the corporate purpose of the Company or its Group. Exceptions to this rule include duties that may be performed (i) in Group companies, (ii) in other companies in which the Director acts in representation of the Group's interests and (iii) in those situations for which the Board of Directors, following a report from the Appointment and Remuneration Committee and judging that the position in question does not put the corporate interest at risk, waives the abovementioned prohibition.



Article 30. Conflicts of Interest

1. For these Regulations, "Conflict of Interest" shall be construed to mean any situation in which any Director or party related to him/her has a personal interest in either direct or indirect conflict with the Company or with any other of the companies belonging to the Group. Again for these Regulations, the following shall be construed as "Related Party" or "Parties":
 - a) The Director's spouse or anybody having an analogous personal relationship.
 - b) Forebears, descendants and siblings of the Director or the Director's spouse (or people having an analogous personal relationship).
 - c) Spouses of the Director's forebears, descendants and siblings.
 - d) Any companies in which the Director, either personally or through another individual, finds himself/herself in any of the situations put forth in Article 42 of the Commercial Code (Código de Comercio) concerning definitions of corporate groups.

Concerning Directors who are legal persons, the following shall be construed as Related Parties:

- a) Partners who may find themselves in any of the situations set forth in article 42 of the Commercial Code (Código de Comercio) concerning the definition of corporate groups, as regards the Director who is a legal person.
- b) Companies forming part of the same group, as set forth in article 42 of the Commercial Code (Código de Comercio) concerning the definition of corporate groups.
- c) The representative, the de facto or legal administrators, the liquidators and the holders of the general powers of attorney of the Director who is a legal person.
- d) Any individuals who can be considered as Related Parties of the representative of the Director who is a legal person, as per the previous paragraph on Directors who are individuals.



2. The director or his/her Related Parties may not directly or indirectly perform professional or commercial transactions with the Company unless the Board, following a favorable report from the Audit and Compliance Committee, approves the transaction without the interested Director taking part, pursuant to the provisions set forth in these Regulations and under the terms and conditions set forth therein.
3. Any Director finding himself/herself in a situation of conflict of interest or who notices the possibility thereof shall notify it to the Board of Directors through its Chairman and abstain from attending and intervening in the deliberations, voting, decision-making and execution of transactions affecting the matters in which he/she finds himself/herself in a situation of conflict of interests. The votes of Directors affected by conflicts of interest and who must abstain shall be subtracted for the purposes of calculating the majority of votes that may be necessary.
4. The Audit and Compliance Committee, when so requested by the Board of Directors, shall draw up a report on the transaction that may be subject to a possible conflict of interest. Said report shall contain a proposal for adopting a specific resolution.
5. The Board's Chairman must include the transaction and the Conflict of Interest in question on the agenda of the next Board of Directors Meeting so that it may adopt a resolution on it on the basis of the reports noted in sections 4 and 7. The Board of Directors, without the participation of the Director thus affected, shall decide as soon as possible whether or not to approve the transaction or the alternative that may have been put forward, as well as the specific measures that are to be adopted.
6. The Board's Chairman may commission the Audit and Compliance Committee to approve the transaction when there are reasons of urgent necessity, and the Committee shall inform the Board forthwith.
7. The Board of Directors or the Audit and Compliance Committee, in order to draw up its report under the circumstances set forth in section 4 above, may:
 - a) obtain a report from the Chief Executive Officer containing (i) a justification for the transaction (ii), an alternative to the Director or Related Party bringing about the transaction; and
 - b) should the assets or the transaction's complexity so require it, the Board may request the advice of outside professionals, in conformance with the procedure for this as set out in these Regulations.



8. The Board of Directors as well as the Audit and Compliance Committee shall use the following criteria when deliberating whether to approve the transaction in question or an alternative proposal:
 - (i) the regular and ongoing nature of the operation, along with its economic importance and the amounts involved;
 - (ii) the need to set up control mechanisms covering the operation, due to its characteristics or nature;
 - (iii) criteria of equality, objectivity, confidentiality and transparency in the awarding and supply of information, when the alternative includes an offer directed at a group; and
 - (iv) the transaction price and maximizing value for shareholders.
9. In all cases, any conflict of interest situations in which Directors or their Related Parties are involved shall be included in the Annual Corporate Governance Report.
10. The Company report shall include information about any operations carried out by Directors or their Related Parties that have been authorized by the Board of Directors pursuant to this article, that occur during the year to which the annual accounts refer.

Article 31. Non-public Information

Notwithstanding that which is set out in article 28 above, Directors must conform to the standards of conduct established in securities market law, especially those rules that are enshrined in Gamesa's Internal Code of Conduct Regarding the Securities Markets.

Article 32. Business Opportunities

1. Directors may not use the Company name, nor invoke their condition as a Director of same, for the purpose of carrying out operations on their own account or that of Related Parties.



2. No Director may engage in investments or any other operations involving Company assets about which he/she has obtained knowledge over the course of his/her duties, resulting in his/her own benefit or that of Related Parties, when said investments or operations could have been offered to the Company or the Company could have had an interest in same, unless these investments/operations have been previously rejected by the Company. In this case, the investments or operations in question must be authorized by the Board, following a report from the Audit and Compliance Committee.

Article 33. Indirect Operations

The Director shall be considered as breaching his/her loyalty to the Company if, with previous knowledge, he/she permits or does not reveal the existence of operations with the Company performed by people with whom he/she lives, or by companies in which he/she occupies an executive position, or by companies in which he/she holds a controlling stake.

Article 34. Director Information Duties

1. Directors must inform the Company of their participation in the capital stock of any company engaged in the same or comparable type of activity as comprises the corporate purpose of Gamesa or any of its Group companies. They must also notify the Company of the duties or functions they perform on their own account or for others in said companies that are the same or comparable the activities comprising Gamesa's corporate purpose or that of its Group companies. This information shall be included in the Annual Report.
2. Directors must also inform the Company about any positions they may hold or activities they carry out in other companies or entities, as well as any other professional obligations to which they are subject and, in general, about any fact or situation that could be relevant to their performance as a Company Director.
3. Directors must inform the Board, through its Chairman, of any significant change in their professional situation that could have an effect on the character or conditions for which they were appointed Director. They must also inform the Board of any facts or circumstances about which the Board of Directors should have knowledge in order to make a decision or study consequences – all pursuant to the rules laid out in these Regulations.
4. Directors must provide the Company with an email address, so that they may be notified of Board of Directors meetings by this means, if it so decides, and so that the Board may provide them with relevant information.



Article 35. Transactions with Shareholders owning a significant stake

1. The Board of Directors formally reserves the knowledge of any Company transaction with a shareholder holding a significant stake, after receiving a report from the Audit and Compliance Committee, if this Director so requests – under the terms laid out in this article and pursuant to the criteria set out in article 6.2.d) of these Regulations – that no shareholder shall receive privileged treatment over others.
2. The Board of Directors, and the Audit and Compliance Committee if a report is issued, shall evaluate the operation from the standpoint of market conditions. They shall also take into consideration the criteria laid out in section 30.8 of these Regulations when examining the operations of said shareholders, always guided by the abovementioned principle of equality of treatment for shareholders. Towards these ends, they shall obtain the following:
 - a) a report from the CEO containing (i) a justification for the operation and (ii) an alternative to said operation by the shareholder in question; and
 - b) the advisory services of external professionals, pursuant to the procedure laid out in these Regulations, when the assets involved or the complexity of the operation so require.
3. Should the transactions fall under the ordinary course of company business, and are of a habitual or ongoing nature, normal authorization of the line of operations and their conditions of performance shall suffice.
4. In urgent situations, the Chairman of the Board may entrust the approval of the transaction to the Audit and Compliance Committee, which must inform the Board of same as quickly as possible.
5. Board authorization shall not be considered necessary for those related operations that comply with all of the following three conditions: (i) that are performed under contracts with standardized terms and that are applied en masse to many customers; (ii) that are performed at prices or fees that have been generally set for suppliers of the goods or services in question; and (iii) that involve an amount that does not exceed one percent (1%) of the Company's annual revenue.



6. The Company shall provide information concerning the operations it carries out with Directors, shareholders owning a significant stake and Related Persons, in its periodic financial reports, under the terms of prior notice set by the Law. Similarly, the Company shall include in its report information concerning Company (and Group company) operations with Directors and Related Persons, and those acting as proxies for them, when such operations fall outside the normal traffic of business, or that are not performed under habitual market conditions.

Article 36. Subjective extension of the obligations of Directors and of shareholders owning a significant stake

The obligations set out in Chapter IX of these Regulations pertaining to Company Directors and shareholders owning a significant stake shall be understood as applying also to their possible relations with companies belonging to the Group.

CHAPTER X. BOARD OF DIRECTORS RELATIONS

Section 1. On Information Policy

Article 37. Annual Corporate Governance Report

1. Each year, the Board of Directors, following a report from the Audit and Compliance Committee, shall approve the publication of an Annual Corporate Governance Report, which shall contain the legally required citations.
2. The Corporate Governance Report shall be approved at the same time as the drafting of the annual accounts corresponding to the previous year. In addition to publication as required by securities market legislation, the report shall also be made available to shareholders, along with other documents required by Law, at the time that the General Shareholders' Meeting is called.



Article 38. Website

1. The Company shall maintain a website in order to allow shareholders to exercise their rights to information, and to disseminate information required by Law. This website shall have the following content:
 - a) The Company Bylaws
 - b) The General Shareholders' Meeting Regulations
 - c) The Board of Directors Regulations, and, when they exist, the Regulations for the Board of Directors Committees
 - d) The Annual Report and the Internal Code of Conduct
 - e) The Corporate Governance Reports
 - f) Documents related to Ordinary and Extraordinary General Shareholders' Meetings, with information about the agenda, Board of Directors proposals, as well as any other relevant information shareholders may need in order to cast their vote.
 - g) Information concerning the outcome of the General Shareholders Meetings held, and specifically concerning the composition of the General Shareholders' Meeting at the time of its constitution, decisions made, with the corresponding votes cast for each of the proposals included in the agenda.
 - h) The available channels of information between the Company and its shareholders, and specifically, explanations of how the shareholder may exercise his/her right to information, showing email as well as postal addresses that the shareholders may use.
 - i) The means and procedures used for conferring representation at the General Shareholders' Meeting.
 - j) The relevant facts communicated to the Spanish Securities Market Commission.



- k) As regards the Directors: (i) a professional and biographical profile; (ii) other Boards of Directors to which they may belong, whether or not they represent companies quoted on the stock market; (iii) an explanation of the Director's category, showing, in the case of Proprietary Directors, the shareholder who proposed his/her appointment, or with whom he/she is related; (iv) the date of their first appointment to the Board of Directors, along with the dates of reappointments, and; (v) shares or share options in the Company and derivatives underlying Company shares that they own.
2. The Board of Directors has the responsibility of keeping the webpage material updated, pursuant to prevailing law, and of coordinating this content with documents that have been deposited or inscribed in the corresponding public records and registers.

Article 39. Corporate Social Responsibility

1. The Board of Directors, aware of the responsibilities corresponding to a Company with respect to society as a whole, is committed to assuring that its activity is carried out in accordance with a set of values, principles, criteria and attitudes aimed at achieving sustained creation of value for their shareholders, employees, customers and for society at large.
2. With this aim in mind, the Board of Directors shall strive to assure that the Company's business activity is always carried out in compliance with prevailing law, good faith and the best commercial practices. It shall promote the implementation and application of ethical principles based on integrity, transparency and commitment to society, principles that shall serve as the foundation for Gamesa's corporate culture – and, in turn, as the basis for action in the business practice of all those who make up the Company.
3. In order to highlight Gamesa's activities in this area, the Board of Directors shall draft a Sustainability or Social Responsibility Report, issued with the frequency they deem appropriate, and after consulting with reports from the Audit and Compliance Committee and the Appointment and Remuneration Committee.



Section 2. On Board of Directors Relations

Article 40. Relations with Shareholders

1. The Board of Directors shall provide the appropriate channels through which its members may be informed of the proposals put forth by shareholders in relation to Company management.
2. The Board, through certain of its Directors and with the collaboration of those members of Senior Management deemed pertinent, shall organize informative meetings concerning the running of the Company and of its Group and other items of interest, for shareholders residing in the most important financial arenas, in Spain and in other countries. The Board of Directors shall guarantee equality of treatment in its relations with its shareholders.
3. Requests for vote delegation requested by the Board of Directors or any of its members must reveal the existence of any Conflict of Interest, and, to the greatest extent possible, justify in a detailed manner the way the representative shall vote should the shareholder not provide specific instructions – pursuant to the regulations laid down in the Law and these Regulations.

The Director receiving proxy shall not exercise the voting right corresponding to the represented shares for those agenda items involving a Conflict of Interest, and generally, as regards the following decisions:

- a) his/her appointment or ratification as Director
- b) his/her dismissal or removal or termination as Director
- c) the exercise of a corporate responsibility action against him/her
- d) the approval or ratification, when applicable, of Company operations with the Director in question, companies he/she may control or those he/she may represent, or Persons acting on his/her behalf.

The delegation may also include those points that, although not included in the agenda, are permitted by Law, in the General Shareholders' Meeting. The regulations set forth in this article shall also apply in these cases.



4. The Board of Directors shall actively promote the informed participation of shareholders in the General Shareholders' Meetings, and shall take all measures deemed appropriate so that shareholders may effectively carry out their functions in the General Shareholders' Meetings, pursuant to the Law and the Bylaws.

Specifically, the Board of Directors shall adopt the following measures:

- a) Make every effort to place at shareholders' disposal all legally required information before the General Shareholders' Meeting.
- b) Faithfully respond to all written requests for information from shareholders before the General Shareholders' Meeting, under the terms set forth in the prevailing law.
- c) Faithfully respond to questions and requests for information put forth by shareholders during the General Shareholders' Meeting, under the terms set forth in the prevailing law.

Article 41. Relations with Institutional Shareholders

1. The Board of Directors shall also set up adequate mechanisms for the ongoing exchange of information with the institutional investors that make up the group of Company shareholders.
2. In no case shall the relations between the Board of Directors and institutional shareholders result in those shareholders receiving any information that could provide them with a privileged situation or advantage over other shareholders.

Article 42. Market Relations

1. The Board of Directors shall provide the markets with fast, accurate and reliable information, pursuant to their legal requirements at all times. This applies especially to the following information:
 - a) relevant facts liable to have a significant influence on the stock market price of the shares issued by the Company;
 - b) any changes in the structure of Company assets, such as changes in significant shareholdings – direct or indirect – associative arrangements or other types of partnerships of which it is aware;
 - c) any substantial modifications in the rules of Company governance;



- d) treasury stock policies that the Company proposes to carry out under the authority granted by the General Shareholders' Meeting;
 - e) any changes in the composition, organizational or operative rules of the Board or of its Committees, or in the functions and duties of each Director within the Company, as well as any other relevant change in the system of Corporate Governance;
 - f) a change in the External Auditor.
2. The Board of Directors shall endeavor to assure that the half-yearly and quarterly financial reports, as well as that information which it deems prudent to release to the markets, is prepared according to the same principles, criteria and professional practice as are applied to the annual accounts, and with the same level of reliability.
 3. The Board of Directors shall include information in its annual public documents concerning the Company's corporate governance rules, the level of compliance with these Regulations and the Code of Good Governance, along with any other information needed for complying with the legal regulations at all times.

Article 43. Relations with Auditors

1. The Board of Directors shall establish an objective, professional and ongoing relation with the Company's External Accounts Auditor, showing full respect for their independence.
2. Normally, the Board's relations with external auditors shall be channeled through the Audit and Compliance Committee.
3. The Audit and Compliance Committee shall refrain from proposing to the Board of Directors, and they in turn shall refrain from proposing to the General Shareholders' Meeting, the appointment of any auditing firm when it has been shown (i) to be involved in an incompatibility according to prevailing auditing law, or (ii) if that firm's total fees are shown to surpass five (5) percent of their total revenue over the last year.
4. The Board of Directors shall provide public information of the overall fees the Company has paid to the auditing firm, including auditing as well as other services. The Board shall also provide all other legally required information.
5. The Board of Directors shall endeavor to definitively draw up the accounts in such a manner so as to ensure that there are no auditor's qualifications.



Nonetheless, should the Board see fit to maintain its criteria, it shall publicly explain the contents and scope of the discrepancy.