

REPORT BY THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. ON THE PROPOSED AMENDMENT TO THE RULES OF THE BOARD OF DIRECTORS

1. Purpose of the report

In accordance with article 528 of the Consolidated Text of the Capital Companies Act (hereinafter the "**Capital Companies Act**"), on 12 April 2012, the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter 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 1 June 2011, the Board of Directors has amended the Rules of the Board of Directors on two occasions:

2.1. On 27 February 2012, in order to:

Adapt article 41.4.g).(iv) of the Rules of the Board of Directors, which establishes the functions of the Audit Committee: *"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"*, to the amendment of the FCC Group Code of Ethics, and the subsequent approval of the Manual for Preventing and Responding to Crime in that same meeting of the Board, to the effect that reports of possible irregularities made by employees and third parties will be processed by a new body, called the Response Committee, and the Audit Committee will receive regular reports, from both that Response Committee and from the Internal Control and Risk Management Department, on their respective activities, with suggestions for improvement in their respective areas of competence.

As a result, it was decided to reword article 41.4.g).(iv) of the Rules of the Board of Directors as follows:

(iv) receiving regular reports from the Response Committee and the Internal Control and Risk Management Department, respectively, about the performance of its activities and the workings of the internal controls.

2.2. And on 12 April 2012, in order to:

- A) Adapt its wording to the recent amendments to the Capital Companies Act made by Act 25/2011, of **1 August, partly amending the Capital Companies Act and transposing Directive 2007/36/EC of the European Parliament and the Council of 11 July on the exercise of certain rights of shareholders in listed companies (hereinafter "Act 25/2011")** and by Royal Decree-Act 9/2012, of 16 March, which simplifies the reporting and documentation obligations in mergers and demergers of capital companies (hereinafter "**Royal Decree-Act 9/2012**").
- B) To expressly incorporate a number of Recommendations from the Unified Code of Corporate Governance (hereinafter "**UCCG**") which were already being applied by the Company.
- C) To introduce a number of technical improvements and measures for harmonisation with other internal regulations of the Company, particularly the Articles of Incorporation.

Below are listed the individual articles of the Rules of the Board of Directors which were amended, grouped on the basis of foregoing criteria:

2.1.- Adaptation to the current wording of the Capital Companies Act as amended by Act 25/2011 and Royal Decree-Act 9/2012.

- Article 13 (Information to shareholders in relation to General Meetings): this article was amended in order to adapt its wording to the new article 520 of the Capital Companies Act.
- Article 16 (Appointment, ratification or re-election of directors): **the wording of this article was adapted to the provisions of the new article 212.bis of the Capital Companies Act.**
- Article 40 (Executive Committee): section 9 was amended to adapt its wording to that used in the Capital Companies Act with respect to the quorum for the Board of Directors.
- Article 41 (Audit and Control Committee): the second paragraph of section 3 was amended to adapt its wording to that used in the Capital Companies Act with respect to the quorum for the Board of Directors.
- Article 42 (Appointments and Remuneration Committee): the second paragraph of section 2 was amended to adapt its wording to that used in the Capital Companies Act with respect to the quorum for the Board of Directors.
- Article 44 (Corporate web site of FCC): this article was amended to adapt it to the

provisions of the new article 11.bis of the Capital Companies Act and article 4 of the Articles of Incorporation.

2.2.- Inclusion of a number of Recommendations from the Unified Code of Corporate Governance.

- Article 8 (General Functions. Equilibrium in the performance of functions): section 6 was amended to adapt it entirely to Recommendation 3 of the UCCG with respect to the functions reserved for the Plenary Board.
- Article 20 (Removal of Directors): the wording of this article was amended to include the full text of Recommendation 31 of the UCCG with respect to the removal of independent directors; this recommendation was already being complied with by the Company, as disclosed in the Annual Report on Corporate Governance.

2.3.- Technical improvements and measures to harmonise with other internal regulations of the Company.

- Article 7 (Powers of the Board of Directors. Powers that may not be delegated): the term "Delegated Committees" is replaced with the term "Internal Committees".
- Article 32 (Remuneration of Directors): this article was amended to adapt its wording to the amendment of the Articles of Incorporation to be proposed to the General Meeting in order to establish fees for attending meetings of the Board of Directors and its Internal Committees as a separate remuneration item.
- Article 34 (Chairman. Functions): the wording of section 2 of this article was amended to coordinate with the wording of article 30 of the Articles of Incorporation.
- Article 45 (Content of the corporate web site): the wording of this article was amended to coordinate with the wording of article 44 of the Rules of the Board of Directors.

Attached as an annex to this report is the text of articles in the Rules of the Board of Directors that have been amended, in two columns, with the former wording and current wording, highlighting the amendments.

Madrid, 12 April 2012.

ORIGINAL WORDING	CURRENT WORDING
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, indemnity 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 Senior Executives. 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. 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.	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, indemnity 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 Senior Executives. 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. 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.

d) Appointment and removal of Board members as members of the various Committees envisaged in these Rules. e) Supervising the Board's Delegated Committees. f) Appointing Board members by co-option to fill vacancies that arise, until the next General Meeting is held. g) Accepting the resignation of board members. h) Authorising the financial statements and dividend policy for submission and proposal to the General Meeting, and declaring any interim dividends. 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. 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 any other type of transactions whose specific circumstances make them strategic. k) The general organising powers of the Board of Directors, particularly the power to amend these Rules. 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.	d) Appointment and removal of Board members as members of the various Committees envisaged in these Rules. e) Supervising the Board's Delegated Internal Committees. f) Appointing Board members by co-option to fill vacancies that arise, until the next General Meeting is held. g) Accepting the resignation of board members. h) Authorising the financial statements and dividend policy for submission and proposal to the General Meeting, and declaring any interim dividends. 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. 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 any other type of transactions whose specific circumstances make them strategic. k) The general organising powers of the Board of Directors, particularly the power to amend these Rules. 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.
---	---

Article 8. General functions. Equilibrium in the performance of functions 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. 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. 3. Under no circumstances may the following powers of the plenary Board of Directors be delegated: a) Coordinating the performance of business by the FCC Group in the interests of the Company and its subsidiaries. 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. c) Approving the internal Rules or Codes of conduct of FCC and, to the extent that it is legally necessary, its subsidiaries. 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. e) Approving the remuneration policy for the Company's senior executives and members of the Company's Management Committee, and evaluating their performance. f) The creation or acquisition of shares in special purpose vehicles or entities	Article 8. General functions. Equilibrium in the performance of functions 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. 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. 3. Under no circumstances may the following powers of the plenary Board of Directors be delegated: a) Coordinating the performance of business by the FCC Group in the interests of the Company and its subsidiaries. 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. c) Approving the internal Rules or Codes of conduct of FCC and, to the extent that it is legally necessary, its subsidiaries. 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. e) Approving the remuneration policy for the Company's senior executives and members of the Company's Management Committee, and evaluating their performance. 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. 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. 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. 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. 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.	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. 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. 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. 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. 6. The Board of Directors is answerable to the General Meeting of Shareholders, and must seek the Meeting's prior authorisation for <u>transactions involving a structural modification of the Company, particularly (i) its transformation into a holding company through subsidiarisation or transfer to dependent companies of essential activities performed to date by the Company itself, even where it retains full ownership of them, (ii)</u> the acquisition or disposal of essential operating assets when they entail a change in the company's object, and for (iii) transactions whose effect is the equivalent of liquidating the Company.
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	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.	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, <u>and with respect to the auditors' report</u>. 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 <u>on the agenda referred to in the preceding paragraph</u> 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 16. Appointment, ratification or re-election of directors 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	Article 16. Appointment, ratification or re-election of directors <u>1.</u> 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. 2. From the 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: (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, the shareholder they represent or have links with must be identified; (iv) the date of their first and subsequent appointments as a company director; (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. This information must be kept up to date. 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 Statements and Directors' Report, of both the Company and its	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. <u>1.2. Where a legal person is appointed as a director, it must appoint a natural person to discharge the duties of the office on a permanent basis; that natural person must fulfil the requirements as to integrity, fitness, technical competence and experience and the rules on prohibitions and incompatibilities contained in these Rules, and the duties of Director established in these Rules shall apply to him/her on a personal basis. Removal of the representative by the legal person that is a director shall not take effect until their replacement is appointed.</u> <u>2.3.</u> From the 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: (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, the shareholder they represent or have links with must be identified; (iv) the date of their first and subsequent appointments as a company director; (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. This information must be kept up to date. <u>3.4.</u> 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 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. They will also be provided with the names of the current auditors and their interlocutors. 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. 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.	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. They will also be provided with the names of the current auditors and their interlocutors. 4.5. 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. 5.6. 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.
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 his permanence on the Board may jeopardise the	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 his 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 any director is tried for any of the corporate crimes described in 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. 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. 4. When a director steps down either due to resignation or otherwise, he/she must set out the reasons in a letter to be sent to all other members of the Board, and his/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.	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 any director is tried for any of the corporate crimes described in 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. 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. <u>The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's capital structure due to the proportionality between the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the rest of the capital.</u> 4. When a director steps down either due to resignation or otherwise, he/she must set out the reasons in a letter to be sent to all other members of the Board, and his/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.
--	--

Article 32. Remuneration of directors 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. Without prejudice to the foregoing, the Company will arrange civil liability insurance for its directors. 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 include an overall summary of how the policy was applied during the year, with disclosure of the 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. That report must address all the aspects referred to in the last paragraph of this section 2, and describe 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. 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	Article 32. Remuneration of directors 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. Without prejudice to the foregoing, the Company will arrange civil liability insurance for its directors. 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 include an overall summary of how the policy was applied during the year, with disclosure of the 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. That report must address all the aspects referred to in the last paragraph of this section 2, and describe 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. 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. 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 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. 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.	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. 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 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. 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.
Article 34. Chairman. Functions 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. 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. 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, 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. 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 the concerns of external directors, and to lead the board's evaluation of the Chairman."	Article 34. Chairman. Functions 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 <u>Articles</u> of Incorporation and these Rules. 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 <u>any items on the Agenda at the request of the Executive Committee or at least one-third of the members of the Board. In the latter case, if the Chairman fails to convene a meeting within one month without just cause, the Board may be convened by the directors who made the request for a meeting, to be held in the city where the corporate domicile is located.</u>a particular item on the meeting agenda at the request of four Board members or any of the Board committees. 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, 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. 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 the concerns of external directors, and to lead the board's evaluation of the Chairman."
Article 40. Executive Committee. 1. The Board may set up an Executive	Article 40. Executive Committee. 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). In situations of emergency, the Executive Committee will exercise the following powers 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). 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. 3. The Executive Committee will be composed of a minimum of five and a maximum of ten members. 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. 5. Any vacancies arising will be filled as quickly as possible by the Board of Directors. 6. In the absence of the Chairman of the Executive Committee, a committee member will be chosen to perform his functions. 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	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). In situations of emergency, the Executive Committee will exercise the following powers 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). 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. 3. The Executive Committee will be composed of a minimum of five and a maximum of ten members. 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. 5. Any vacancies arising will be filled as quickly as possible by the Board of Directors. 6. In the absence of the Chairman of the Executive Committee, a committee member will be chosen to perform his functions. 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. 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. 9. The Executive Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting. 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. 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.	members of the Executive Committee will be provided with the pertinent information they need to form an opinion and vote. 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. 9. The Executive Committee will be quorate when at least one-half plus one <u>a majority</u> of its members are present or represented at the meeting. 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. 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.
Article 41. Audit and Control Committee 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. 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	Article 41. Audit and Control Committee 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. 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. 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 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. 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. 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. 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: - Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority. - 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: - 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; - receiving regular information from the external auditor on the progress and findings of the	both. 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 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. The Audit and Control Committee will be quorate when at least one-half plus one <u>absolute</u> majority of its members are present or represented at the meeting; it will adopt decisions by <u>absolute</u> majority vote of those present or represented, and the Chairman will have a casting vote. 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. 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: - Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority. - 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: - 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; - 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 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; (v) and seeking to ensure that the Company's auditor takes responsibility for auditing the companies comprising the Group. 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. 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. e) Analysing the risk control and management policy, identifying at	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 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; (v) and seeking to ensure that the Company's auditor takes responsibility for auditing the companies comprising the Group. 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. 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. e) 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. 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 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. 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)	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. 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 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. 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) and 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. h) Issuing reports and proposals as requested by the Board of Directors or the 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. 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. 5. 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.	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) <u>receiving regular reports from the Response Committee and the Internal Control and Risk Management Department, respectively, about the performance of its activities and the workings of the internal controls</u>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) and 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. h) Issuing reports and proposals as requested by the Board of Directors or the 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. 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. 5. The Audit and Control Committee will
---	--

6. 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. 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. 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.	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. 6. 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. 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. 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.
Article 42. Appointments and Remuneration Committee 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 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. 2. The Appointments and Remuneration Committee will govern its own affairs in accordance with the Articles of Incorporation and these Rules. The Committee will also designate a Secretary, who need not be a member of the Committee, to aid the Chairman and	Article 42. Appointments and Remuneration Committee 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 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. 2. The Appointments and Remuneration Committee will govern its own affairs in accordance with the Articles of Incorporation and these Rules. 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; 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. 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. 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: - 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. Any director member may suggest directorship candidates to the Appointments and Remuneration Committee for its consideration. - 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. - Proposing the appointment and reappointment of independent directors and advising on proposals for the appointment and reappointment of the other directors. - 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. - Advising on the appointment and removal of senior executives	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. The Appointments and Remuneration Committee will be quorate when at least one-half plus one <u>at least one majority</u> of its members are present or represented at the meeting; it will adopt decisions by <u>absolute</u> majority vote of those present or represented, and the Chairman will have a casting vote. 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: - 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. Any director member may suggest directorship candidates to the Appointments and Remuneration Committee for its consideration. - 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. - Proposing the appointment and reappointment of independent directors and advising on proposals for the appointment and reappointment of the other directors. - 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. - Advising on the appointment and
---	--

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. 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. 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 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. g) Preparing and maintaining a record of the status of directors and senior executives of FCC. 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. i) Advising on the proposed appointment of members of the Board of Directors committees. j) Advising on the appointment and removal of the Secretary of the Board.	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. 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. 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 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. g) Preparing and maintaining a record of the status of directors and senior executives of FCC. 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. i) Advising on the proposed appointment of members of the Board of Directors committees. j) Advising on the appointment and
--	--

k) Verifying the qualifications of the directors under article 6.4. l) Receiving the information provided by directors under Article 24.2 of these Rules. m) Advising on any professional or commercial transactions referred to in Article 25.3 of these Rules. 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. 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) 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. 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. 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. 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. 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	removal of the Secretary of the Board. k) Verifying the qualifications of the directors under article 6.4. l) Receiving the information provided by directors under Article 24.2 of these Rules. m) Advising on any professional or commercial transactions referred to in Article 25.3 of these Rules. 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. 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) 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. 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. 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. 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. 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
---	---

Board.	the coming year which it will submit to the Board.
Article 44. Corporate web site of FCC. 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. 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.	Article 44. Corporate web site of FCC. 1. The Company will have a corporate web site <u>(www.fcc.es") in the terms established by the Capital Companies Act,</u> to provide shareholders with the mandatory information, <u>to disseminate the documentation and information required by law and the Articles of Incorporation and other internal regulations of FCC</u> 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. <u>2.</u> 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 <u>other FCC internal regulations,</u> and for keeping it up to date. <u>3. The Board of Directors is competent to modify, remove or move the Company's website.</u>
Article 45. Content of the corporate web site 1. FCC's corporate web site will contain at least the following documents: - The current Articles of Incorporation and any amendments made to them in the last twelve months. - The current Rules of the General Meeting of Shareholders. - The current Rules of the Board of Directors and any current Rules of the Board Committees. - The FCC Group's Code of Ethics. - The annual report for the last two years. - The current Internal Code of Conduct with regard to the Securities Markets. - The Annual Corporate Governance Report for the last closed year, and the annual report on director remuneration. - Information about meetings of the	Article 45. Content of the corporate web site 1. FCC's corporate web site will contain at least the following documents: - The current Articles of Incorporation and any amendments made to them in the last twelve months. - The current Rules of the General Meeting of Shareholders. - The current Rules of the Board of Directors and any current Rules of the Board Committees. - The FCC Group's Code of Ethics. - The annual report for the last two years. - The current Internal Code of Conduct with regard to the Securities Markets. - The Annual Corporate Governance Report for the last closed year, and the annual report on director remuneration. - 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. 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. 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. k) The means and procedures for distance voting, including any forms for accrediting attendance and voting at the General Meeting by telematic means. l) Regulatory disclosures filed with the National Securities Market Commission in the current year and the last closed year. m) The following information about each director: (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. n) The rules of the Electronic Shareholder Forum.	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. 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. 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. k) The means and procedures for distance voting, including any forms for accrediting attendance and voting at the General Meeting by telematic means. l) Regulatory disclosures filed with the National Securities Market Commission in the current year and the last closed year. m) The following information about each director: (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. (vi) The date of their first and subsequent appointments as a director of FCC. (iv) Shares held in FCC and any options on the same. <u>n) The rules of the Electronic Shareholder Forum.</u> <u>añ) Any other information or documentation that is required to be disseminated via the Company's website in accordance with the applicable regulations or which the Board of Directors sees fit to publish in the interest of the shareholders.</u>
--	--

2. The Board of Directors must ensure that the information on the web site is updated constantly and immediately by the Corporate Responsibility Department.	2. The Board of Directors must ensure that the information on the web site is updated constantly and immediately by the Corporate Responsibility Department.
--	--

* * *