

REPORT BY THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. DATED 17 MAY 2007 FOR THE PURPOSES OF ARTICLE 115.1 OF THE SECURITIES MARKET LAW IN ORDER TO INFORM THE GENERAL MEETING OF SHAREHOLDERS OF THE AMENDMENT TO THE RULES OF THE BOARD OF DIRECTORS UNDER ITEM 6 OF THE AGENDA OF THE ORDINARY MEETING OF SHAREHOLDERS SCHEDULED FOR 28 AND 29 JUNE 2007, AT FIRST AND SECOND CALL, RESPECTIVELY.

I. Purpose of the report.

This report is drafted by the Board of Directors of Fomento de Construcciones y Contratas, S.A. (hereafter “FCC” or the “**Company**”) dated 17 May 2007 in accordance with article 115.1 of the Securities Market Law in order to inform the General Meeting of Shareholders scheduled for 28 June 2007 at 16.00 hours, at first call, and 29 June 2007 at the same time, at second call, about the amendment to the Rules of the Board of Directors under item 6 of the agenda of the General Meeting of Shareholders.

On 31 January 2007 and 17 May 2007, the Board of Directors amended articles of the Rules of the Board of Directors.

II. Amendments made on 31 January 2007.

The Board of Directors approved an amendment to article 42.3.b) of the Rules of the Board of Directors to include among the functions of the Appointments and Remuneration Committee that of advising prior to appointments to offices or positions at FCC whose gross annual compensation is 120,000 euro or greater, the Committee itself being authorised to update that figure from time to time.

New wording of article 42 of the Rules of the Board of Directors:

Article 42. Appointments and Remuneration Committee

1. *F.C.C. will have an Appointments and Remuneration Committee whose members will be appointed by the Board of Directors for a period not to exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely to the extent that they are also re-appointed as directors.
The majority of the members of the Appointments and Remuneration Committee will be external directors.*
2. *The Appointments and Remuneration Committee will choose a Chairman from among its non-executive members. It 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 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.*
3. *The Appointments and Remuneration Committee is responsible for proposing or informing the Board of Directors as follows:*
 - a. *Advising on proposals for the appointment or re-appointment of directors and proposing reprimands for directors as referred to in Article 20.2.d) of these Rules.*
 - b. *Proposing the people or positions that should be considered as senior executives of the Company, in addition to those envisaged in Article 20.2 d) of these Rules, and advising beforehand on appointments to positions or offices whose annual compensation is 120,000 euro or greater, and the Appointments and Remuneration Committee is authorised to revise that figure from time to time, with the obligation to inform the Board of Directors.*
 - c. *Advising on the directors' remuneration scheme and revising it periodically to ensure that it is in keeping with the duties performed by the directors.*
 - d. *Advising on multi-year incentive plans for senior executives of the F.C.C. Group, and, in particular, any such plans related to the share price.*
 - e. *Advising on fundamental aspects of the general compensation policy of the F.C.C. Group and the remuneration and types of contracts of F.C.C. senior executives.*
 - f. *Advising on the proposed appointment of members of the Board of Directors committees.*
 - g. *Preparing and maintaining a record of the status of directors and senior executives of F.C.C.*
 - h. *Receiving the information provided by directors under Article 24.2 of these Rules.*
 - i. *Advising on the professional or commercial transactions referred to in Article 25.4 of these Rules, if any.*
 - j. *Advising on the use, for the benefit of a director, of business opportunities or the use of Group assets previously studied and ruled out by the F.C.C. Group, as referred to in Article 27.1 and 27.3 of these Rules.*
 - k. *Receiving and filing, in the record of status referred to in item h. above, the personal information provided by the directors as established in Article 29 of these Rules.*
 - l. *Requesting, as necessary, the inclusion of items in the agenda of Board meetings, under the conditions and by the deadlines established in Article 38.4 of these Rules.*
 4. *The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers may speak at the meetings but may not vote.*
 5. *To perform its functions optimally, the Appointments and Remuneration Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Rules will apply.*
 6. *The Appointments and Remuneration Committee will regulate its own operations to the extent that they are not regulated in the Articles of Incorporation, 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.*
 7. *The Committee will meet periodically and when convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.*
 8. *The minutes of each committee meeting will be drafted and signed by the Committee members in attendance.*
 9. *Any member of the Company's management team or personnel who is asked to attend the Strategy Committee's meetings will be obliged to attend, collaborate and provide the information at his disposal.*
 10. *The Appointments and Remuneration Committee will have access to all of the documentation and information needed to perform its functions.*

II. Amendments made on 17 May 2007.

➤ General justification for the amendments and their entry into force.

The amendment of the Rules of the Board of Directors is structured in two basic blocks.

On the one hand, to adopt the rules contained in the Unified Code of Corporate Governance (Unified Code) published by the National Securities Market Commission (CNMV), while taking account of the Company's specific features and needs.

And to clarify and complement technical aspects of certain of the Rules so as to provide greater certainty in their interpretation and application.

This amendment of the Rules of the Board of Directors comes in the context of a process of review and adaptation of the Company's main corporate governance documents in order to ensure coherence between them.

- a. Amendment of certain clauses of the Rules of the Board of Directors in order to adapt their content to the recommendations in the Unified Code of Corporate Governance.

On 19 May 2006, the National Securities Market Commission published the report of the special working group on the corporate governance of listed companies, Annex I of which contained the Unified Code of Good Governance, which sets out a number of recommendations and definitions on corporate governance that were addressed to listed companies.

The principles guiding the Unified Code are as follows.

- (i) *Voluntariness, subject to the "comply or explain" principle* (in their annual corporate governance report, companies must disclose which recommendations they do not apply, and explain why).
- (ii) *Evaluation by the market*: It is up to the markets to assess the companies' explanations.
- (iii) *Generality*: The Unified Code is applicable to all listed companies, although some recommendations may be inappropriate for smaller companies. In that case, it will suffice for the companies to explain the reasons and the options they choose.
- (iv) *Binding definitions*: When disclosing the degree of compliance, companies must adhere to the meanings that the Unified Code gives to certain terms used in making the recommendations.

Aside from actual compliance with the recommendations, adapting to the recommendations of the Unified Code required FCC to analyse the main corporate governance documents (Articles of Incorporation, Rules of the Board of Directors, Rules of the General Meeting, Internal Code of Conduct in the Markets) to determine the extent to which they must be adjusted to the recommendations of the Unified Code.

In accordance with a decision of the CNMV Board on 22 May 2006, FCC must base its Annual Corporate Governance Report, to be presented in the first half of 2008, on the Unified Code; accordingly, in 2007, FCC must decide the degree to which it assumes the recommendations.

Therefore, the amendments to the Rules of the Board of Directors are based on the following principles:

- *To adapt as far as possible to the recommendations of the Unified Code, whilst*
 - *maintaining the necessary unity and cohesion of the Board and its Committees in the interests of the Company, as recognised and required by the Unified Code itself,*
 - *and taking into account the capital structure of FCC and its specific circumstances and particular nature.*

This means that in certain cases there is justification for some of the recommendations not to be incorporated or only to be partially incorporated; this will all be clearly explained in the annual corporate governance report.

In particular, on the basis of the aforementioned criteria, the Board has decided to fully assume 48 of the Code's recommendations and partly assume 4 of them, understanding that another 6 recommendation should not be assumed at this time, although the Board of Directors will consider the extent to which the Company's specific features and needs make it advisable to review the criteria applied when adopting the recommendations of the Unified Code. Specifically, on the foregoing basis, the following recommendations were not assumed: 1 (bylaw limitations), 12 and 13 (proportion between proprietary and independent directors, and between independent directors and the total number of directors), 41 (individual remuneration for directors) and 44 and 45 (composition and chair of the supervision and control committees). The following recommendations are partly adopted: 3 (subsidiarisation operations are not included), 9 (the number of directors is capped at 22, not 15), 20 (quantification of certain data in the Annual Corporate Governance Report), and 29 (the principle of rotation of independent directors is established, but the possibility of a duly-justified exception is included in the Company's interests).

- To concentrate the proposed amendments to the corporate texts in the Rules of the Board of Directors, in order to avoid, as far as possible, including the recommendations of the Unified Code in the Articles of Incorporation of FCC given that these are more difficult to change, whereas the Rules of the Board of Directors can be amended at any time by a simple resolution of the Board of Directors itself, thus making it easier and quicker to accommodate any new circumstances which may arise unexpectedly at the Company; any amendments to the Rules of the Board of Directors are notified immediately to the General Meeting.

In accordance with those principles and in order to assume the recommendations and definitions of the Unified Code, the following provisions of the Rules of the Board of Directors have been amended:

- article 2, relating to the scope and dissemination of the Rules.
- article 6, on the qualitative composition of the Board.
- article 7, on the powers of the Board.
- article 8, on the Board's indelegable powers.
- article 15, governing relations with the external auditors.

- article 16, regarding the appointment, ratification and re-election of board members.
- article 17, on the appointment of independent directors.
- article 20, regarding the removal of directors.
- article 22, relating to general obligations of directors.
- article 24, on directors' non-competition obligation.
- article 25, on directors' conflicts of interests.
- article 31, on expert assistance.
- article 32, relating to the remuneration of directors.
- article 34, relating to the Chairman of the Board.
- article 36, on the Secretary of the Board.
- article 38, relating to meetings of the Board of Directors.
- article 39, relating to Board Committees.
- article 40, relating to the Executive Committee.
- article 41, on the Audit and Control Committee.
- article 42, on the Appointments and Remuneration Committee.

b. Technical improvements in certain clauses of the Rules of the Board of Directors.

As indicated above, the proposed amendment also seeks to make technical improvements to certain clauses of the Rules in order to clarify and complete certain aspects with the goal of providing greater certainty in their interpretation and application; there are some articles where such improvements are made along with amendments to adapt to the recommendations of the Unified Code.

Specifically, technical amendments are proposed in the following articles:

- article 2, relating to the scope and dissemination of the Rules.
- article 7, relating to aspects of the Board's powers.
- article 8, on the Board's indelegable powers.
- article 13, on the Secretary of the Board.
- article 14, relating to meetings of the Board of Directors.
- article 18, relating to Board Committees.
- article 28, relating to the Executive Committee.
- article 38, on the Audit and Control Committee.
- article 44, relating to the Company's web site.
- article 45, relating to the content of the Company's web site.

Finally, in both the technical amendments and the amendments relating to the Unified Code, minor changes in wording and style have been made to facilitate understanding of those articles of the Rules.

Entry into force of the amendments.

The amendments to the Rules of the Board of Directors approved by the Board of Directors on 17 May 2007, of which the General Meeting is being informed, will, in accordance with the Board decision on that same date, come into force on 1 December 2007 so as to permit progressive implementation of the various changes.

IV. Detailed justification of the proposal to amend the Rules of the Board of Directors.

The broad lines of the amendment are set out above; the specific amendments are described in greater detail below:

To facilitate comparison, the previous wording and the new wording as a result of each amendment of the Rules of the Board of Directors are shown.

1. Amendment to article 2 of the Rules of the Board of Directors to adapt its content to the definitions of the Unified Code and to make technical improvements.

The amendments arise essentially from the binding definition of "senior executive" in the Unified Code, and some technical changes are made to basically clarify that the Rules apply directly to the Board and its Committees and their members and to FCC's senior executives, and it applies to senior executives of FCC Group companies only to the extent that is expressly stated; also a definition of the FCC Group is established for the purposes of the Rules of the Board of Directors.

Article 2 - current wording:

“Article 2. Scope

1. These Rules apply to the members of the Board of Directors and, where appropriate, to the senior executives of FCC and its subsidiaries and associated companies controlled by FCC For the purposes of these Rules, FOMENTO DE CONSTRUCCIONES Y CONTRATAS S.A. (FCC) and the group of subsidiaries and associated companies controlled by FCC will be referred to as the FCC Group.

2. The Directors and Senior Executives are obliged to know and comply with these Rules and to ensure that others comply with them; it is the duty of the Secretary of the Board of FCC to deliver a copy to each one of them.

For the purposes of these Rules, senior executive are all those whom the Board of directors defines as such on the basis of a report by the Appointments and Remuneration Committee; in any case, the Managing Director of FCC will be deemed to be a Senior Executive, as will executives reporting directly to the Managing Director, as will the Chairmen or first executives (if this position is not held by the Chairman) of the current top-level specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., FCC Versia, S.A., Cementos Portland Valderrivas, S.A., and Realía Business, S.A.).

3. The Board of Directors will take steps to ensure that these Rules are made known to shareholders and the investment community in general so as to make them aware of the

commitments assumed by the Board members and Senior Executives of FCC To this end, the full contents of these Rules will be reported to the National Securities Market Commission (CNMV) and registered in the Mercantile Register and will also be available on the FCC web site."

Article 2 as amended; the amendments are highlighted in bold:

"Article 2. Scope of application and dissemination.

1. These Rules apply **both to the Company's Board of Directors and to its delegate bodies and internal Committees or Commissions, and to their members** and, where appropriate, to the senior executives of **the Company and its Group**.

For the purposes of these rules, the FCC Group will be understood as consisting of those companies in which FCC directly or indirectly owns more than 50% (fifty per cent) of the capital or where, while not exceeding that percentage, FCC controls management.

2. **The persons to whom these Rules apply, particularly the** directors and senior executives **of the Company and, where appropriate, of its Group**, are obliged to know and comply with these Rules and to ensure that others comply with them; it is the duty of the Secretary of the Board of FCC to deliver a copy to each one of them.

For the purposes of these Rules, senior executives **of the Company are those** who report directly **to the Board or the Company's first executive and, in any case, include the internal auditor.**

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

2. Amendment to article 6 of the Rules of the Board of Directors to adapt its content to the definitions and recommendations of the Unified Code.

This amendment incorporates the binding definitions of the Unified Code relating to the classes of director and incorporates the full content of recommendations 10 ("Functional structure"), 11 ("Other directors") and 14 ("Explaining the nature of directors"), establishing, respectively, that external directors should constitute a broad majority of the Board and that the number of executive directors should be the necessary minimum; that the Company must disclose the reasons for which there are external directors that cannot be classified as either proprietary or independent; and that the Board must explain the nature of each director to the General Meeting of Shareholders that must appoint him/her or ratify his or her appointment, and that that classification must be reviewed annually in the Annual Corporate Governance Report, which must also disclose the reasons for the appointment of directors representing shareholders owning under 5% of capital or why requests for Board representation by certain

shareholders were denied whereas others with the same or a lower share in capital were successful.

Article 6 - current wording:

“Article 6. Qualitative composition

1. Persons appointed as Board members must meet not only the requirements stipulated by law and by the Articles of Incorporation but also those set out in these Rules and, upon taking up office, must make a formal commitment to fulfil the obligations and duties envisaged herein.

2. In exercising its authority to make proposals to the General Meeting and to co-opt directors, the Board of Directors will make provisions for the existence on the Board of three types of directors:

a) External independent directors, i.e. those who meet all the following requirements:

- i. They must not be, or represent, shareholders capable of having a controlling influence over FCC
- ii. They must not have not held executive positions in FCC in the last two years.
- iii. They must not be related, by consanguinity or affinity up to and including the fourth degree, to significant shareholders, executive directors, proprietary directors or senior executives of FCC
- iv. They must not have, or have had in the last two years, directly or indirectly, any significant labour, commercial or contractual relation with the FCC Group, or its executives, with proprietary directors or companies of the group whose interests are represented by proprietary directors, financial institutions which play a significant role in financing FCC or organisations that receive significant subsidies from FCC
- v. They must not be directors of another listed company that has proprietary directors on the Board of FCC

b) External proprietary directors, who are shareholders capable exerting a controlling influence over FCC or who represent such shareholders.

c) Executive directors, who perform executive or managerial functions in the FCC Group or who maintain a labour, mercantile or other type of relationship with the Group other than their status as a director.

The number of executive directors may not exceed one-third (1/3) of the total number of Board members.

3. The Board of Directors must have an appropriate number of independent directors to ensure a reasonable balance between proprietary and independent directors."

Article 6 as amended; the amendments are highlighted in bold:

“Article 6. Qualitative composition.

1. Persons appointed as Board members must meet not only the requirements stipulated by law and by the Articles of Incorporation but also those set out in these Rules and, upon taking up office, must make a formal commitment to fulfil the obligations and duties envisaged herein.

2. In exercising its authority to make proposals to the General Meeting and to co-opt Directors, the Board of Directors will make provisions for the existence on the Board of **four** types of Directors:

- a) **External independent directors, i.e. those appointed for their personal or professional qualities who are in a position to perform their duties without being influenced by any connection with the company, its shareholders or its management.**

As such, the following shall in no circumstances qualify as independent directors:

- (i) **Past employees or executive directors of FCC Group companies, unless 3 or 5 years have elapsed, respectively, from the end of the relation.**
- (ii) **Those who have received some payment or other form of compensation from the company or its group in addition to their directors' fees, unless the amount involved is not significant.**

Dividends or pension supplements received by a director for prior employment or professional services shall not count for the purposes of this section, provided such supplements are non contingent, i.e. the FCC or the group company that paid them has no discretionary power to suspend, modify or revoke their payment, and by doing so would be in breach of its obligations.

- (iii) **Partners, now or on the past three (3) years, in the external auditor or the firm responsible for the audit report, during that period, of FCC or any other within its group.**
- (iv) **Executive directors or senior officers of another company where an executive director or senior officer of the FCC Group is an external director.**
- (v) **Those having material business dealings with FCC or another company in its group or who have had such dealings in the preceding year, either on their own account or as a significant shareholder, director or senior officer of a company that has or has had such dealings.**

Business dealings will include the provision of goods or services, including financial services, as well as advisory or consultancy relationships.

- (vi) **Significant shareholders, executive directors or senior officers of an entity that receives significant donations from FCC or another company in its group, or has done so in the past 3 years.**

This provision will not apply to those who are merely trustees of a Foundation receiving donations.

- (vii) **Spouses, or partners maintaining an analogous affective relationship, or close relatives of one of the company's executive directors or senior officers.**
- (viii) **Any person not proposed for appointment or renewal by the Nomination and Remuneration Committee.**
- (ix) **Those standing in some of the situations listed in items (i), (v), (vi) or (vii) above in relation to a significant shareholder or a shareholder with board representation. In the case of the family relations set out in item (vii), the limitation shall apply in connection not only with the shareholder but also with his or her proprietary directors in the investee company.**

Proprietary directors disqualified as such and obliged to resign due to the disposal of shares by the shareholder they represent may only be re-elected as independents once that shareholder has sold all remaining shares in FCC.

A director with shares in FCC may qualify as independent provided he or she meets all the conditions stated in this section and the holding in question is not significant.

b) External proprietary directors, i.e.:

- (x) directors who own an equity stake above or equal to the legally determined threshold for significant holdings, or otherwise appointed due to their status as shareholders, or
- (xi) those representing the shareholders stated in section (i) above.

For these purposes, a director shall be deemed to represent a shareholder when:

- He or she has been appointed by exercise of the right to proportional representation on the Board of Directors;
- He or she is a director, senior officer, employee or regular service supplier of that shareholder, or of companies in the FCC group;
- Company records show that the shareholder acknowledges the director as his or her appointee or representative;
- He or she is the spouse or maintains an analogous affective relationship or is a close relative up to the second degree of a significant shareholder.

c) Executive directors, i.e. those who perform senior management functions or are employees of FCC or another company in the Group. However, board members who are senior officers or directors of FCC's parent companies shall be classed as proprietary directors. When a director performing senior management functions at the same time is or represents a significant shareholder or any shareholder represented on the board of FCC, he or she will be considered an "executive" or "internal" director for the purpose, exclusively, of these Rules, without prejudice to him/her being classified as a proprietary director for other legal purposes.

d) Other directors, i.e. those external directors that cannot be classified as either proprietary or independent; this circumstance and any connections between such directors and the Company, its executives or shareholders must be explained in the Annual Corporate Governance Report.

3. The Board of Directors must have an appropriate number of independent directors to ensure a reasonable balance between proprietary and independent directors. **External directors, proprietary and independent, must represent an ample majority on the Board, while the number of executive directors should be the minimum that is practical bearing in mind the complexity of the corporate group and the ownership interests they control. The Board of Directors will take account of these guidelines when exercising its power to propose appointments to the General Meeting and to fill vacancies by co-optation.**

4. The nature of each director should be explained to the General Meeting of Shareholders which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination and Remuneration Committee; also, with respect to external directors that cannot be classified as either proprietary or independent, the reasons for this circumstance must be disclosed along with their connections with the Company or its executives or with its shareholders. The Annual Corporate Government Report should also disclose the reasons for the appointment of proprietary directors at the behest of shareholders controlling less than 5% of capital and explain any rejection of a

formal request for a board seat from shareholders whose equity stake is equal to or greater than that of others who succeeded in appointing a proprietary director."

3. Amendment to article 7 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code and to make technical improvements.

Article 7.1 and 7.2 have been amended to comply with certain aspects of recommendation 8 regarding Board powers, and the wording has been changed to facilitate interpretation and application of those sections.

The additional text in article 7.2.h complies fully with recommendation 2 regarding subsidiarisation and includes some technical improvements with respect to the scope of the group relationship.

Finally, as a technical improvement, section 2.g includes the Board's power to declare interim dividends, and the heading "Powers that may not be delegated" has been removed from the title of article 7 since this issue is addressed in articles 7 and 8.

Article 7 - current wording:

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

1. The Board of Directors is responsible for supervising, directing, overseeing and representing FCC as mandated in the Public Corporations Act (Ley de Sociedades Anónimas) and the Articles of the Incorporation.

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 Board of Directors has exclusive powers over the following formal list of matters:

- a) Appointment and removal of the Chairman, Vice-Chairmen, Managing Directors, Secretary and Vice-Secretary of the Board of Directors, and proposal to the respective Boards of Directors to appoint and remove the Chairmen and General Managers of the current top-level specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., Realia Business, S.A. and FCC Versia, S.A.), and the appointment and removal of Executive Committee members.
- b) 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.
- c) Appointment and removal of Board members as members of the various Committees envisaged in these Rules.
- d) Supervising the Board's Delegated Committees.
- e) Appointing Board members by co-optation to fill vacancies that arise, until the next General Meeting is held.
- f) Accepting the resignation of board members.

- g) Authorising the financial statements ~~and~~ presenting them to the General Meeting.
- h) Determining the Group's strategy with the support of the Strategy Committee and Managing Director,
- i) Approving investments, disinvestments, credit lines, loans, surety or guarantee lines, and other financial facilities for unit amounts in excess of eighteen million euro (18,000,000).

The general organising powers of the Board of Directors, particularly the power to amend these Rules.

- k) 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 7 as amended; the amendments are highlighted in bold:

"Article 7. Powers of the Board of Directors.

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 Director, Secretary and Vice-Secretary of the Board of Directors, and proposal to the respective Boards of Directors **through the Company's representatives therein**, to appoint and remove the Chairmen and General Managers of the current top-level specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., Realía Business, S.A. and FCC Versia, S.A.), **acting in this connection in pursuit of the corporate interest of each of the aforementioned subsidiaries**, and the appointment and removal of Executive Committee members.
- b) 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.
- c) Appointment and removal of Board members as members of the various Committees envisaged in these Rules.
- d) Supervising the Board's Delegated Committees.
- e) Appointing Board members by co-optation to fill vacancies that arise, until the next General Meeting is held.
- f) Accepting the resignation of board members.

- g) Authorising the financial statements **and dividend policy for submission and proposal** to the General Meeting, **and declaring any interim dividends.**
- h) **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.**
- i) **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.**
- j) The general organising powers of the Board of Directors, particularly the power to amend these Rules.
- k) 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."

4. Amendment to article 8 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code and to make technical improvements.

The amendments to article 8 are made to include certain aspects of recommendation 8 regarding the powers of the Board of Directors (section 3) and to partly comply with recommendation 3 with respect to the powers of the General Meeting (section 6).

A technical improvement relating to the FCC Group is also included in section 3.a.

Article 8 - current wording:

"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. In particular, the Board is responsible for:
 - a) Overseeing the performance of the FCC Group's activities and guiding the Company's policies.
 - b) Identifying the main risks faced by the Company, 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* codes of conduct of FCC and its subsidiaries.
 - d) Determining the policies governing information and communication with shareholders, the markets and public opinion, ensuring the quality of the information provided.
 - e) Evaluating the performance of the Company's executives.
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."

Article 8 as amended; the amendments are highlighted in bold:

"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, 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 evaluating their performance, deciding, on the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.**
- 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."**

5. Technical improvements in article 13 of the Rules of the Board of Directors.

As a technical improvement, the second paragraph of article 13.1 has been amended to include requests for information within the seven calendar days before the General Meeting.

Also, as a technical improvement, sections 2 and 3 have been removed as they have been transferred to the Rules of the General Meeting and completed there.

Article 13 - current wording:

"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 questions raised in connection with the items on the agenda by shareholders during the General Meeting itself. 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. Public solicitations of proxies by the Board of Directors or by any of its members must expressly state how the proxy will vote if the shareholder does not give instructions.

3. The directors who publicly solicit proxies may not vote on those agenda items where they have a conflict of interest, including in any case the following:

- a) Their appointment, ratification, removal, suspension or dismissal as directors.
- b) Claims for liability against the proxy, and
- c) Approval or ratification of transactions by the company with the director in question, companies controlled by him/her, or companies he or she represents, or persons acting on his or her behalf.

4. 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 13 as amended; the amendments are highlighted in bold:

"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."

6. Technical improvements in article 14 of the Rules of the Board of Directors.

Article 14.1.d has been amended to include a reference to current legislation since transactions with own shares must obligatorily be disclosed if they amount to 1% or more of capital.

Article 14 - current wording:

“Article 14. Relations with the Markets

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

- a) Any significant events capable of having a significant influence on the formation of the market price of FCC shares.
- b) Changes that have a significant effect on the ownership structure of FCC.
- c) Substantial changes to the FCC rules of governance, which currently comprise the Articles of Incorporation, the Rules of the General Meeting, the Rules of the Board of Directors and the Internal Code of Conduct.
- d) Any transactions with own securities that are of particular importance.

2. The Board of Directors will adopt the necessary measures to ensure that the periodical financial information and any other information that is made available to the markets is prepared according to the same principles, standards and professional practices as the financial statements and is equally reliable."

Article 14 as amended; the amendments are highlighted in bold:

“Article 14. Relations with the Markets

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

- a) Any significant events capable of having a significant influence on the formation of the market price of FCC shares.
- b) Changes that have a significant effect on the ownership structure of FCC.
- c) Substantial changes to the FCC rules of governance, which currently comprise the Articles of Incorporation, the Rules of the General Meeting, the Rules of the Board of Directors and the Internal Code of Conduct.
- d) Transactions with own securities **as required by law**.

2. The Board of Directors will adopt the necessary measures to ensure that the periodical financial information and any other information that is made available to the markets is prepared according to the same principles, standards and professional practices as the financial statements and is equally reliable."

7. Amendment to article 15 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code.

Recommendation 53 (relating to the Audit Committee) is adopted in full since text has been added to article 15.3 to the effect that the Board of Directors must seek to present the financial statements without reservations or qualifications in the audit report and that exceptionally, where such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

Article 15 - current wording:

"Article 15. Relations with Auditors.

1. Relations with the external auditors of FCC will be channelled via the Audit and Control Committee, as envisaged in the Articles of Incorporation and these Rules.
2. The Board of Directors may not engage audit firms where the fees foreseeably to be paid by the Company and the companies in its Group under any heading exceed ten percent of that audit firm's revenues in Spain in the immediately preceding fiscal year.
3. The Board of Directors will strive to authorise the final Financial Statements in such a way as to avoid qualifications by the auditors. However, when the Board considers that it should maintain its position, it must publicly disclose the nature and extent of the discrepancy."

Article 15 as amended; the amendments are highlighted in bold:

"Article 15. Relations with Auditors.

1. Relations with the external auditors of FCC will be channelled via the Audit and Control Committee, as envisaged in the Articles of Incorporation and these Rules.
2. The Board of Directors may not engage audit firms where the fees foreseeably to be paid by the Company and the companies in its Group under any heading exceed ten percent of that audit firm's revenues in Spain in the immediately preceding fiscal year.
3. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without qualifications **or reservations in the audit report, and, exceptionally, should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of the scope and content of such reservations or qualifications.**"

8. Amendment to article 16 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code.

Article 16 has been amended to comply in full with recommendation 25 with regard to induction and refresher courses for directors and article 27 relating to directors' selection, appointment and re-appointment. And the content of recommendations 4 and 28 relating to information that companies must publish about directors on the occasion of calling the General Meeting and must keep up to date on their web sites.

Article 16 - current wording:

"Article 16. Appointment of Directors.

Proposals for the appointment 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, based on a prior report of the Appointments and Remuneration Committee.

The Secretary of the Board of Directors will provide each new director with a copy of the Articles of Incorporation, these Rules, the Internal Code of Conduct, the latest annual Financial Statements and Directors' Report, of both the Company and its consolidated Group, as approved by the General Meeting of Shareholders, the auditors' report on the Financial Statements and the latest financial information provided to the markets. It will also provide them with the names of the current auditors and their interlocutors.

Each director must sign a receipt for the documentation and undertake to take cognizance of it immediately and to faithfully fulfil his or her obligations as a director. "

Article 16 as amended; the amendments are highlighted in bold:

"Article 16. Appointment, ratification or re-election of directors.

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**.

From the moment of publication of the notice of the General Meeting, the Board of Directors must publish, on the website, the following information about the persons proposed for appointment or ratification as directors: (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. That information must be kept up to date.

The Secretary of the Board of Directors will provide each new director with a copy of the Articles of Incorporation, these Rules, the Internal Code of Conduct, the latest annual Financial Statements and Directors' Report, of both the Company and its consolidated Group, as approved by the General Meeting of Shareholders, the auditors' report on the Financial Statements and the latest financial information provided to the markets. It will also provide them with the names of the current auditors and their interlocutors.

Each director must sign a receipt for the documentation and undertake to take cognizance of it immediately and to faithfully fulfil his or her obligations as a director.

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."

9. Amendment to article 17 of the Rules of the Board of Directors to partly adapt its content to the recommendations of the Unified Code.

With the addition of a new second paragraph to article 17, recommendation 29 is partly implemented since, although it is stated that independent directors have a term limit of 12 consecutive years, an express exception is made where this is justified by a favourable report from the Appointments and Remuneration Committee.

Article 17 - current wording:

"Article 17. Designation of Independent Directors.

Persons appointed as external independent directors must meet the conditions indicated in Article 6.2.a) of these Rules."

Article 17 as amended; the amendments are highlighted in bold:

"Article 17. Designation of Independent Directors.

Persons appointed as external independent directors must meet the conditions indicated in Article 6.2.a) of these Rules.

Even where they remain on the Board, directors who have been classified as independent directors for a continuous period of 12 years may not continue to hold that category, although the Board may propose to the General Meeting, based on a prior favourable report from the Appointments and Remuneration Committee, that he or she retain the status of independent nonetheless."

10. Technical improvements in article 18 of the Rules of the Board of Directors.

The amendments to article 18 are technical changes so as to adapt the maximum term of directors' appointments to the amendment to Act 19/2005, of 14 November, on the European Corporation Domiciled in Spain, and to expressly allow for the possibility of re-appointment. Also, item 4 has been merged into item 3 to avoid any doubt in interpretation.

Article 18 - current wording:

"Article 18. Term of office.

1. The term of office of directors will be that established in the Articles of Incorporation, which may not be more than five years.
2. The directors appointed by co-optation will hold office until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.
3. Directors whose mandates expire or who cease to sit on the Board for any reason may not render services to FCC competitors for two years.
4. The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors."

Article 18 as amended; the amendments are highlighted in bold:

"Article 18. Term of office.

1. The term of office of directors will be that established in the Articles of Incorporation, which may not be more than **six years, although directors may be re-appointed.**
2. The directors appointed by co-optation will hold office until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.
3. Directors whose mandates expire or who cease to sit on the Board for any reason may not render services to FCC competitors for two years.

The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors."

11. Amendment to article 20 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code.

The amendments to article 20 comply in full with recommendations 31, 32 and 34 and the second paragraph of recommendation 33, all relating to directors' removal and resignation.

Article 20 - current wording:

"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.
- c) When they fall under a situation of incompatibility or legal disqualification.
- d) When the Board, by a two-thirds majority, asks the director to resign:
 - if he or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee, or
 - where his or her continuance as director would jeopardise the interests of FCC."

Article 20 as amended; the amendments are highlighted in bold:

"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 **entire** 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 or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee, or
 - when his or her 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 124 of the Limited Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.**

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 or she must set out the reasons in a letter to be sent to all other members of the Board, and his or her removal and the reasons must be disclosed in the Annual Corporate Governance Report. In particular, where the director resigns due to the adoption by the Board of significant or repeated decisions to which the director has placed serious objections on record, and decides to resign as a result, the resignation letter to the other directors must expressly state this fact."

12. Amendment to article 22 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code.

Article 22 has been amended to include the entire recommendation 7, on the corporate interest as the common goal of all directors, recommendation 26, on directors' dedication, and the first paragraph of recommendation 33, on the director's duty to oppose motions before the Board which they consider to be detrimental to the corporate interest.

Also recommendation 20, on Board meetings, is partly implemented as it provides that directors may only be absent in exceptional cases and that, where they must grant proxy, they must give voting instructions.

Article 22 - current wording:

"Article 22. General obligations of Directors.

1. The directors must comply with the obligations imposed by law and the Articles of Incorporation, and the Company's Rules (Rules of the General Meeting of Shareholders, Rules of the Board of Directors, and Internal Code of Conduct), and be loyal to the interests of the Company.

A director's function is to direct and oversee the management of FCC so as to maximise value to the benefit of all shareholders.

2. In discharging their duties, Directors must act with the diligence of an orderly businessman and loyal representative; in particular, they are obliged to:

- a) Keep themselves informed and prepare for Board meetings and meetings of the delegate committees of which they are members; to this end, they must gather the information they require on their legal obligations.
- b) Attend the meetings of the committees of which they are members and participate actively in the debates in order to contribute effectively to the decision-making process.

If a director is unable to attend a meeting for good reasons, that director must give instructions to the director to whom he or she grants proxy.

- c) Attend the General Meeting of Shareholders.
- d) Perform any specific function entrusted to him/her by the Board of Directors that falls reasonably within his or her commitment of dedication.
- e) Encourage people with the ability to do so to call an extraordinary Board meeting or to include, on the agenda of the next meeting to be held, any items he or she considers appropriate.
- f) Inform the Board of Directors of any direct or indirect conflict of interest he or she may have with the Company. In the event of such a conflict, the director in question must not participate in the transaction giving rise to the conflict except where expressly authorised to do so by the Board of Directors.
- g) Disclose to the Board of Directors, through the Corporate Responsibility Department, or any other unit which takes its place, within the first calendar month of each year, in

connection with the immediately preceding year, and without prejudice to the provisions of the Company's Internal Code of Conduct:

- i. Any interest, held now or in the past, in the share capital of other companies with activities that are the same as, or similar or complementary to, those constituting the corporate purpose of FCC, as well as any positions or functions held or performed at such companies.
- ii. Any activities performed by the director that are the same as, or similar or complementary to, those constituting the corporate purpose of FCC.
- iii. Shares of FCC, held now or in the past, by the director.
- iv. Transactions carried out during the previous fiscal year by the director in his or her own interest, or by people acting on his or her behalf, with FCC or with companies of its Group, when such operations are material, fall outside of the normal business operations of the FCC Group or were not carried out under arm's-length conditions.
- v. Any situations of direct or indirect conflict of interest involving the director with regard to the interests of the FCC Group.

The Corporate Responsibility Department, or any other unit which takes its place, will gather the Directors' disclosures referred to in g) above.

The information referred to in paragraphs iv and v above must also be disclosed specifically at the time of each operation or transaction."

Article 22 as amended; the amendments are highlighted in bold:

"Article 22. General obligations of Directors.

1. The directors must comply with the obligations imposed by law and the Articles of Incorporation, and the Company's Rules (Rules of the General Meeting of Shareholders, Rules of the Board of Directors, and Internal Code of Conduct), and be loyal to the interests of the Company, **and respect the principle of treating all shareholders equally, discharging their duties with singleness of purpose and independence.**

A director's function is to direct and oversee the management of FCC so as to maximise value in a sustained way to the benefit of all shareholders. **Directors must also ensure that their relations with any party having a direct or indirect interest in the Company comply with the law and regulations, that obligations and contracts are fulfilled in good faith, that customs and practices in the industries and territories where the business is carried on are complied with, and that any additional principles of social responsibility that the Company has adopted voluntarily are fulfilled.**

2. In discharging their duties, directors must act with the diligence of an orderly businessman and loyal representative, and **must undertake to devote the necessary time and effort to discharge their duties effectively. In particular, they undertake to:**

- a) Keep themselves informed and prepare for Board meetings and meetings of the delegate committees of which they are members; to this end, they must gather the information they require on their legal obligations.

- b) Attend the meetings of the committees of which they are members and participate actively in the debates in order to contribute effectively to the decision-making process.

If a director is unable to attend a meeting for good reasons **and must unavoidably grant proxy**, he or she must give instructions to the director to whom he or she grants proxy.

- c) Attend the General Meeting of Shareholders.
- d) Perform any specific function entrusted to him/her by the Board of Directors that falls reasonably within his or her commitment of dedication.
- e) Encourage people with the ability to do so to call an extraordinary Board meeting or to include, on the agenda of the next meeting to be held, any items he or she considers appropriate.
- f) Inform the Board of Directors of any direct or indirect conflict of interest he or she may have with the Company. In the event of such a conflict, the director in question must not participate in the transaction giving rise to the conflict except where expressly authorised to do so by the Board of Directors.
- g) Disclose to the Board of Directors, through the Corporate Responsibility Department, or any other unit which takes its place, within the first calendar month of each year, in connection with the immediately preceding year, and without prejudice to the provisions of the Company's Internal Code of Conduct with regard to the Securities Market:
 - i. Any interest, held now or in the past, in the share capital of other companies with activities that are the same as, or similar or complementary to, those constituting the corporate purpose of FCC, as well as any positions or functions held or performed at such companies.
 - ii. Any activities performed by the director that are the same as, or similar or complementary to, those constituting the corporate purpose of FCC.
 - iii. Shares of FCC, held now or in the past, by the director.
 - iv. Transactions carried out during the previous fiscal year by the director in his or her own interest, or by people acting on his or her behalf, with FCC or with companies of its Group, when such operations are material, fall outside of the normal business operations of the FCC Group or were not carried out under arm's-length conditions.
 - v. Any situations of direct or indirect conflict of interest involving the director with regard to the interests of the FCC Group.

The Corporate Responsibility Department, or any other unit which takes its place, will gather the Directors' disclosures referred to in g) above.

The information referred to in paragraphs iv and v above must also be disclosed specifically at the time of each operation or transaction.

- h) Clearly express his or her opposition to any motion set before the Board which may be contrary to the corporate interest; in particular, independent and other directors unaffected by the potential conflict of interest must challenge any decision that might be detrimental to the interests of the shareholders not represented on the board.**

3. Directors must inform the Appointments and Remuneration Committee of their other professional obligations in case they interfere with the dedication required of a director, and the Board of Directors must establish, based on a proposal by the Appointments and Remuneration Committee, the number of boards to which directors may belong."

13. Technical improvements in article 24 of the Rules of the Board of Directors.

A technical improvement has been made to article 24.1 so as to clarify that any situation of competition by a director will not be with the "Group" but, rather, with the Group companies.

Article 24 - current wording:

"Article 24. Non-competition obligation

1. Directors may not hold office at, or work for, competitors of the FCC Group. The Board of Directors may, at its discretion, waive this limitation for certain directors.
2. Persons who have interests which clash in any way with those of the Company must resign at the request of any shareholder and by resolution of the General Meeting of Shareholders.
3. Before accepting any management position or directorship at another company or entity, directors must consult the Appointments and Remuneration Committee."

Article 24 as amended; the amendments are highlighted in bold:

"Article 24. Non-competition obligation

1. Directors may not hold office at, or work for, competitors **of the Company or its subsidiaries that are part of the** FCC Group. The Board of Directors may, at its discretion, waive this limitation for certain directors.
2. Persons who have interests which clash in any way with those of the Company must resign at the request of any shareholder and by resolution of the General Meeting of Shareholders.
3. Before accepting any management position or directorship at another company or entity, directors must consult the Appointments and Remuneration Committee."

14. Amendment to article 25 of the Rules of the Board of Directors to adapt its content to the definitions and recommendations of the Unified Code.

The amendments to article 25 fully implement recommendation 8 (Board powers) in connection with related-party transactions, i.e. transactions by the Company with directors, significant shareholders or shareholders represented on the Board, or parties related to them.

Also, the definition of Significant Holding contained in the Unified Code has been added to section 2.b.

Article 25 - current wording:

"Article 25. Conflicts of interest.

1. Directors may not attend or participate in debates regarding issues in which they may have a personal interest and may not vote on the corresponding resolutions.
2. A personal interest on the part of the director is likewise considered to exist when it affects:
 - a) the director's spouse or person with an analogous relationship, or a person to whom the director is related by consanguinity or affinity up to and including the 4th degree, or
 - b) or a company in which the director holds a significant interest. An interest is considered to be significant when the director, alone or in union with relatives of the type mentioned in a) above, owns more than 15% of the voting and dividend rights or, even if that percentage is not attained, has the power to appoint at least one member to the company's Board of Directors.
3. Directors must give due advance notice to the Board, via the Corporate Responsibility Department or any other that takes its place, of any situation that may give rise to a conflict of interest with the FCC group of companies or its related companies.
4. The prior written consent of the Board of Directors of FCC, based on a report from the Appointments and Remuneration Committee, will be required in the following cases:
 1. Provision by a director to companies of the FCC Group of professional services other than those deriving from executive directors' employment relationship.
 2. Sale or disposal by any other means, for good and valuable consideration of any type, of supplies, materials, goods or rights in general by a director to companies of the FCC Group.
 3. Transfer of supplies, materials, goods or rights in general outside the normal course of business by a company of the FCC group to a director.
 4. Provision of works or services or the sale of materials by companies of the FCC Group to a director, in the normal course of the former's business, at lower than market prices.
 5. In the case of ordinary transactions with the company, the Board of Directors may grant blanket approval to the line of transactions.
 6. In any event, all material transactions of any kind between directors and FCC, its subsidiaries or associated companies must be disclosed in the Annual Corporate

Governance Report. This obligation extends to material transactions between the Company and its significant shareholders (direct and indirect)."

Article 25 as amended; the amendments are highlighted in bold:

"Article 25. Conflicts of interest.

1. Directors may not attend or participate in debates **regarding related-party transactions and generally** issues in which they may have a personal interest, **nor may they vote or grant proxy on the corresponding resolutions, and they must withdraw from the meeting while the Board debates and votes on them.**
2. A personal interest on the part of the director is likewise considered to exist when it affects:
 - a) the director's spouse or person with an analogous relationship, or a person to whom the director is related by consanguinity or affinity up to and including the 4th degree, or
 - b) or a company in which the director holds a significant interest. An interest is considered to be significant when the director, alone or in union with related parties as defined in a) above, **owns more than 5% of the capital.**
3. Directors must give due advance notice to the Board, via the Corporate Responsibility Department or any other that takes its place, of any situation that may give rise to a conflict of interest with the **Company** or any of the companies **in the FCC group of companies** or their related companies.
4. In the following cases, the prior written consent of the Board of Directors of FCC, **which may not be delegated**, based on a **favourable** report from the Appointments and Remuneration Committee, will be required:
 - a. Provision by a director to companies of the FCC Group of professional services other than those deriving from executive directors' employment relationship.
 - b. Sale or disposal by any other means, for good and valuable consideration of any type, of supplies, materials, goods or rights in general by a director, **significant shareholder or shareholder represented on the Board, or their related parties**, to companies of the FCC Group. Related parties will be as defined in article 127ter. 5 of the Public Corporations Act.
 - c. Transfer of supplies, materials, goods or rights in general outside the seller's normal course of business by a company of the FCC Group to a director, **significant shareholder or shareholder represented on the Board, or their related parties.**
 - d. Provision of works or services or the sale of materials by companies of the FCC Group to a director, **significant shareholder or shareholder represented on the Board, or their related parties**, in the normal course of the former's business, at lower than market prices.
5. **The authorisation referred to in item 4 above will not be necessary for related-party transactions that fulfil all of the following three conditions:**

- a. **They are governed by standard form agreements applied on an across-the-board basis to a large number of clients.**
- b. **They are performed at market prices or rates generally set by the person supplying the goods or services.**
- c. **Their amount is no more than 1% of the company's annual revenues.**

6. In any event, all material transactions of any kind between directors and FCC, its subsidiaries or associated companies must be disclosed in the Annual Corporate Governance Report. This obligation extends to material transactions between the Company and its significant shareholders (direct and indirect)."

15. Technical improvements in article 28 of the Rules of the Board of Directors.

The amendment to article 28 is a technical improvement in that the director's duty of loyalty is to the Company, which implicitly encompasses the companies in the FCC Group.

Article 28 - current wording:

"Article 28. Indirect operations.

Directors violate their duty of loyalty to the FCC Group if they knowingly allow, or fail to disclose, transactions by individual or legal persons which fall under any of the cases envisaged in article 25.2 of these Rules without being subjected to the conditions and controls envisaged in the preceding articles."

Article 28 as amended; the amendments are highlighted in bold:

"Article 28. Indirect operations.

Directors violate their duty of loyalty to **the Company** if they knowingly allow, or fail to disclose, transactions by individual or legal persons which fall under any of the cases envisaged in article 25.2 of these Rules without being subjected to the conditions and controls envisaged in the preceding articles.

16. Amendment to article 31 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code.

Article 31 is amended to adapt its wording to the content of recommendation 24 regarding directors' rights to obtain expert assistance at the Company's expense where necessary.

Article 31 - current wording:

"Article 31. Expert assistance.

1. In order to assist them in discharging their duties, external directors may request the engagement, at FCC's expense, of legal, accounting and financial consultants and other experts.
2. Requests to engage external consultants or experts must be referred to the Chairman of FCC and will be approved by the Board of Directors if it considers that:
 - a) it is necessary for the proper performance by independent directors of their assigned duties.
 - b) the cost is reasonable, in view of the materiality of the problem and the assets and revenues of FCC and
 - c) the technical assistance cannot be properly provided by internal FCC experts or technical personnel.
3. Requests for expert assistance by any of the Board Committees may not be denied except when a majority of the Board members considers that the conditions envisaged in paragraph 2 of this Article are not met."

Article 31 as amended; the amendments are highlighted in bold:

"Article 31. Expert assistance.

1. In order to assist them in discharging their duties, external directors **are entitled to obtain the necessary assistance from the Company to discharge their duties and, where necessary, to obtain advice**, at FCC's expense, **from** legal, accounting and financial consultants and other experts.
2. Requests to engage external consultants or experts must be referred to the Chairman of FCC and will be approved by the Board of Directors if it considers that:
 - a) it is necessary for the proper performance by independent directors of their assigned duties.
 - b) the cost is reasonable, in view of the materiality of the problem and the assets and revenues of FCC and
 - c) the technical assistance cannot be properly provided by internal FCC experts or technical personnel.

3. Requests for expert assistance by any of the Board Committees may not be denied except when a majority of the Board members considers that the conditions envisaged in paragraph 2 of this Article are not met."

17. Amendment to article 32 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code and to make technical improvements.

Article 32 has been modified extensively to include the recommendations 35 to 40 in full, which relate to the system of approval of the board remuneration, the guidelines, and the provision for a consultative vote on this issue by the General Meeting.

The amendment to section 3 is an adaptation to the provisions of the current Annual Corporate Governance Report.

Article 32 - current wording:

"Article 32. Remuneration of directors.

1. The Board, at the proposal of the Appointments and Remuneration Committee, will pay its members the remuneration agreed by the General Meeting of Shareholders in accordance with the Articles of Incorporation. Each board member will be entitled to receive the remuneration established by the Board.

The Company will arrange civil liability insurance for its directors.

2. The remuneration paid to directors will be disclosed in the Annual Report. The remuneration paid to the executive directors for the performance of their functions will be disclosed as part of the information included in the Annual Corporate Governance Report regarding the remuneration and cost of FCC Group senior executives.

3. The Company will arrange civil liability insurance for its directors."

Article 32 as amended; the amendments are highlighted in bold:

"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 will submit a report on the directors' remuneration policy approved for the current year and for future years, as the case may be, to the advisory vote of the General Meeting, as a separate item on the agenda; the report must address all the issues referred to in the last paragraph of this section 2, except those potentially entailing the disclosure of commercially sensitive information, while also referring to any changes in remuneration policy with respect to the previous year, with a global summary of the policy in the previous year, and details of the role of the Appointments and Remuneration Committee in designing the remuneration policy, along with the identity of any external advisors engaged by that Committee. The report will be available to shareholders from the time the General Meeting to which it is to be submitted is announced.

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 the 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 to which they apply, with an explanation of the proportion 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 the performance of their functions will be disclosed as part of the information included in the Annual Corporate Governance Report."

18. Amendment to article 34 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code.

The amendment to article 34 fully adopts recommendations 16 and 17, respectively relating to the functions of the Chairman of the Board and the attribution of certain powers to an independent director when the Chairman of the Board is also the company's Managing Director or chief executive.

Article 34 - current wording:

"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, to draw up the agenda, and to chair debates. 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."

Article 34 as amended; the amendments are highlighted in bold:

"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, and organising and coordinating regular evaluations of the board and, where appropriate, the company's Managing Director, in conjunction with the chairmen of the relevant board committees.**

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."

19. Amendment to article 36 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code.

The entire content of recommendation 18 has been included, which refers to the functions of the Board Secretary, as well as the last paragraph of recommendation 33, which refers to the Secretary's opposition to any proposals that run counter to the corporate interest.

Article 36 - current wording:

"Article 36. Secretary of the Board. Functions. Vice-Secretary of the Board.

1. The Secretary of the Board of Directors need not be a director.
2. The Secretary will assist the Chairman and must ensure the smooth operation of the Board's activities, duly reflecting the events of the sessions and the contents of the deliberations in the minutes and certifying the resolutions passed by the Board.
3. If a Legal Counsel has not been appointed, the Secretary will oversee the formal and material legality of the Board's actions and guarantee that its procedures and rules of governance are respected and regularly reviewed.
4. The Board of Directors may appoint a Vice-Secretary, who need not be a director, to assist the Secretary of the Board or to substitute for the Secretary in his or her absence.
5. Unless the Board of Directors decides otherwise, the Vice-Secretary may attend the Board meetings to assist the Secretary in drafting the meeting minutes."

Article 36 as amended; the amendments are highlighted in bold:

"Article 36. Secretary of the Board. Functions. Vice-Secretary of the Board.

1. The Secretary of the Board of Directors need not be a director. **His or her appointment and removal should be approved by a plenary board meeting based on a proposal by the Appointments and Remuneration Committee.**
2. The Secretary will assist the Chairman and must ensure the smooth operation of the Board's activities, duly reflecting the events of the sessions and the contents of the deliberations in the minutes and certifying the resolutions passed by the Board.

The Secretary should take care to ensure that the board's actions: (i) adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies; (ii) comply with the Company's Articles and the Rules of the General Shareholders' Meeting, the Rules of the Board of Directors and others; (iii) and adhere to the corporate governance recommendations contained in the Articles of Incorporation and the Rules of the Company.

Even if not a director, the Secretary must act in conformity with the second item of article 20.4 of these Rules.

3. If no Legal Counsel has been appointed, the Secretary will oversee the formal and material legality of the Board's actions.
4. The Board of Directors may appoint a Vice-Secretary, who need not be a director, to assist the Secretary of the Board or to substitute for the Secretary in his or her absence.

5. Unless the Board of Directors decides otherwise, the Vice-Secretary may attend the Board meetings to assist the Secretary in drafting the meeting minutes."

20. Amendment to article 38 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code and to make technical improvements.

The amendment to article 38 fully incorporates recommendations 19 and 21 relating to Board meetings and recommendation 22 relating to the periodic evaluation by the Board of its own performance and of that of its Committees, and of the Chairman.

Some technical improvements have also been made in connection with such matters as the form of calling a meeting, the possibility of an immediate Board meeting in cases of urgency, and minuting.

Article 38 - current wording:

"Article 38. Meetings of the Board of Directors.

1. The Board of Directors must meet whenever required by the interests of FCC, and at least six times per year. The calendar of the ordinary meetings will be set by the Board at the beginning of each year. The calendar may be modified by decision of the Board itself or of the Chairman, who will notify the directors of the change at least ten days in advance of the original meeting date, or of the modified meeting date if it is earlier.

2. The announcement of the ordinary meetings will be sent by post, fax, or telegram and will be authorised with the signature of the Chairman or the Secretary or Vice-Secretary, by order of the Chairman.

Notwithstanding the provisions of Article 30 of the Articles of Incorporation, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues submitted to them for their consideration.

In emergency situations, at the Chairman's discretion, the minimum advance notice for the meeting will be 48 hours and, in this case, the meeting agenda will be limited to the urgent matters.

3. The Chairman will decide the meeting agenda. The directors may request the inclusion of items on the agenda and the Chairman will be obliged to include them when the request is made by at least three directors or by any of the Board Committees at least thirteen days in advance of the meeting date.

When a specific item is included on the meeting agenda at the request of the directors, then the directors who requested the inclusion of that item must forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.

In view of the directors' duty of confidentiality, every effort will be made to ensure that the importance and confidential nature of the information is not used as a pretext for breaching this rule, except under exceptional circumstances at the Chairman's discretion.

4. Board meetings may be held via telephone multiconference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must be located, the announcement must state that directors can attend via telephone multiconference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees. The Secretary of the Board of Directors must enter, in the minutes of meetings held in this way, in addition to the names of the directors physically in attendance or represented by another director, those who attended via telephone multiconference, videoconference or an equivalent system.

5. The meetings will be conducted and the resolutions passed as provided for under the law and the Articles of Incorporation. In the event of doubt, the Chairman will decide on the validity of the proxies conferred by the Directors who are absent. Such proxies may be granted in a letter or in any other written form that guarantees the authenticity of the proxy in the Chairman's opinion.

6. The Board will devote its first meeting each year to an assessment of its own operations during the preceding year, evaluating the quality of its work, and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional."

Article 38 as amended; the amendments are highlighted in bold:

"Article 38. Meetings of the Board of Directors.

1. The Board of Directors must meet **with the necessary frequency to properly perform its functions, and whenever** the interests of FCC require, **in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items not initially envisaged in the agenda**, which proposal must be made not less than thirteen days prior to the date scheduled for the meeting. The calendar of the ordinary meetings will be set by the Board at the beginning of each year. The calendar may be modified by decision of the Board itself or of the Chairman, who will notify the directors of the change at least ten days in advance of the original meeting date, or of the modified meeting date if it is earlier.

2. The announcement of the ordinary meetings will be sent by post, fax, **e-mail** or telegram and will be authorised with the signature of the Chairman or the Secretary or Vice-Secretary, by order of the Chairman.

Notwithstanding the provisions of Article 30 of the Articles of Incorporation, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues submitted to them for their consideration.

In emergency situations, at the Chairman's discretion, an **immediate meeting of the Board of Directors may be called**, in which case the meeting agenda will be limited to the urgent matters.

3. The Chairman will decide the meeting agenda. The directors and the **Board Committees** may ask the Chairman to include items on the agenda **in the terms envisaged in section 1 of this article**, and the Chairman will be obliged to include them.

When a specific item is included on the meeting agenda at the request of the directors, then the directors who requested the inclusion of that item must forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.

In view of the directors' duty of confidentiality, every effort will be made to ensure that the importance and confidential nature of the information is not used as a pretext for breaching this rule, except under exceptional circumstances at the Chairman's discretion.

4. Board meetings may be held via telephone multiconference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must be located, the announcement must state that directors can attend via telephone multiconference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees. The Secretary of the Board of Directors must enter, in the minutes of meetings held in this way, in addition to the names of the directors physically in attendance or represented by another director, those who attended via telephone multiconference, videoconference or an equivalent system.

5. The meetings will be conducted and the resolutions passed as provided for under the law and the Articles of Incorporation and in **these Rules**. In the event of doubt, the Chairman will decide on the validity of the proxies conferred by the Directors who are absent. Such proxies may be granted in a letter or in any other written form that guarantees the authenticity of the proxy in the Chairman's opinion.

6. The plenary Board will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the **quality of its work, and the efficacy of its rules** and correcting any aspects which have been shown to be dysfunctional. **Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.**

7. **The Board Secretary or Vice-Secretary, as the case may be, will draft the minutes of each meeting of the Board of Directors, listing the attendees, the agenda, the time and place of the meeting, the main issues of the debate, and the motions that were passed. Any director is entitled to have his or her words or proposals transcribed in full into the minutes provided that he or she provides, in the meeting or within the deadline provided by the Chairman, the literal transcription of his or her comments; this requirement is waived where the Board meeting is recorded by any electromagnetic means that allows it to be stored and replayed in full at a later date. In particular, at any director's request, the minutes must reflect concerns expressed by the directors or the Secretary about any proposal, or by the Secretary about the Company's performance, where such concerns are not resolved by the Board."**

21. Amendment to article 39 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code.

The amendments to article 39 incorporate the content of recommendation 44.a), 44.d) and 44.e) ("Supervision and control committees") in connection with the appointment of their members, the possibility of obtaining external advice, and minuting, as well as recommendation 51, under which Committees may ask for evidence from any employee or executive of the Company.

Article 39 - current wording:

"Article 39. Committees of the Board of Directors.

1. To achieve greater efficiency and transparency in the exercise of its powers and the performance of its functions, the Board of Directors will organise its work by setting up committees to reinforce the objectivity with which it must address certain questions.
2. Notwithstanding the Board's ability to set up other Committees, it will set up the following standing committees:
 - a) Executive Committee.
 - b) Audit and Control Committee
 - c) Appointments and Remuneration Committee.
 - d) Strategy Committee."

Article 39 as amended; the amendments are highlighted in bold:

"Article 39. Committees of the Board of Directors.

1. To achieve greater efficiency and transparency in the exercise of its powers and the performance of its functions, the Board of Directors will organise its work by setting up committees to reinforce the objectivity with which it must address certain questions.
2. Notwithstanding the Board's ability to set up other Committees, it will set up the following standing committees:
 - a) Executive Committee.
 - b) Audit and Control Committee
 - c) Appointments and Remuneration Committee.
 - d) Strategy Committee.

3. The Committees will be answerable to the Board of Directors, which will debate and decide on their proposals and reports, and they must report to the Board about their activities at the next plenary session following their meetings.

Commissions may obtain external assistance when they consider it necessary for the discharge of their duties; their meetings will be minuted, and a copy of the minutes will be sent to all members of the Board of Directors.

4. The Board of Directors will designate the members of the Committees, having regard to the directors' knowledge, skills and experience and each Committee's area of competence.

5. Any employee or executive of the Company must attend a meeting of any Committee when requested to do so, and must attend alone if so requested by the Committee in question."

22. Amendment to article 40 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code.

Article 40 has been amended to include recommendation 42 and 43, referring respectively to the structure of participation by the various directors in the Executive Committee, and that Committee's duty to inform the Board of Directors.

Article 40 - current wording:

"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 eighteen million euros.
2. The Board of Directors will appoint the directors who will make up 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 or her 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. 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 40 as amended; the amendments are highlighted in bold:

"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 eighteen million euros.

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 or her 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."

23. Amendment to article 41 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code and to make technical improvements.

Article 41 has been modified extensively to accommodate recommendations 46, 47, 48, 49, 50 and 52, all of which relate to the Audit Committee. Recommendation 45 has also been included by giving the Audit and Control Committee the power to supervise compliance with the internal code of conduct and the rules of corporate governance.

And the issues covered in article 41 have been re-arranged systematically.

Article 41 - current wording:

"Article 41. Audit and Control Committee.

1. FCC will have an Audit and Control Committee composed of four directors appointed by the Board of Directors for a period not to exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely so long as they are also re-appointed as directors.

The majority of the members of the Audit and Control Committee will be external directors.

2. 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.

3. In particular, the Audit and Control Committee's powers include but are not limited to:

- Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- Proposing to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment of the external auditors referred to in article 204 of the consolidated text of Public Corporations Act (Ley de Sociedades Anónimas) approved by Legislative Royal Decree 1564/1989, of 22 December.
- Supervising FCC's internal audit units.
- Overseeing FCC's financial reporting process and internal control systems.
- Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to

the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.

- Guaranteeing the independence of its own members in relation to the Company's external auditors.
- Overseeing compliance with legal requirements and the correct application of generally accepted accounting standards.
- Supervising the preparation of the parent company and consolidated Financial Statements and the Directors' Report for authorisation by the Board of Directors in accordance with the law.
- Informing the Board on the accuracy and reliability of the parent company and consolidated Financial Statements and Directors' Report, with a view to their authorisation as provided by law, and of the financial information periodically disseminated to the markets.
- Issuing reports on proposed amendments of these Rules, in accordance with the provisions of Article 4.3.
- Deciding on how to proceed in relation to the information rights of the directors who resort to the Committee in accordance with the provisions of Article 30 of these Rules. Requesting, as necessary, the inclusion of items in the agenda of Board meetings, under the conditions and by the deadlines established in Article 38.4 of these Rules.
- Liaising between the Board of Directors and the external auditors, and assessing the results of each audit.
- 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.

4. To perform its functions optimally, the Audit and Control Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Rules will apply.

5. The Audit and Control Committee will regulate its own operations to the extent that they are not regulated in the Articles of Incorporation, whose provisions relating to the operations of the Board of Directors will apply supplementarily inasmuch as this is possible considering the nature and functions of the Committee.

6. The Audit and Control Committee will designate a Chairman from among its non-executive members for a term of office not to exceed four years. 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.

7. The Audit and Control Committee will designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted. The 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

8. 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.

9. Any member of the Company's management team or personnel who is asked to attend the Strategy Committee's meetings will be obliged to attend, collaborate and provide the information at his or her disposal. The Committee may also request that FCC's auditors attend its meetings.

10. The Audit and Control Committee will have access to all of the documentation and information needed to perform its functions.

11. In all other matters not specifically regulated in this article, the provisions of Articles 38 and 39 of the Articles of Incorporation will apply, as will, supplementarily, the provisions of the Articles of Incorporation relating to the Board of Directors.

12. The members of the Audit and Control Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers may speak at the meetings but may not vote."

Article 41 as amended; the amendments are highlighted in bold:

"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. 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.

3. The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors.

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:

- a) Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- b) Liaising between the Board of Directors and the external auditor, evaluating the results of each audit, **with the following additional duties with respect to the external auditor: (i) Making recommendations to the Board of Directors for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his or her engagement; (ii) receiving regular information from the external auditor on the progress and findings of the audit programme, and checking that senior management are acting on its recommendations; (iii) ensuring the independence of the external auditor and, to that end, ensuring that the**

Company files a regulatory disclosure with the CNMV if it changes auditor, attaching a statement about any disagreements with the outgoing auditor and their content; where the external auditor resigns, the Committee must examine the reasons; (iv) and seeking to ensure that the Company's auditor takes responsibility for auditing the companies comprising the Group.

- c) Supervising the Company's internal audit units **that oversee the good working of the information and internal control systems; the head of internal audit is obliged to present an annual work plan to the Committee and inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.**
- d) **Analysing the risk control and management policy, identifying at least: (i) the different types of risk to which the Company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks; (ii) the determination of the risk level the company sees as acceptable; (iii) the measures in place to mitigate the impact of risk events, should they occur; (iv) and the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks, and submission to the Board for approval.**
- e) Supervising the preparation of the financial statements and directors' report of the Company and the consolidated group, and of the information released periodically to the markets, **checking for compliance with 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.**
- f) **With respect to internal control and reporting systems: (i) monitoring the preparation and the integrity of the financial information prepared on the Company and, as the case may be, the Group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles; (ii) reviewing internal control and risk management systems on a regular basis, to ensure that the main risks are properly identified, managed and disclosed; (iii) monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; proposing that department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports. (iv) receiving, from employees, confidential (though not anonymous) reports from employees and written communiqués about possible material irregularities, particularly of a financial or accounting nature, that they observe in any FCC Group company; (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.**
- g) 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.

- h) Deciding on **requests for information presented** by directors, by virtue of article 30.3 of these Rules, to **the Committee**, and requesting the inclusion of any items on the agenda of Board meetings, in the conditions and time periods established in article 38.3 of these Rules.

4. The Audit and Control Committee will have access to all of the documentation and information needed to perform its functions and it may seek the advice of external professionals, in which case the provisions of articles **31.3** and 39.3 of these Rules will apply. These advisers may speak at the meetings but may not vote.

5. The Audit Committee will meet at least once per quarter and as convened by the Chairman or when requested by two Committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board of Directors.

6. Any member of the FCC Group's management team or personnel, **and the Company's external auditors**, will be obliged to attend meetings of the Committee when requested to do so, and must collaborate and provide the information at their disposal, **article 39.3 of these Rules being applicable where appropriate**.

7. The Audit and Control Committee **itself will decide on any matter not expressly regulated in this article with regard to its operation**, and the rules contained in the Articles of Incorporation and **these Rules** with respect to the Board of Directors will apply supplementarily insofar as the nature and functions of the Committee allow."

24. Amendment to article 42 of the Rules of the Board of Directors to adapt its content to the recommendations of the Unified Code and to make technical improvements.

Article 42 has been broadly amended to include in full recommendations 55, 56, 57 and 58, which relate to the Appointments Committee and the Remuneration Committee.

As in the case of article 41, the content of article 42 has been re-organised systematically.

Article 42 - current wording:

"Article 42. Appointments and Remuneration Committee

1. FCC will have an Appointments and Remuneration Committee whose members will be appointed by the Board of Directors for a period not to exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely to the extent that they are also re-appointed as directors.

The majority of the members of the Appointments and Remuneration Committee will be external directors.

2. The Appointments and Remuneration Committee will choose a Chairman from among its non-executive members. It 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 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.

3. The Appointments and Remuneration Committee is responsible for proposing or informing the Board of Directors as follows:

- a. Advising on proposals for the appointment or re-appointment of directors and proposing reprimands for directors as referred to in Article 20.2.d) of these Rules.
- b. Proposing the persons or positions that should be classified as Senior Executives of the Company, in addition to those envisaged in article 20.2.d) of these Rules, and advising beforehand on appointments to positions or offices whose annual remuneration is 120,000 euro or greater; the Appointments and Remuneration Committee is authorised to review that figure periodically, and must report any decision in this regard to the Board of Directors.
- c. Advising on the directors' remuneration scheme and revising it periodically to ensure that it is in keeping with the duties performed by the directors.
- d. Advising on multi-year incentive plans for senior executives of the FCC Group, and, in particular, any such plans related to the share price.
- e. Advising on fundamental aspects of the general compensation policy of the FCC Group and the remuneration and types of contracts of FCC senior executives.
- f. Advising on the proposed appointment of members of the Board of Directors committees.
- g. Preparing and maintaining a record of the status of directors and senior executives of FCC.
- h. Receiving the information provided by directors under Article 24.2 of these Rules.
- i. Advising on the professional or commercial transactions referred to in Article 25.4 of these Rules, if any.
- j. Advising on the use, for the benefit of a director, of business opportunities or the use of Group assets previously studied and ruled out by the FCC Group, as referred to in Article 27.1 and 27.3 of these Rules.
- k. Receiving and filing, in the record of status referred to in item h. above, the personal information provided by the directors as established in Article 29 of these Rules.
- l. Requesting, as necessary, the inclusion of items in the agenda of Board meetings, under the conditions and by the deadlines established in Article 38.4 of these Rules.

4. The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers may speak at the meetings but may not vote.

5. To perform its functions optimally, the Appointments and Remuneration Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Rules will apply.
6. The Appointments and Remuneration Committee will regulate its own operations to the extent that they are not regulated in the Articles of Incorporation, 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.
7. The Committee will meet periodically and when convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.
8. The minutes of each committee meeting will be drafted and signed by the Committee members in attendance.
9. Any member of the Company's management team or personnel who is asked to attend the Strategy Committee's meetings will be obliged to attend, collaborate and provide the information at his or her disposal.
10. The Appointments and Remuneration Committee will have access to all of the documentation and information needed to perform its functions."

Article 42 as amended; the amendments are highlighted in bold:

"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:
 - a) Evaluating the balance of skills, knowledge and experience on the board, defining the roles and capabilities required of the candidates to fill each vacancy, and

deciding the time and dedication necessary for them to properly perform their duties.

Any director may suggest directorship candidates to the Appointments and Remuneration Committee for its consideration.

- b) Examining or organising appropriately the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.
- c) Advising on proposals for appointment or re-appointment of directors.
- d) **Advising on the appointment and removal of senior executives proposed to the Board by the chief executive**, and proposing the candidates for senior executive positions in the Company, in addition to those envisaged in article 2.2. of these rules, and making the proposals for reprimands envisaged in article 20.2.d of these Rules. **The Committee will also issue a report before any appointment to a position or office whose annual remuneration is 120,000 euro or greater; the Appointments and Remuneration Committee is authorised to review that figure periodically, and must report its decision to the Board of Directors.**
- e) **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 individual 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.
- f) Preparing and maintaining a record of the status of directors and senior executives of FCC.
- g) **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.**
- h) Advising on the proposed appointment of members of the Board of Directors committees.
- i) Receiving the information provided by directors under Article 24.2 of these Rules.
- j) Advising on any professional or commercial transactions referred to in Article 25.4 of these Rules.
- k) Advising on the use, for the benefit of a director, of business opportunities or assets of FCC which previously studied and ruled out by the FCC Group, as referred to in Article 27.1 and 27.3 of these Rules.
- i) 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.

- m) 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 Board. "

25. Addition of a new Chapter IX into the Rules of the Board of Directors.

A new Chapter IX, entitled "Policy of information via the corporate web site" has been added in compliance with the provisions of article 117.2 of the Securities Market Act and Ministerial Order ECO/3722/2003, of 26 December, on the annual corporate governance report and other reporting instruments of listed companies and other undertakings, which implements it.

New Chapter IX:

CHAPTER IX. POLICY OF INFORMATION VIA THE CORPORATE WEB SITE

"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 45. Content of the corporate web site.

1. FCC's corporate web site will contain at least the following documents:

- a) The current Articles of Incorporation and any amendments made to them in the last twelve months.**
- b) The current Rules of the General Meeting of Shareholders.**
- c) The current Rules of the Board of Directors and any current Rules of the Board Committees.**
- d) The annual report for the last two years.**
- e) The current Internal Code of Conduct with regard to the Securities Markets.**
- f) The Annual Corporate Governance Report for the last closed year.**
- h) Information about meetings of the General Meeting during the current year and the previous years, about the composition of the General Meeting when it was declared quorate, and the resolutions that were adopted, with the number and breakdown of votes.**
- 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.**

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

26. Introduction of a Final Provision to the Rules of the Board of Directors.

Final Provision: entry into force of the amendments.

The amendments to the Rules of the Board of Directors approved by the Board of Directors on 17 May 2007, of which the General Meeting is being informed, will, in accordance with the Board decision on that same date, come into force on 1 December 2007 so as to permit progressive implementation of the various changes.