

REGULATIONS OF THE BOARD OF DIRECTORS

CEMEX LATAM HOLDINGS, S.A.



**REGULATIONS OF THE BOARD OF DIRECTORS OF CEMEX LATAM
HOLDINGS, S.A.**

PRELIMINARY PART

Article 1.- Purpose and interpretation

1. The Regulations of the Board of Directors (the “**Regulations**”) contain the guidelines that are to govern all action taken by the Board of Directors of Cemex Latam Holdings, S.A. (the “**Company**”), the basic rules for the organisation and operation thereof and the rules of conduct to be observed by its members, in order to achieve the highest degree of transparency, effectiveness, dynamism, supervision and control in the performance of its management and supervision duties and representation of the corporate interest.
2. These Regulations shall be construed in accordance with Law, the Internal Regulations (as defined in the Bylaws of the Company) and good governance recommendations generally recognised in the international markets, all within the framework of the corporate interest.
3. The Regulations further develop and supplement applicable legal and Bylaws provisions, which provisions shall prevail in the event of conflict with the provisions set forth herein.
4. For the purposes of interpretation of the Regulations, the term “Company” can also be understood, when applicable, as the group of companies of which the Company is the parent entity.

Article 2.- Scope of application

1. The Regulations apply to the Board of Directors, the representative decision-making bodies thereof (whether collective or single-person) and its internal committees, as well as to all of its members. The persons to whom these Regulations apply shall have the duty to be apprised of them, to comply with them and to enforce them, for which purpose the Secretary to the Board of Directors shall provide such persons with a copy to be acknowledged by means of a signed receipt, and shall publish the Regulations on the Company’s corporate website.
2. The directors shall comply with and enforce the provisions of the Internal Regulations and shall confirm such commitment in writing upon accepting their appointment or re-election in such manner as is determined by the Secretary of the Board of Directors.

Article 3.- Dissemination

These Regulations and any amendments hereto shall be communicated to the relevant authorities and registered with the Commercial Registry (*Registro Mercantil*) pursuant

to applicable rules and regulations. The current text of these Regulations shall be made available on the Company's corporate website.

Article 4.- Amendment

1. The Board of Directors may, by resolution adopted by a two thirds (2/3) majority of the directors present in person or by proxy, amend these Regulations on its own initiative, or on the initiative of its Chairman, of one third (1/3) of the directors or of the Corporate Governance Committee. The proposed amendment shall be accompanied by a description of the reasons for and the scope of the amendment sought. The Corporate Governance Committee shall prepare a report on the proposed amendment and shall submit it to the Board of Directors, unless the proposal is made on the initiative of the Board of Directors itself.
2. Notice of the meeting of the Board of Directors called to decide upon the above mentioned proposal shall be given not less than seven (7) days in advance of such meeting, and shall be accompanied by the full text of the proposed amendment, the description of the reasons and, if applicable, the report of the Corporate Governance Committee.
3. Amendments to these Regulations shall also be subject to the dissemination procedure set forth in Article 3 above.
4. The Board of Directors shall inform the shareholders of any amendment to the Regulations approved thereby at the next General Meeting.

PART I

STRUCTURE AND POWERS

Article 5.- Structure

Management of the Company is vested in the Board of Directors, its Chairman and, where so resolved by the Board of Directors, in an Executive Committee (*Comisión Ejecutiva*) and/or one or more Chief Executive Officers (*Consejero Delegado*).

Article 6.- Powers of the Board of Directors

1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned to the shareholders acting at their General Meeting by Law, the Bylaws or the Regulations of the Shareholders' General Meeting.
2. The Board of Directors has broad powers and authority to manage and represent the Company. Without prejudice to the foregoing, and to the powers which may not be delegated in accordance with the Law, the Board of Directors shall focus its activity on the definition, supervision and monitoring of the strategies and general guidelines to be followed by the Company, and shall entrust to the representative

management decision-making bodies and to the senior managers the day-to-day management and direction.

3. Those powers reserved by Law or the Bylaws for direct exercise by the Board of Directors may not be delegated.
4. The Board of Directors shall design, evaluate and continuously review the Internal Regulations of the Company. The Board of Directors shall approve corporate policy, which shall further develop the principles set forth in the Bylaws and other elements of the Internal Regulations and shall regulate the guidelines for action by the Company and its shareholders.
5. Notwithstanding the foregoing, the Board shall exercise such powers as are reserved for it by Law, as well as the following powers which are required for the responsible discharge of the general duty of supervision:
 - A. In connection with the General Meeting of the Shareholders:
 - (a) to call the Shareholders' General Meeting, to prepare the agenda for the same and to propose resolutions;
 - (b) to propose amendment of the Bylaws to the shareholders at the General Meeting;
 - (c) to propose amendment of the Regulations of the Shareholders' General Meeting to the shareholders at the General Meeting;
 - (d) to propose to the shareholders at their General Meeting the assignment of core activities of the Company to dependent entities, even though it may maintain full ownership of such entities. Activities and operating assets shall be deemed core when the volume of the transaction exceeds twenty-five per cent of the total assets carried on the balance sheet;
 - (e) to propose to the shareholders at their General Meeting the approval of transactions involving the acquisition, disposal and contribution of core assets to other companies. An asset is defined as core when the amount of the transaction exceeds twenty-five per cent of the carrying value of the assets recognised in the last balance sheet approved.
 - (f) to propose to the shareholders at the General Meeting the approval of transactions, the effect of which is equivalent to liquidating the Company; and
 - (g) to execute the resolutions approved by the shareholders at their General Meeting and perform any duties which the shareholders may entrust to the Board.
 - B. In connection with the organisation and functioning of the Board of Directors:
 - (a) to approve and amend the Regulations of the Board of Directors;
 - (b) to define the structure of the general powers of attorney to be granted by the Board of Directors or by the representative management decision-making bodies;

- (c) to prepare reports of any kind required of the management body by Law, wherever the operation referred to in the report cannot be delegated; and
 - (d) to exercise any other powers related with the Board's own organisation and functioning.
- C. In connection with the information to be provided by the Company:
- (a) to manage the provision of information regarding the Company to the shareholders and the markets in general in accordance with the standards of equal treatment, transparency and truthfulness;
 - (b) to prepare the Company's annual financial statements, management report and proposal for the distribution of profit or loss, as well as the consolidated annual financial statements and management report, and to submit the same to the General Meeting;
 - (c) to approve the financial information which the Company must periodically make publish due to its status as a listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial situation and results of the Company, in accordance with applicable legislation; and
 - (d) to prepare and approve the Company's Corporate Governance Survey (Country Code – Colombia), where the Board of Directors may voluntarily decide to participate in the same, and to prepare the annual report on directors' remuneration and any other report considered necessary by the Board to enhance the information provided shareholders and investors, or which may be required by legislation applicable from time to time.
- D. In connection with the directors, senior executives and committees:
- (a) to designate directors to fill vacancies by interim appointment and to propose the appointment, ratification, re-election or removal of directors to the shareholders at their General Meeting;
 - (b) to designate and renew internal positions within the Board of Directors, and the members of and positions in the committees established within the Board of Directors;
 - (c) To supervise the effective functioning of the committees created and the actions of the Executive Committee, the chief executive officers and the executives appointed;
 - (d) to decide on the proposals submitted by the Executive Committee, the Chairman of the Board of Directors, the Chief Executive Officer, the coordinating director or the committees formed by the Board of Directors;
 - (e) to propose policy with regard to the remuneration of directors to the shareholders at their General Meeting, in accordance with these Bylaws and within the limits established herein In the case of executive directors, the Board of Directors shall establish the

additional compensation payable in respect of executive duties, and other basic terms and conditions of their contracts, in accordance with the Law and the terms of the remuneration policy approved by the shareholders at their General Meeting;

- (f) to approve, upon the proposal of the Chairman of the Board of Directors or of the Chief Executive Officer, the determination and modification of the Company's organisational chart, the appointment and removal of senior managers of the Company, and the terms of contracts as well as any possible compensation or severance payable in the event of removal.

As an exception to the foregoing, based on the proposal made by the Chairman of the Board of Directors, the Audit Committee shall, where appropriate, submit to the Board a proposal supported by the pertinent report regarding the selection, appointment or removal of the Director of the Internal Audit Unit.

For these purposes, senior managers shall be those managers who report directly to the Board of Directors, to the Chairman thereof or to the Chief Executive Officer of the Company and, in all cases, the Director of the Internal Audit Unit, as well as any other manager whom the Board of Directors may regard as a senior manager;

- (g) to appoint and remove the chief executive officers of the Company and to establish the terms and conditions of their contracts;
- (h) to approve the senior management remuneration policy, as well as the basic terms and conditions of senior management contracts based on the proposals made by the Chairman of the Board of Directors or by the Chief Executive Officer to the Appointments and Remuneration Committee for the preparation of its report and submission thereof to the Board of Directors;
- (i) to authorise or waive obligations arising in connection with the duty of loyalty incumbent upon the directors in accordance with the Law, and in particular with legislation governing matters of competition; and
- (j) to regulate, review and decide on possible conflicts of interest between the Company and its directors, senior managers and major shareholders, as well as persons related thereto.

E. In connection with the Company's policies and strategies, and other powers

- (a) to prepare the dividend policy and submit the pertinent proposals to the shareholders at their Annual General Meeting with regard to the distribution of profit or loss and other forms of shareholder remuneration, and to decide upon the payment, where appropriate, of any amounts on account of dividends;
- (b) to determine the Company's general policies and strategies in accordance with the Law;

- (c) to set policy with regard to treasury shares;
- (e) to approve the strategic or business plan, management objectives and the annual budgets, investment and financing policies, and policy in matters of corporate social responsibility;
- (f) to determine policy for the control and management of risks, including tax risks, and to supervise the internal information and control systems;
- (g) to determine policy regarding the corporate governance of the Company and the group of which it is the parent, the policy concerning communication and contacts with shareholders, institutional investors and voting advisors, and the policy with regard to the selection of directors;
- (h) to define the structure of the group of companies of which the Company is the parent;
- (i) to approve investments and operations of all kinds which in view of the significant amounts involved or their special characteristics may be considered of a strategic nature or constitute special tax risks, unless approved by the shareholders at their General Meeting.
- (j) to approve the creation or acquisition of equity investments in special purpose vehicles and entities registered in countries or territories defined as tax havens, as well as any other transactions or operations of a similar nature which in view of their nature could adversely affect the transparency of the Company or its group;
- (k) to decide, subject to a report from the Corporate Governance Committee, on the transactions carried out by the Company and its group companies with directors under the terms established by Law, or with shareholders owning significant shareholdings either individually or in concert, including shareholders represented on the Company's Board of Directors or shareholders of other companies forming part of the same group, or persons related with the same. Directors linked, representing or related to the shareholders affected shall abstain from participating in deliberations and voting on the resolution in question. The only exception shall be made in the event of approval of operations simultaneously meeting the following three conditions:
 1. transactions carried out in accordance with contracts entered into under standard contracts applied en masse to large numbers of customers;
 2. transactions carried out at prices or rates established in general by the provider of the good or service in question, and
 3. transactions carried out for amounts that do not exceed one per cent (1%) of the Company's annual revenues;
- (l) to determine the Company's tax strategy;

- (m) to express an opinion on all public offers to acquire securities issued by the Company; and
 - (n) to decide on any other matters within its authority which the Board of Directors believes to be in the interest of the Company, or which these Bylaws or the Regulations of the Board of Directors reserve for the full session of the Board, as well as any powers delegated by the shareholders at their General Meeting, unless the Board is expressly authorised by the same to sub-delegate.
6. The Board of Directors shall evaluate and, where appropriate, adopt an annual action plan to correct any weaknesses identified with respect to:
- (a) The quality and effectiveness of the Board's functioning;
 - (b) The functioning and membership of its committees;
 - (c) The diversity of the Board's membership and powers;
 - (d) The performance of the Chairman of the Board of Directors and the Company's Chief Executive.
 - (e) The performance and contribution of each director, focusing in particular upon the directors responsible for each of the Board committees;

Appraisals of the different committees shall be based upon the reports submitted by the same to the Board of Directors, while the evaluation of the Board itself shall be based on the report submitted by the Appointments and Remuneration Committee.

The Board of Directors may utilise any external and internal resources it considers appropriate to carry out its evaluations in each case.

PART II

MEMBERSHIP

Article 7.- Number of directors

1. In accordance with the Bylaws, the Board of Directors shall be formed by a minimum of five (5) and maximum of nine (9) directors, who shall be appointed or ratified at the Shareholders' General Meeting in accordance with the Law and the requirements of the Company's Internal Regulations. The determination of the number of directors shall be the purview of the shareholders acting at the General Meeting, which may establish such number either by express resolution, by filling or not filling vacancies, or by appointing of new directors within the minimum and maximum numbers mentioned in the Bylaws.

2. The Board of Directors shall submit a proposal to the shareholders at the Shareholders' General Meeting, setting forth the number of directors that, in view of the circumstances affecting the Company from time to time and taking into account the aforementioned maximum and minimum numbers, best suits generally accepted good governance recommendations, with a view to ensuring a proper degree of representation and the effective operation of the Board and to reflecting an appropriate balance of experience and expertise, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters dealt with by the Board of Directors.
3. The foregoing shall be deemed to be without prejudice to the systems of proportional representation to which the shareholders are entitled in accordance with the Law.

Article 8.- Types of directors

1. Directors shall be classified as follows:
 - (a) Executive directors: directors discharging management duties in the Company or its group, whatever the nature of the legal relations maintained with the same. Nevertheless, directors who are senior executives or directors of companies belonging to the group belonging to the Company's parent shall be considered proprietary directors of the Company.

Where a director discharges management functions and at the same time represents a significant shareholder or a shareholder represented on the Board of Directors, such director shall be deemed an executive director.
 - (b) Non-executive directors: all other directors of the Company. Non-executive directors may be classed as proprietary, independent or external directors.
 - (c) Proprietary directors: those directors who own a shareholding that is equal to or greater than that legally regarded as significant from time to time in accordance with applicable Spanish legislation; who were appointed owing to their status as shareholders, even if their shareholding is below the aforementioned legal threshold; or whose appointment was proposed to the Company by any of the abovementioned shareholders.
 - (d) Independent directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being conditioned by relationships with the Company or its group, its significant shareholders or its managers.
2. For the purposes of this section, and pursuant to the applicable Spanish corporate governance legal provisions, the following persons may not be appointed as independent directors:
 - (a) those who are employees or executive directors of the Company or any of its parent companies, affiliates or subsidiaries, unless three (3) and five (5) years, respectively, have passed since the end of the relationship;
 - (b) significant shareholders, executive directors or senior managers of an entity that receives, or has received significant donations from the Company or its

group in the last three (3) years. Those who are mere trustees of a foundation receiving donations shall not be deemed included this point;

- (c) persons who are, or have been, partners of the auditor or responsible for the auditor's report in the last three (3) years, whether in connection with the audit of the Company or any of the companies of its group during such period;
 - (d) those who are executive directors or senior managers of another company in which an executive director or senior manager of the Company is an external director;
 - (e) those who hold, or have in the last year held, a significant business relationship with the Company or the companies of its group, whether in their own name or as a significant shareholder, director or senior manager of an entity that holds or has held such relationship. Business relations shall include the provision of goods or services, including those of a financial nature, and advisory or consultancy services;
 - (f) the spouses of, persons related by a like relationship of affection to, or relatives up to the second degree of kinship of any executive director or senior manager of the Company;
 - (g) those who have not been proposed, whether for appointment or re-election, by the Appointments and Remuneration Committee;
 - (h) those who receive from the Company or any of the companies of its group, any amount or benefit other than as director compensation, unless such benefit is not significant for the director concerned. For the purposes of this sub-section, the dividends or pension supplements received by the director because of his prior professional or employment relationship shall not be taken into account, so long as such supplements are unconditional in nature and therefore the company paying them may not suspend, modify or revoke the accrual thereof at its discretion other than on the grounds of non-compliance with obligations;
 - (i) those who have been directors or a period of more than twelve years; and
 - (j) those mentioned in the situations described in paragraphs (a), (b), (e) or (f) regarding a significant shareholder or a shareholder represented on the Board of Directors. As for the relationship described in paragraph (f), the limitation shall apply not only to the shareholder, but also to any proprietary director of the Company.
3. Proprietary directors who cease to have such status as a result of the sale by the shareholder who proposed their appointment of its interest may only be re-elected as independent directors when such shareholder has sold all of its shares in the Company and if they meet the other requirements for classification as such.
 4. A director who owns a shareholding in the Company may have the status of independent director provided that he satisfies all of the conditions established in this section and, in addition, his interest is not significant in accordance with applicable Spanish legislation.

5. The membership of the Board of Directors shall be such that non-executive directors represent a majority over the executive directors.
6. The Board of Directors shall ensure that the number of executive directors is the minimum necessary, taking into account the complexity of the Company, and that the number of independent directors accounts for at least one third (1/3) of the total number of directors.
7. The status of each director shall be justified by the Board of Directors at the Shareholders' General Meeting subject to a previous verification by the Appointments and Remuneration Committee.

Article 9.- Selection of candidates

1. The Board of Directors shall ensure that: (i) existing policy for the selection of directors (a) is specific and verifiable, (b) ensures that proposals for appointments and re-selection are based on a prior analysis of the Board's needs, and (c) favour the diversity of expertise, experience and gender in the Board; and (ii) the results of any prior analysis of the needs of the Board of Directors are set out in a report or grounded proposal from the Appointments and Remuneration Committee, which shall be published upon the call for the Shareholders' General Meeting at which each director will be ratified, appointed or re-elected.
2. The Board of Directors, and the Appointments and Remuneration Committee, within its area of authority, shall ensure that the candidates proposed to the shareholders at the General Meeting for appointment or re-election as directors, as well as the directors appointed directly to fill vacancies in the exercise of the Board's power to make interim appointments, are respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, educational background, availability and commitment to their duties.
3. In particular, the Board of Directors and the Appointments and Remuneration Committee shall consider the following principles:
 - (a) each director shall contribute a professional speciality and directors shall have previous experience in the Company's sector;
 - (b) all directors shall have sufficient time to responsibly properly to discharge their duties; and
 - (c) all directors shall have the basic skills required to discharge their duties adequately.
4. In the case of a director that is a legal entity, the individual representing it in the discharge of the duties inherent in the position of director shall be subject to the same requirements mentioned in the preceding paragraph. Such representative shall likewise be personally subject to the incompatibilities and bound by the duties established for the director in the Internal Regulations of the Company.

Article 10.- Appointment

1. The directors shall be appointed by the shareholders acting at their General Meeting pursuant to the provisions of Law and the Bylaws.
2. The proposals for appointment and re-election of directors that the Board of Directors submits to a decision by the shareholders acting at their General Meeting, and the decisions made by the Board of Directors in the exercise of the legally assigned power to make interim appointments to fill vacancies, shall be preceded by: (a) the corresponding proposal of the Appointments and Remuneration Committee, in the case of independent directors, or (b) the report of the Appointments and Remuneration Committee in the case of the other directors, which report shall assign the new director to one of the categories contemplated in these Regulations.
3. The directors shall accept their appointment to office in an acceptance letter containing due representations and undertakings not to trade, and among other circumstances, whether directly or indirectly, in the Company's shares in the event of any takeover bid or other relevant operations, such as mergers or spin-offs.

Article 11.- Term of office and re-election

1. The directors shall serve in office for a term of three (3) years, unless the shareholders at their General Meeting not resolve to remove them and they do not resign.
2. Directors may be indefinitely re-elected for successive periods of three (3) years.
3. Any vacancies which occur may, in accordance with the Law, be filled by the Board of Directors on an interim basis until the next General Meeting of the Shareholders, at which the shareholders shall confirm the appointments or elect the persons to replace any directors who are not ratified, unless it is resolved to withdraw the vacant seats.
4. The proposals for re-election of directors that the Board of Directors resolves to submit to a decision of the shareholders at their General Meeting shall be subject to a process of preparation, which shall include a proposal (in the case of independent directors) or a report (in the case of the other directors) issued by the Appointments and Remuneration Committee, containing an analysis of the quality of the work performed and the dedication to the position shown by the proposed directors during the preceding term of office, as well as an express evaluation of the respectability, capability, expertise, competence, availability and commitment to their duties.

To this end, the directors sitting on the Appointments and Remuneration Committee shall be evaluated by the Committee itself, which shall use the internal and external means it deems appropriate for such purpose, and each of them shall leave the meeting during the debate and voting on any resolutions that may affect them.

5. The Chairman, the Deputy Chairmen, the coordinating director and, if they are directors, the Secretary and the Deputy Secretaries to the Board of Directors, who are re-elected as members of the Board of Directors by the shareholders acting at their General Meeting, shall continue to perform the duties they previously performed within the Board of Directors without the need for a new appointment, without prejudice to the Board of Directors' power of revocation with respect to such positions.

Article 12.- Incompatibilities

1. The following shall not be appointed as directors or, if applicable, as individual representatives of a director that is legal entity:
 - (a) natural persons or legal entities holding the position of director in more than three (3) companies whose shares are listed on any national or foreign stock exchange;
 - (b) persons who during the two (2) preceding years have held high positions in the public administration incompatible with the simultaneous discharge of the directors' duties in a listed company pursuant to applicable legislation, or positions of responsibility in the regulatory bodies of the securities markets or other sectors in which the Company or its group operate;
 - (c) natural persons or legal entities affected by any other cases of incompatibility or prohibition mentioned in applicable legislation, including persons whose interests are in any way opposed to or incompatible with the interests of the Company or its group.
2. The Board of Directors shall not be composed of a majority of directors who are engaged in a marital relationship, or are relatives up to the third degree of kinship, the second of affinity, or the first of civil relations. In such case, the last director or directors affected by such incompatibility to be appointed to office before the circumstances arose shall cease to hold office, and the vacancy or vacancies shall be filled in accordance with the provisions of the Internal Regulations and the Law. Any resolutions passed by the Board of Directors with the vote of the majority of directors contravening this section shall be without effect.
3. In the absence of clarity on the applicability of any of the ineligibilities and incompatibilities to any specific case, the Board of Directors shall decide upon their application in the circumstances, subject to the proposal of the Appointments and Remuneration Committee. The proposal of the Appointments and Remuneration Committee shall be made in writing and shall be reflected in the minutes of the meeting of said Committee.

Article 13.- Resignation, removal and withdrawal

1. The directors shall cease to hold office upon the expiration of the term of office for which they were appointed, when so resolved by the shareholders at a General Meeting in the exercise of the powers attributed thereto, or when they may officially resign or leave the Company.
2. The directors shall tender their resignation to the Board of Directors and formally resign from their position in the following cases:
 - (a) when, due to supervening circumstances, they are involved in any circumstance of incompatibility or prohibition regulated by the provisions of general legislation, the Bylaws or these Regulations;
 - (b) when, as a result of any acts or conduct attributable to the director, serious damage is caused to the value or reputation of the Company or its group companies, or there is a risk to the Company or to its group of companies of criminal liability;
 - (c) when they cease to deserve the respectability or to have the capability, expertise, competence, availability or commitment to their duties required to be a director of the Company;
 - (d) when their continuation in office on the Board of Directors may, for any reason, jeopardise directly, indirectly or through their related persons (pursuant to the definition of this term set forth in article 37.2 of these Regulations), the faithful and diligent discharge of their duties in the furtherance of the corporate interest;
 - (e) when the reasons why the director was appointed cease to exist and, in particular, in the case of proprietary directors, when the shareholder or shareholders who proposed, requested or decided the appointment thereof sell or transfer their shareholding, in whole or in part, with the result that such shareholding ceases to be significant or sufficient to justify the appointment;
 - (f) when a director is admonished by the Board of Directors for infringing any of the obligations incumbent upon the directors, in accordance with a resolution adopted by a two-thirds (2/3) majority;
 - (g) when an independent director is affected, at any time following his/her appointment as such, by any of the prohibitions against holding office provided for in these Regulations; and
 - (h) when the activities carried out by the director, or the companies directly or indirectly controlled by the director, or the individuals or legal entities that are shareholders or related to any of them, or the individual representing a director that is a legal entity, may compromise the director's capacity to discharge his/her office.
3. In any of the instances set forth in section 2 above, the Board of Directors shall request the director to resign from officer and, if applicable, shall propose his/her removal from office to the shareholders at the General Meeting.

4. In the event that an individual representing a legal entity acting as director falls under any of the circumstances set forth in section 2 above, such individual shall be disqualified from acting as a representative thereof.
5. The Board of Directors may only propose the removal of an independent director before the passage of the period provided for in the Bylaws upon sufficient grounds, evaluated by the Board of Directors subject to a report by the Appointments and Remuneration Committee. For these purposes, sufficient grounds shall be deemed to exist where the director takes up any new office or contracts new obligations which would prevent him/her from dedicating the time necessary to discharge the functions proper to the office of director, or fails to discharge the duties inherent in his/her office, or is affected by any circumstances in view of which he/she might lose the condition of independence. Such removal may also be proposed as a consequence of public takeover bids, mergers or other similar corporate transactions resulting in a significant change in the structure of the Company's share capital.

Article 14.- Duty to abstain

Directors affected by proposals for appointment, re-election, removal from office or admonishment, or approval of contracts with the Company regulating their remuneration and other rights and obligations in the case of executive directors, shall leave the meeting during the debate and voting on the respective resolutions.

PART III

OFFICES AND COMMITTEES

CHAPTER I

OFFICES

Article 15.- Chairman of the Board of Directors

1. The Chairman of the Board of Directors shall be appointed from among the directors subject to a report of the Appointments and Remuneration Committee, and shall have the status of Chairman of the Company, which he/she shall permanently represent with the broadest powers, having the duty of executing its resolutions and the power, in urgent cases, to adopt such measures as the Chairman deems advisable in the furtherance of the corporate interest.
2. The Chairman of the Board of Directors undertakes the senior management and representation of the Company and leads the Board of Directors, and he/she is ultimately responsible for the effective functioning of the Board of Directors. In addition to the those conferred by Law and the Internal Regulations, the Chairman shall have the following powers:
 - (a) to call and preside over meetings of the Board of Directors, setting the agenda for the meetings and directing the discussion and debate;

- (b) to preside at the Shareholders' General Meeting;
- (c) to ensure that the directors receive sufficient information before meetings to debate the items on the agenda;
- (d) to stimulate debate and the active participation of the directors at Board meetings, ensuring they are free to establish their position;
- (e) to bring before the Board of Directors those proposals which the Chairman deems appropriate for the efficient running of the Company, particularly those relating to the functioning of the Board of Directors itself and other corporate decision-making bodies, as well as to propose the persons, if any, who shall hold office as Deputy Chairman or Deputy Chairmen, Chief Executive Officer, and Secretary and, if applicable, Deputy Secretary or Deputy Secretaries of the Board of Directors and on the committees of the Board of Directors;
- (f) to support the work of the Board committees and oversee the effective and duly coordinated discharge of their duties and responsibilities, ensuring that said committees are adequately organised for these purposes;
- (g) to prepare and submit to the Board of Directors a programme of dates and issues to be debated at the meetings of the Board;
- (h) to organise and coordinate regular evaluations of the Board, as well as the Company's chief executive officer, where applicable (unless the Chairman holds such position);
- (i) to direct the Board and to take responsibility for its effective functioning;
- (j) to ensure that the Board spends sufficient time debating strategic issues; and
- (k) to agree and review programmes to refresh the knowledge of each director, where necessary in the circumstances.

Article 16.- Deputy Chairman or Deputy Chairmen of the Board of Directors

1. The Board of Directors may, at the proposal of its Chairman and subject to a report of the Appointments and Remuneration Committee, elect one or more Deputy Chairmen from among its members, who shall temporarily stand in for the Chairman of the Board of Directors in the event of vacancy, absence, sickness or inability to act.
2. If there is more than one Deputy Chairman of the Board of Directors, the order in which they have been appointed shall be considered (first Deputy Chairman, second Deputy Chairman, etc.); and if there is no Deputy Chairman, the Chairman shall be substituted by the longest-serving director and, in case of equal lengths of service, the oldest.

Article 17.- Chief Executive Officer

1. The Board of Directors may, acting upon a proposal of the Chairman, subject to the report of the Appointments and Remuneration Committee, and with the votes in favour of two thirds (2/3) of the directors, appoint one or more Chief Executive Officers to act jointly or severally at the discretion of the Board of Directors, with the powers it deems appropriate, which may be delegated pursuant to applicable legislation and the provisions of these Bylaws.
2. Apart from the Board of Directors, its Chairman and, if applicable, the Executive Committee and the Chief Executive Officer shall exercise the power to represent the Company.
3. In the event of vacancy in the office, absence, sickness or disability of the Chief Executive Officer, the duties thereof shall be temporarily assumed by the Chairman of the Board of Directors, who shall immediately call the Board of Directors to hold a meeting in order to deliberate and resolve upon the appointment, if appropriate, of a new Chief Executive Officer. In the event that the same person holds office as Chairman of the Board of Directors and Chief Executive Officer, the substitution procedure described in Article 16 above shall apply.

If a Chief Executive Officer is appointed, or if executive functions are assigned to any director in any other way, a contract shall be made between the person so appointed and the Company under the terms established by Law. Said contract shall be approved in advance by the Board of Directors with the votes in favour of two thirds (2/3) of its members. The contract shall be drawn up in conformity with the remuneration policy approved, where applicable, by the shareholders at their General Meeting.

Article 18.- Coordinating director

1. In the event that the Chairman of the Board of Directors discharges executive duties, the Board of Directors shall, at the proposal of the Appointments and Remuneration Committee and with the abstention of the executive directors, authorise an independent director to:
 - (a) request that meetings of the Board be called, where deemed appropriate;
 - (b) request the inclusion of matters on the agenda for the meetings of the Board of Directors;
 - (c) coordinate and meet with the non-executive directors;
 - (d) lead the evaluation of the Chairman of the Board of Directors;
 - (e) chair the Board of Directors in the absence of the Chairman and the Deputy Chairmen, if any;
 - (f) voice the concerns of non-executive directors;
 - (g) maintain contact with investors and shareholders at the behest of the Board of Directors, in order to learn their points of view and form an opinion of

their concerns, in particular as regards the corporate governance of the Company; and

- (h) coordinate the succession plan for the Chairman with the Appointments and Remuneration Committee.
2. Revocation of these powers shall require a prior report from the Appointments and Remuneration Committee, except in the case of powers recognised by Law, which shall not be revoked.

Article 19.- Secretary, Deputy Secretary or Deputy Secretaries and Counsel to the Board of Directors

1. At the proposal of the Chairman, and subject to a report of the Appointments and Remuneration Committee, the Board of Directors shall appoint a Secretary and, if appropriate, one or more Deputy Secretaries, who need not be directors and who shall replace the Secretary in the event of vacancy, absence, sickness or inability to act. The same procedure shall be used to decide the removal of the Secretary and, if applicable, of each Deputy Secretary. In the absence of the Secretary and Deputy Secretaries, the director appointed by the Board of Directors from among the members present at the meeting in question shall act in his/her stead.
2. In the event that there is more than one Deputy Secretary, the Secretary to the Board of Directors shall be substituted by the appropriate Deputy Secretary in accordance with the order established at the time of appointment.
3. The Secretary to the Board of Directors shall have the following duties:
 - (a) to keep the documentation of the Board of Directors, record the proceedings of meetings in the minutes books and certify the content of meetings and the resolutions adopted;
 - (b) to supervise the formal and substantive legality of all actions taken by the collegiate management bodies, ensuring that the actions of the Board are in accordance with prevailing legislation and are regular in conformity with the Company's own Internal Regulations.
 - (c) to advise the Board of Directors on the assessment and continuous update of the Internal Regulations, and to report on new initiatives in matters of corporate governance at the domestic and international level;
 - (d) in general to channel relations between the Company and the directors in all matters relating to the operation of the Board of Directors, in compliance with the instructions of the Chairman;
 - (e) verify, under the guidance of the Chairman of the Board of Directors, that the information provided by the Company for the adoption of resolutions by the Board of Directors is made available to the directors with sufficient time in advance and in an appropriate format;
 - (f) to channel all requests from the directors regarding the information on and documentation of those matters that fall within the purview of the Board of Directors;

- (g) to decide the information to be included in the Company's corporate website in accordance with the obligations imposed by applicable regulations;
 - (h) to act as Secretary of the Executive Committee and of the Shareholders' General Meeting;
 - (i) to provide the necessary support for the Board committees, ensuring that they are duly coordinated and have an adequate structure and means to perform their functions; and
 - (j) to oversee the actions and decisions of the Board of Directors, ensuring that they are based on the good governance recommendations applicable to the Company.
4. In addition, the Secretary, and the Deputy Secretary or Deputy Secretaries, if any, of the Board of Directors shall have the duties entrusted to the directors in these Regulations which, because of their nature, are applicable thereto.
 5. In order to perform his/her duties, the Secretary shall have access to the minutes of the meetings of Board committees of which he/she is not the Secretary or a member.
 6. The Board of Directors, subject to a report of the Appointments and Remuneration Committee, may appoint a legal professional as Counsel to the Board of Directors, who shall have the duties provided by applicable legislation. The Secretary or one of the Deputy Secretaries, if any, may perform the duties of Counsel to the Board of Directors if they are themselves legal professionals and satisfy the other requirements established by applicable Law, where so determined by the Board of Directors. Specifically, the Counsel to the Board of Directors shall have access to the minutes of the meetings of the Board of Directors and its committees in order to verify that they comply with applicable legislation and with the Company's Internal Regulations. The Counsel to the Board of Directors shall comply with the directors' obligations established in these Regulations, which are applicable because of their nature.

Article 20.- Senior managers

1. The top managers shall be deemed to be the senior executives of the Company, reporting directly to the Board of Directors or to the Chief Executive Officer of the Company, as well as any other manager recognised as a senior executive by the Board of Directors. The main duty of executives is to carry out the strategy designed by the Company's Board of Directors.
2. In setting the compensation of senior executives, the Board of Directors shall consider their skills, expertise, responsibilities and duties.
3. Basic information on the senior executives of the Company shall be available to the public on the corporate website.
4. The powers of senior executives and their authority to represent the Company shall be set by the Board of Director pursuant to applicable legislation.
5. The Board of Directors may create such other management positions as it deems appropriate.

Article 21.- Compliance officer

1. The Company shall have a compliance officer, who shall be responsible for the supervision, and enforceability of corporate good governance policies.
2. Notwithstanding any such functions as the Board of Directors may assign from time to time, the compliance officer shall discharge the following duties:
 - (a) to respond to enquiries made to him in relation with the offering or reception of gifts and presents by directors;
 - (b) to hear any reports of violations of corporate good governance policies and bring them to the attention of the Corporate Governance Committee;
 - (c) to give his/her opinion in relation with potential violations of the gifts and invitations policy, and the anti-corruption policy of the Company;
 - (d) to keep the versions of the corporate good governance policies published on the Company's corporate website up to date; and
 - (e) to issue the corporate good governance reports required by the authorities.
3. The compliance officer may request the directors to provide such information, documents, explanations and clarification as he/she may deem appropriate in matters of compliance with the provisions of the corporate good governance policies. In addition, the compliance officer shall report any irregularities observed to the Corporate Governance Committee and/or other competent committees.

Article 22.- Auditor

1. The shareholders at their General Meeting shall appoint an auditor at the proposal of the Board of Directors and upon the recommendation of the Audit Committee, who shall discharge the relevant duties in accordance with the applicable accounting standards and principles in Spain, and shall report any internal control problems which may be identified to the Audit Committee.
2. The Company shall not appoint as auditor of the Company any person or firm that may have received revenues from the Company and/or affiliates controlled directly or indirectly under any control relationship defined in article 42 of the Spanish Commercial Code , representing at least twenty-five per cent (25%) of its annual revenues in the last financial year. Likewise, the Company shall not appoint as auditor any person or firm affected by the incompatibilities established in accordance with legislation prevailing from time to time.
3. For the purpose of reporting material findings, the auditor shall present a written report to the Audit Committee or to the pertinent member thereof pursuant to the competences of said Committee and the magnitude, in the auditor's judgement, of the finding, or of any irregularities observed in the running of the Company and the conduct of its business.

CHAPTER II
COMMITTEES

Article 23.- Committees of the Board of Directors

1. The Board of Directors shall constitute an Audit Committee, an Appointments and Remuneration Committee and a Corporate Governance Committee, and it may also create an Executive Committee.
2. In addition, the Board of Directors may create other purely internal committees or commissions with the powers determined by the Board of Directors.
3. The committees shall be governed by their own rules and regulations, if any, which shall be approved on a supplementary basis by the Board of Directors to the extent that they are not by nature inconsistent with these Regulations.
4. The minutes of Committee meetings shall at all times be made available to all directors.

Article 24.- Executive Committee

1. Irrespective of the appointment of one or more Chief Executive Officers, the Board of Directors may create an Executive Committee. The Executive Committee, shall, where applicable, have all of the powers of the Board of Directors, except for those powers that may not be delegated pursuant to legal or By-Law restrictions.
2. The Executive Committee shall be formed by three (3) directors, one (1) of whom shall be an independent director. The appointment of members of the Executive Committee, subject to the report of the Appointments and Remuneration Committee, and appointments to the internal offices established and the delegation of powers shall be decided by the Board of Directors with the votes in favour of two thirds (2/3) of the directors.
3. The directors sitting on the Executive Committee shall continue to hold office for so long as their appointment as directors remains, without prejudice to the Board's power of revocation. Should they be renewed as directors, their renewal, if any, as members of the Executive Committee shall be subject to the procedures and requirements set forth in the preceding paragraph.
4. The Executive Committee shall meet as many times as deemed appropriate by the Chairman thereof and at least once (1) every two (2) months. It shall also meet when so requested by a minimum of two (2) of the directors sitting on the Committee. The Executive Committee may adopt resolutions on any matter within the purview of the Board of Directors which, in the opinion of the Executive Committee itself, should be resolved without delay, except only for such matters as may not be delegated pursuant to Law or the Bylaws.

5. Resolutions of the Executive Committee shall be adopted by a majority of its members present at the meeting in person or by proxy. In the event of a tie, the Chairman of the Executive Committee shall have the casting vote.
6. The members of the Executive Committee may delegate their vote to other members of the Committee. The resolutions adopted by the Executive Committee shall be recorded in the minutes of the meeting, which shall be signed by the chairman and the secretary of the meeting and shall include the form of the call to the meeting, the identity of the attendees and the votes cast for the approval of each of the items on the agenda.
7. The Chairman of the Executive Committee shall report to the Board of Directors with regard to the matters debated and the resolutions adopted at the next Board meeting after the meetings of the Committee.

Article 25.- Audit Committee

1. The Board of Directors shall create a permanent Audit Committee as an internal body without executive duties, but vested with reporting, advisory and proposal-making powers in its area of activity.
2. The Audit Committee shall be formed by a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors from among the non-executive directors at the proposal of the Appointments and Remuneration Committee. The majority of the committee members shall be independent directors, and at least one of the independent directors shall be appointed in view of his/her knowledge and expertise in matters of accountancy and audit, or both.
3. The Board of Directors shall appoint the Chairman of the Audit Committee from among the independent directors sitting on the Committee, as well as its Secretary, who need not be a director but shall nevertheless comply with all obligations of the directors established in these Regulations, where applicable in view of their nature. The position of Chairman of the Audit Committee shall be held for a maximum term of four (4) years, after which period the outgoing Chairman shall not be re-elected until at least one (1) year has elapsed from the moment of his termination as Chairman, without prejudice to his continuation or re-election as a member of the Committee.
4. The Board of Directors shall ensure that the members of the Audit Committee and, in particular, the Chairman thereof, have such expertise, qualifications and experience in accounting, audit and risk management matters as are required by the duties they are called upon to perform.
5. Members of the Audit Committee shall be appointed for a maximum term of three (3) years and may be re-elected on one or more occasions for maximum terms of the same duration.
6. The Audit Committee shall in any event have the following powers:
 - (a) to report to the shareholders at their General Meeting on any issues raised by shareholders on matters falling within its purview;

- (b) to supervise the effectiveness of (i) the Company's internal controls; (ii) the internal audit unit, which shall report to the Audit Committee, overseeing the performance of the internal audit programme, which shall take into business risks into account and provide for a full examination of all areas of the Company; (iii) the risk management systems in place, including tax risks; and (iv) to discuss with the auditor any significant weaknesses identified in the internal control system in the course of audit work;
- (c) to oversee the independence of the internal audit unit; propose the selection, appointment, re-election and removal of the head of the internal audit department; propose the budget for the service; approve its orientation and work plans, ensuring that activities are directed principally towards key risks for the Company; receive regular information on internal activities; and ensure that senior management takes the conclusions and recommendations of internal audit reports into consideration.

For the purposes of the preceding paragraph, the Audit Committee shall ensure that the head of the internal audit unit submits an annual work plan to the Audit Committee and reports directly on any matters arising in the course of the procedures carried out, as well as presenting an annual report on activities at the end of each financial year.

- (d) to oversee a whistle-blowing mechanism allowing employees confidentially and, if possible and deemed appropriate, anonymously to report any potentially material irregularities, especially of a financial or accounting nature, which they may observe in the Company or in the companies forming part of its group;
- (e) to supervise the preparation, presentation and integrity of the regulated financial information reported by the Company and its group, reviewing compliance with all regulatory requirements, the appropriate delimitation of the consolidated group and the proper application of accounting standards, and establishing the policies and practices applied by the Company to prepare, report and disclose its financial information;
- (f) assess all matters connected with the non-financial risks to which the Company is exposed, including operational, technological, legal, corporate, environmental, political and reputational risks;
- (g) make proposals to the Board of Directors, for eventual approval by the shareholders at their General Meeting, with regard to the selection, appointment, re-election or replacement of the auditors, in accordance with prevailing legislation, as well as proposals relating to the terms of engagements; to seek and obtain regular information from the auditors with regard to their audit plan and the progress thereof; and to safeguard the independence of the auditors in the discharge of their functions.

The Company shall not appoint as auditor of the Company any person or firm that may have received revenues from the Company and/or affiliates controlled directly or indirectly under any control relationship defined in article 42 of the Spanish Commercial Code, representing at least twenty-five per cent (25%) of its annual revenues in the last financial year.

- (h) to establish appropriate relations with the auditors in order to receive information regarding matters which might risk their independence for examination by the Audit Committee, and any other information related to the course of audit procedures as well as such other communications as are provided for in legislation governing the audit of financial statements and in prevailing audit standards;
- (i) to examine the circumstances and reasons in the event of resignation of the external auditor;
- (j) to ensure that the remuneration of the external auditor's work does not compromise quality or independence;
- (k) to oversee reporting by the Company of any change of auditor to the regulatory authorities, and to ensure that it is accompanied by a statement with regard to the possible existence of disagreements with the outgoing auditor, if any, and the content thereof;
- (l) to ensure that the external auditor holds an annual meeting with the whole of the Board of Directors to report on the audit work carried out and on the evolution of accounting matters and the risks to which the Company is exposed;
- (m) to ensure that the Company and the auditor respect prevailing regulations governing the provision of services other than audit, the limits on the concentration of the auditor's business and the terms of regulations governing auditor independence in general.
- (n) annually to obtain written confirmation from the statutory auditors regarding their independence of the Company and directly or indirectly related companies, as well as information regarding additional services of any kind provided by the statutory auditors and the fees received by the auditor, or by persons or entities related with the same, from the Company or related entities, in accordance with the applicable legislation;
- (o) to issue a report an annual report before the issuance of the audit report, expressing an opinion on the independence of the auditor. This report shall in any case address the provision of the additional services referred to in the preceding paragraph, considered both individually and as a whole, and provided aside from the statutory audit service, and it shall likewise address the system in place to assure the independence of the auditor in accordance with prevailing audit regulations;
- (p) to ensure as far as possible that the auditor's report on the financial statements presented by the Board of Directors for approval by the shareholders at their Annual General Meeting is free of scope limitations or qualifications, and that in exceptional cases where the auditor's report is qualified to ensure that both the Chairman of the Audit Committee and the auditor's themselves clearly explain to the shareholders the content and scope of any such scope limitations or qualifications;
- (q) to monitor compliance with specific legislation applicable to the Company;

- (r) to review the financial statements before submission for approval by the Board of Director and the Annual General Meeting of the Shareholders, ensuring that the interim financial statements are prepared in accordance with the same accounting standards as the annual financial statements, for which purpose the Audit Committee shall consider the possibility of auditing or limited review of the interim financial statements;
 - (s) to coordinate procedures for reporting non-financial information and on matters of diversity in accordance with applicable legislation and the relevant international standards;
 - (t) to define mechanisms to consolidate the information of the issuer's control bodies to be submitted to the Board of Directors;
 - (u) to issue the reports and carry out the actions falling within its purview, or assigned to it in accordance with the Company's Internal Regulations, or requested by the Board of Directors or its Chairman;
 - (v) to report to the Board of Directors on all matters where so required by Law, the Bylaws and the Board Regulations, in particular with regard to:
 - 1. the financial information published by the Company on a regular basis, and
 - 2. the creation or acquisition of investments in special purpose vehicles registered in countries or territories listed as tax havens; and
 - (w) to exercise any other powers assigned by the Board of Directors or by Law.
7. The Audit Committee shall be apprised of all information concerning transactions involving structural or corporate changes which the Company or any company forming part of its group plan to carry out. The Committee shall examine such information and report in advance to the Board of Directors on the financial terms and accounting impact of such transactions, and in particular on the exchange ratio proposed, if any.
 8. In order to perform these functions, the Audit Committee may request the engagement of external advisers, where deemed appropriate in accordance with the Company's general contracting policy.
 9. The Audit Committee shall meet as many times as the Chairman thereof deems is necessary to perform the duties entrusted thereto and at least once each quarter. It shall also meet when so requested by at least two (2) of its members. The Chairman of the Board of Directors and the Chief Executive Officer may request informational meetings of the Audit Committee on an exceptional basis.
 10. A valid quorum for meetings of the Audit Committee shall be established with the attendance, in person or by proxy, of a majority of its members, and its resolutions shall be adopted upon simple majority vote. In the event of a tie, the Chairman of the Audit Committee shall have the casting vote.
 11. The members of the Audit Committee may delegate their vote to other members of the Committee. The resolutions adopted by the Audit Committee shall be recorded in the minutes of the meeting, which shall be signed by the chairman and the secretary of the meeting and shall include the form of the call to the meeting,

the identity of the attendees and the votes cast for the approval of each of the items on the agenda.

12. At the request of the Chairman of the Audit Committee, addressed for such purpose to the Chairman of the Board of Directors, any director may be asked to attend the meetings thereof. The Chairman of the Audit Committee may also request the attendance of any director, manager or employee of the Company or the group companies, as well as of any member of the management bodies of investee companies appointed at the proposal of the Company, provided that there is no legal impediment thereto.

The auditors of the Company may also attend the meetings of the Audit Committee with the right to speak but not to vote.

13. The Chairman of the Audit Committee shall report to the Board of Directors with regard to the matters debated and the resolutions adopted at the next Board meeting after the meetings of the Committee. Within three (3) months of the close of each fiscal year, the Audit Committee shall also submit to the Board of Directors for approval a report detailing its work in the prior fiscal year, which shall subsequently be made available to the shareholders on occasion of the call to the Annual General Meeting.

Article 26.- Appointments and Remuneration Committee

1. The Board of Directors shall create a permanent Appointments and Remuneration Committee as an internal body without executive duties, but vested with reporting, advisory and proposal-making powers in its area of activity.
2. The Appointments and Remuneration Committee shall be formed by a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors from among the non-executive directors, the majority of whom shall be independents.
3. The Board of Directors shall appoint the Chairman of the Appointments and Remuneration Committee from among the independent directors sitting on the Committee, as well as its Secretary, who need not be a director but shall nevertheless comply with all obligations of the directors established in these Regulations, where applicable in view of their nature.
4. The Board of Directors shall ensure that the members of the Appointments and Remuneration Committee have the expertise, qualifications and experience required by the duties they are called upon to perform.
5. Members of the Appointments and Remuneration Committee shall be appointed for a maximum term of three (3) years and may be re-elected on one or more occasions for maximum terms of the same duration.
6. The Appointments and Remuneration Committee shall in any event have the following powers:
 - (a) to evaluate the capabilities, expertise and experience required by the Board of Directors; For these purposes, the Appointments and Remuneration Committee shall define the necessary skills and abilities of the candidates to

cover any vacancy and shall evaluate the time and dedication required to discharge the related duties effectively;

- (b) to prepare a report justifying the appointment or re-election of each director, which shall be published on the occasion of the call to the Shareholders' General Meeting at which the proposal will be submitted for approval, as well as the results of the prior analysis prepared by the Committee of the Board's needs.
- (c) to establish a target for representation by the minority gender in the Board of Directors, and to prepare guidelines for the attainment of that target;
- (d) to make proposals to the Board of Directors for the appointment of independent directors (for interim appointment to fill a vacancy or for submission of such proposals to a decision by the shareholders at their General Meeting), as well as proposals for the re-election or removal of independent directors by the Shareholders' General Meeting, and to report on the proposals for removal of such directors made by the Board of Directors;
- (e) to make proposals for the appointment of other directors (for interim appointment to fill a vacancy or for submission of such proposals to a decision by the shareholders at their General Meeting), as well as proposals for the re-election or removal of such directors by the Shareholders' General Meeting;
- (f) annually to verify compliance with the selection policy applied by the Board to directors, reporting thereon in the Annual Corporate Governance Report;
- (g) to report on proposals for the appointment or removal of senior executives, and to propose the basic terms and conditions of their contracts to the Board of Directors;
- (h) establish and supervise an annual program for continuous evaluation and review of the qualifications and educational background necessary for the discharge of the office of director or membership of a given committee;
- (i) to examine actions taken in relation to the conduct of members of the Company's Board of Directors where the same could be contrary to the Internal Regulations and to report thereon to the Board where deemed necessary by the Committee;
- (j) to examine or organise the succession of the Chairman of the Board of Directors and of the Chief Executive Officer of the Company and, if applicable, to make proposals to the Board of Directors for such succession to occur in an orderly and well-planned fashion;
- (k) to report to the Board of Directors on policy regarding the remuneration of directors and senior executives, or other persons discharging senior management functions and reporting directly to the Board of Directors, the execution Committee of the Chief Executive Officers, as well as the individual remuneration and other contractual terms applicable to the executive directors, and to verify compliance therewith;

- (l) to verify information on the remuneration of directors and senior executives contained in corporate documents, including the Annual Report on Directors' Remuneration;
 - (m) periodically to review the remuneration policy applied to directors and senior executives, including share-based remuneration systems and their application, if any, and to provide assurance that individual remuneration is proportionate and in line with the compensation paid to other directors and senior executives of the Company and of the companies of the group; and
 - (n) to exercise any other powers assigned by the Board of Directors or by Law.
7. In order to perform these functions, the Appointments and Remuneration Committee may request the engagement of external advisers, where deemed appropriate in accordance with the Company's general contracting policy.
 8. The Appointments and Remuneration Committee shall meet as many times as the Chairman thereof deems is necessary to perform the duties entrusted thereto and at least once each year. It shall also meet when so requested by at least two (2) of its members. The Chairman of the Board of Directors and the Chief Executive Officer may request informational meetings of the Appointments and Remuneration Committee on an exceptional basis.
 9. A valid quorum for meetings of the Appointments and Remuneration Committee shall be established with the attendance, in person or by proxy, of a majority of its members, and its resolutions shall be adopted upon simple majority vote. In the event of a tie, the Chairman of the Appointments and Remuneration Committee shall have the casting vote.
 10. The members of the Appointments and Remuneration Committee may delegate their vote to other members of the Committee. The resolutions adopted by the Appointments and Remuneration Committee shall be recorded in the minutes of the meeting, which shall be signed by the chairman and the secretary of the meeting and shall include the form of the call to the meeting, the identity of the attendees and the votes cast for the approval of each of the items on the agenda.
 11. At the request of the Chairman of the Appointments and Remuneration Committee, addressed for such purpose to the Chairman of the Board of Directors, any director may be asked to attend the meetings thereof. The Chairman of the Committee may also request the attendance of any director, manager or employee of the Company or the group companies, as well as of any member of the management bodies of investee companies appointed at the proposal of the Company, provided that there is no legal impediment thereto.
 12. The Chairman of the Appointments and Remuneration Committee shall report to the Board of Directors with regard to the matters debated and the resolutions adopted at the next Board meeting after the meetings of the Committee. Within three (3) months of the close of each fiscal year, the Appointments and Remuneration Committee shall also submit to the Board of Directors for approval a report detailing its work in the prior fiscal year.

Article 27.- Corporate Governance Committee

1. The Board of Directors shall create a permanent Corporate Governance Committee as an internal body without executive duties, but vested with reporting, advisory and proposal-making powers in its area of activity.
2. The Corporate Governance Committee shall be formed by a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors at the proposal of the Appointments and Remuneration Committee from among the non-executive directors, the majority of whom shall be independents.
3. The Board of Directors shall appoint the Chairman of the Corporate Governance Committee from among the independent directors sitting on the Committee, as well as its Secretary, who need not be a director but shall nevertheless comply with all obligations of the directors established in these Regulations, where applicable in view of their nature.
4. The Board of Directors shall ensure that the members of the Corporate Governance Committee have the expertise, qualifications and experience required by the duties they are called upon to perform.
5. Members of the Corporate Governance Committee shall be appointed for a maximum term of three (3) years and may be re-elected on one or more occasions for maximum terms of the same duration.
6. The Corporate Governance Committee shall in any event have the following powers:
 - (a) periodically to review the Company's Internal Regulations, with special emphasis on corporate governance and compliance policies, and to propose such amendments and updates to the Board of Directors, for approval or submission to the shareholders at their General Meeting, as may be necessary for their ongoing development and improvement;
 - (b) to report on any amendment to the Company's Internal Regulations where such amendment does not stem from the Corporate Governance Committee's own initiative;
 - (c) to promote the Company's corporate governance strategy;
 - (d) to supervise compliance with statutory requirements and with the rules and standards enshrined in the Company's Internal Regulations;
 - (e) to ensure diligent compliance with the rules contained in the Company's Internal Regulations, and to propose to the Board of Directors the amendments deemed necessary in order to align corporate governance standards with existing best practices;
 - (f) to supervise compliance with internal codes of conduct and with the Company's corporate governance rules;
 - (g) to assist the Board of Directors to define the outline for communications with shareholders, stakeholders and the market in general, procuring them access to full, accurate and timely information about key issues affecting the Company, and to supervise the strategy for communications and relations

with the Company's shareholders and investors, including small and medium-sized shareholders;

- (h) periodically to assess the alignment of the Company's corporate governance system in order to ensure that it fulfils its mission of furthering the corporate interest and takes the legitimate interests of other stakeholders into account where appropriate;
- (i) to review the Company's corporate responsibility policy, ensuring that it is oriented to the creation of value;
- (j) to monitor corporate social responsibility strategy and practices, and to assess the level of compliance;
- (k) to supervise and evaluate processes affecting different stakeholder groups;
- (l) to monitor, promote, guide and supervise the Company's actions matters concerning its corporate reputation and to report thereon to the Board of Directors and to the Executive Committee, as appropriate;
- (m) to coordinate the training process for new directors and to promote the acquisition and recycling of expertise in areas related with the Corporate Governance of the Company;
- (n) to report on the Company's Corporate Governance Survey (Country Code - Colombia), should the Board of Directors decide voluntarily to participate, prior to the approval thereof, collating for such purpose the reports of the Audit Committee and the Appointments and Remuneration Committee with respect to the sections of such report and survey that are within the scope of their responsibility and powers, and the annual sustainability report;
- (o) periodically to monitor trading by members of the Board of Directors in shares issued by the Company or by any other company forming part of the same group;
- (p) within ten (10) calendar days to investigate any filed complaints by shareholders and investors who believe that the Company has failed to apply statutory corporate governance policies; and
- (q) to review and report on all related-party transactions entered into by the Company with significant shareholders, directors, executives or other persons related to them, approval of which is reserved for the Board of Directors or the Executive Committee, when appropriate. The Corporate Governance Committee shall verify that such transactions are carried out on an arms' length basis and that do not infringe equal treatment of shareholders.

The Corporate Governance Committee shall develop a policy regarding the review of the related-party transactions referred to in this paragraph and shall implement the review procedures as a standard part of its operational procedures.

Any member of the Corporate Governance Committee who is party to a related-party transaction shall abstain from taking part in the deliberations of the Committee and in voting on the proposal for approval or ratification of

said transaction. However, the attendance of such director at the meeting of the Corporate Governance Committee shall be taken into consideration for the purposes of establishing the necessary quorum for the meeting.

The Corporate Governance Committee shall take the following matters into consideration in its review and approval of related-party transactions:

- (i) the nature of the parties' interests in the transaction;
- (ii) the key terms of the transaction, including the amount and type of operation concerned;
- (iii) the importance of the transaction to the Company and the related-party;
- (iv) whether the transaction could affect the impartiality of any director of the Company in connection with the corporate interest and the interest of any shareholders;
- (v) equal treatment of the shareholders; and
- (vi) any other matters considered relevant by the Corporate Governance Committee.

In the case of related-party transactions arising in the ordinary course of the business, or which are habitual or recurrent, the report shall be refer to the general authorisation granted by the Board of Directors regarding the line of business concerned and the terms of the transactions;

- (r) previously to report on the waiver by the Company of any business opportunity referred to in the framework agreement entered into by the Company and the listed parent company of the group of which it forms part (the "**Framework Agreement**");
 - (s) regularly to report on performance of the Framework Agreement;
 - (t) to issue a report on any amendment of the Framework Agreement;
 - (u) to issue recommendations and proposals on any matter within the scope of its competences;
 - (v) to issue the reports and carry out the actions falling within its purview, or assigned to it in accordance with the Company's Internal Regulations, or requested by the Board of Directors or its Chairman;
 - (w) to report on any related-party transactions carried out by the Company and its affiliates; and
 - (x) to exercise any other powers assigned by the Board of Directors.
7. In order to perform these functions, the Corporate Governance Committee may request the engagement of external advisers, where deemed appropriate in accordance with the Company's general contracting policy.
8. The Corporate Governance Committee shall meet as many times as the Chairman thereof deems is necessary to perform the duties entrusted thereto and at least once each quarter. It shall also meet when so requested by at least two (2) of its members. The Chairman of the Board of Directors and the Chief Executive

Officer may request informational meetings of the Corporate Governance Committee on an exceptional basis.

9. A valid quorum for meetings of the Corporate Governance Committee shall be established with the attendance, in person or by proxy, of a majority of its members, and its resolutions shall be adopted upon simple majority vote. In the event of a tie, the Chairman of the Corporate Governance Committee shall have the casting vote.
10. The members of the Corporate Governance Committee may delegate their vote to other members of the Committee. The resolutions adopted by the Corporate Governance Committee shall be recorded in the minutes of the meeting, which shall be signed by the chairman and the secretary of the meeting and shall include the form of the call to the meeting, the identity of the attendees and the votes cast for the approval of each of the items on the agenda.
11. At the request of the Chairman of the Corporate Governance Committee, addressed for such purpose to the Chairman of the Board of Directors, any director may be asked to attend the meetings thereof. The Chairman of the Committee may also request the attendance of any director, manager or employee of the Company or the group companies, as well as of any member of the management bodies of investee companies appointed at the proposal of the Company, provided that there is no legal impediment thereto.
12. The Chairman of the Corporate Governance Committee shall report to the Board of Directors with regard to the matters debated and the resolutions adopted at the next Board meeting after the meetings of the Committee. Within three (3) months of the close of each fiscal year, the Corporate Governance Committee shall also submit to the Board of Directors for approval a report detailing its work in the prior fiscal year.

PART IV FUNCTIONING

Article 28.- Meetings

1. The Board of Directors shall meet as often as the Chairman deems appropriate as necessary to execute its duties effectively but at least once every quarter. One third (1/3) of the directors may also call a meeting of the Board, establishing the agenda thereof, to be held at the place where the registered office is located if a prior petition has been submitted to the Chairman of the Board of Directors and he has failed, without good reason, to call the meeting within one (1) month.
2. The Board of Directors shall set a schedule for its ordinary meetings prior to the commencement of each fiscal year or within the first month thereof. Such schedule, and the items on the agenda, may be modified by a resolution adopted by the Board of Directors or upon a decision made by the Chairman, who shall report the modification of the schedule to the directors not less than four (4) days in advance of the date originally set for the meeting or of the new date set in lieu thereof, if earlier.

3. The Board of Directors shall also meet when its Chairman resolves to call an extraordinary meeting thereof, or when requested by one fourth (1/4) of directors. In such case, the meeting shall take place within ten (10) days of receipt of the request.
4. The call to a meeting of the Board of Directors shall be made by the Secretary to the Board of Directors or the person acting in his/her stead with the authorisation of the Chairman, by any means that allows for the receipt thereof. Notice of the call shall be given as far in advance as necessary for the directors to receive the same no later than the third day prior to date of the meeting, except where any other notice is required in accordance with these Regulations and in the case of emergency meetings.

Any information that is deemed necessary shall be sent or made available through any other means which may reasonably ensure receipt together with the call to meeting which, in the absence of good reason, shall always include the agenda for the meeting. The meetings of the Board of Directors may be cancelled, suspended or the date, agenda or venue thereof may be changed using the same procedure.

5. Notwithstanding the foregoing, extraordinary and urgent meetings of the Board of Directors may be called when the Chairman of the Board of Directors deems it justified in the circumstances, by any means allowing for receipt of the call to meeting, and the requirements and formalities for the call to meetings mentioned in the preceding paragraphs of this article shall not apply in such case.
6. The Chairman of the Board of Directors shall decide on the agenda for the meeting. Any director may submit a request to the Chairman of the Board of Directors for the inclusion of matters in the agenda and the latter shall be required to include them when such request has been made not less than two (2) days in advance of the date set for the meeting.
7. Notwithstanding the foregoing, the Board of Directors shall be deemed validly met without the need for a call if all of the Directors are present in person or by proxy and unanimously agree to hold the meeting and to the items on the agenda.
8. Voting by the Board of Directors may occur in writing and without a meeting provided that no director objects. In such case, the directors may deliver their votes and any considerations they wish to appear in the minutes to the Secretary to the Board of Directors, or the person acting on behalf of the Secretary, who shall act in the name of the Chairman. Resolutions adopted by this procedure shall be recorded in minutes prepared in accordance with the Law.
9. Any director may request the services of external consultants, approval of which shall be subject to the affirmative vote of the majority of directors present at the meeting of the Board of Directors.

Likewise, the supporting committees of the Board of Directors may also, at any time, request the services of external consultants when deemed appropriate to carry out their duties in a correct manner.

Article 29.- Venue and time of meetings

1. Meetings of the Board of Directors shall be held at the venue designated in the call to the meeting.
2. Meetings of the Board of Directors may be held in several places connected to each other by a system which permits the recognition and identification of the attendees, permanent communication among the attendees regardless of their location, and participation in discussion and the casting of votes, all in real time (including videoconferencing and remote attendance systems, or any other similar system).

The directors in attendance at any of such interconnected venues shall be deemed to have attended the same single meeting of the Board of Directors. The meeting shall be deemed to be held at the place where the largest number of directors are located and, if in equal numbers, at the Company's registered office.

Article 30.- Conduct of meetings

1. For resolutions of the Board of Directors to be valid, at least half plus one of the directors shall be required at the meetings at which they are adopted, in person or by proxy, except in the case set forth in paragraph 6 of this article.
2. The directors shall make their best efforts to attend the meetings of the Board of Directors and, when unable to attend in person, they shall endeavour to give a proxy to another director, to whom they shall give any appropriate instructions. Non-executive directors shall confer proxies only on other non-executive directors. The proxy granted shall be a special proxy for the meeting of the Board in question, and it may be communicated by any means allowing for receipt thereof.

Directors shall not grant proxies for matters in respect of which they are in a conflict of interest situation.

3. As the person responsible for the effective functioning of the Board of Directors, the Chairman shall stimulate and organise the debate and active participation by all the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.
4. In addition, the Chairman of the Board of Directors may, when so required by the circumstances, adopt any measures necessary to ensure the confidentiality of deliberations and of the resolutions adopted during the meetings of the Board of Directors.
5. The Chairman may invite all such persons who can help improve the information provided to the directors to attend the meetings of the Board of Directors.
6. Resolutions shall be adopted by an absolute majority of votes cast in person or by proxy, except when referred to any of the following matters (notwithstanding any exceptions contained in the applicable Law, the Bylaws or these Board Regulations), which shall require the votes in favour of two thirds (2/3) of the directors of the Company:

- (a) grant to the Company of loans, overdraft facilities or any other financing arrangements by virtue of which the Company will incur indebtedness for an aggregate amount per fiscal year of more than two hundred and fifty million euros (€250,000,000), or the equivalent in other currencies, taking into account any debt repayments made;
 - (b) investments for an aggregate amount per fiscal year of more than two hundred and fifty million euros (€250,000,000) or the equivalent in other currencies;
 - (c) exercise of the authority delegated by the shareholders acting at their General Meeting to issue simple or convertible and/or exchangeable debentures;
 - (d) completion of asset purchase or sale transactions for an aggregate amount per fiscal year higher than two hundred and fifty million euros (€250,000,000) or the equivalent in other currencies;
 - (e) completion of any transactions of any type with persons or entities from countries sanctioned by the United States of America or the European Union.
 - (f) use of cash balances for any purpose other than the payment of debt (including debt incurred by other companies of the Cemex Group aside from the Company or its affiliates) for an aggregate amount per fiscal year higher than one hundred and fifty million euros (€150,000,000) or the equivalent in other currencies; and
 - (g) grant of powers of attorney to carry out any of the foregoing transactions.
7. In the event of a tied vote, the Chairman of the Board of Directors shall have the casting vote.

Article 31.- Formalisation of resolutions

1. Resolutions shall be recorded in minutes signed by the Chairman and the Secretary, or by the persons acting in their stead.
2. Total or partial certificates, which are required to record the resolutions of the Board of Directors, shall be issued and signed by the Secretary, or by one of the Deputy Secretaries, where applicable, with the approval of the Chairman or of any of the Deputy Chairmen, where applicable.

PART V
DIRECTORS' REMUNERATION

Article 32.- Directors' remuneration

1. All members of the Board of Directors shall be entitled to receive compensation as such for the discharge of the duties of supervision and collegiate decision-making proper to said management body.
2. Policy for directors' remuneration shall be set in line with the remuneration system established in the Bylaws and shall be approved by the shareholders at their General Meeting as a separate point on the agenda at least every three years.
3. The proposed remuneration policy for the members of the Board of Directors shall be duly grounded and shall be accompanied by a specific report of the Appointments and Remuneration Committee. Both documents shall be made available to the shareholders on the Company's website as of the issuance of the call to the General Meeting, and shareholders may also request mailing and delivery thereof free of charge. The announcement of the call to the Shareholders' General Meeting shall mention this right.
4. The directors' remuneration policy so approved shall remain in force for the three years following that in which it was approved by the shareholders at their General Meeting. Any amendment or replacement of said policy during that period shall require the prior approval of the shareholders at their General Meeting following the procedure applied for approval of the policy.
5. The directors' remuneration policy shall determine the remuneration of directors in their capacity as such, in accordance with the remuneration system established by the Bylaws, including the maximum sum payable by way of annual remuneration to all directors taken together in their capacity as such.
6. The Board shall decide on the remuneration paid to each director in their capacity as such, taking into consideration the duties and responsibilities assigned to each, members of Board Committees and other relevant objective circumstances.
7. The Board of Directors shall set the remuneration of the directors for the discharge of executive functions, as well as the terms and conditions of their contracts with the Company in accordance with article 17.3 of these Regulations and with the directors' remuneration policy approved by the Shareholders' General Meeting.
8. The compensation paid to directors for the discharge of executive duties in accordance with their contracts, as approved in article 17.3 of these Regulations shall be duly aligned with the directors' remuneration policy, which shall necessarily address the amount of fixed annual remuneration and changes therein over the period referred to in said policy, the parameters applied to fix variable remuneration items, and the key terms and conditions of contracts including, in particular, term, indemnities payable in the event of early dismissal or the termination of contractual relations, and exclusivity, post-contractual no competition, permanence and loyalty clauses.

9. Compensation that is tied to the earnings of the Company shall take into account the qualifications, if any, contained in the auditor's report where the same reduce results.
10. The Board of Directors of the Company shall assign an item of the annual budget to cover the expenses of the Board of Directors, which shall include, *inter alia*, travel expenses, the representation expenses of directors and the expenses of the external consultancies deemed necessary in the discharge of their duties.

PART VI

DUTIES OF DIRECTORS

Article 33.- General duties

1. The directors shall discharge their office and comply with the duties imposed by applicable legislation and the Company's own Internal Regulations with the diligence of a prudent businessman, taking into consideration the nature of the office and the functions assigned to each.

In the discharge of their duties, the directors shall:

- (a) dedicate adequate time and effort, and adopt such measures as may be necessary for the proper management and control of the Company, discharging their office with the loyalty required of a faithful representative, acting in good faith and in the best interest of the Company;
- (b) make the necessary effort in the furtherance of the Company's corporate purpose;
- (c) ensure strict compliance with the relevant provisions of Law and the Bylaws;
- (d) keep and protect the commercial and industrial secrets of the Company even after leaving office, except where disclosure may be permitted or required by Law;
- (e) abstain from making inappropriate use of privileged information;
- (f) demand that the Company provide and obtain adequate information necessary for the discharge of their obligations;
- (g) discharge their duties under the principal of personal responsibility with freedom of judgment and criteria, and independently of any instructions or links with third parties;
- (h) accord equal treatment to all shareholders and respect the right of all of them to information, in accordance with the Law;
- (i) abstain from participating personally or through an intermediary in their own interest or the interest of third parties in businesses in competition with the Company or in events which may result in a conflict of interests;
- (j) set an example of ethical conduct with their actions and promote policies that encourage an ethical work environment; and

- (k) support the organisation and promote policies and ethical behaviour, motivating colleagues to report any deviations or irregular conduct, and ensuring that no reprisals are taken against colleagues who report infringements.
2. In order maintain the maximum objectivity, independence and expertise in the decision-making process, members of the Board of Directors shall be individually and collectively guided by the following principles:
- (a) once appointed, directors represent all shareholders and, therefore, they shall not act in the interest of certain shareholders or groups of shareholders in particular;
 - (b) directors shall carry out their functions in compliance with the duties incumbent on all directors;
 - (c) directors shall treat all shareholders equally and fairly in their decisions;
 - (d) directors shall, in connection with their duties, promote compliance with all applicable provisions of the Law, the Company's Bylaws and the Internal Regulations;
 - (e) directors shall discharge their office in an objective and independent manner; and
 - (f) directors shall take the necessary steps to avoid situations in which their personal interest or that of third parties could conflict with the corporate interest and with their duties towards the Company, reporting any such circumstances to the other members of the Board of Directors.
3. Notwithstanding any other such duties as may be established in these Regulations of the Board of Directors, a director is specifically required:
- (a) properly to prepare the meetings of the Board of Directors and, if applicable, the meetings of the committees of which the director is a member, for which purposes the director shall diligently inform himself of the running of the Company and the matters to be discussed at such meetings;
 - (b) attend the meetings of the Board of Directors and the Board committees of which the director is a member and actively participate in deliberations in so as to make an effective contribution to decision- making.

If a director is unable to attend any meeting called for good reasons, the director concerned shall give instructions to the director who is to represent him/her;
 - (c) fulfil any specific obligation which is entrusted to the director by the Board of Directors, by the Chairman or by the Chief Executive Officer, and which reasonably falls within the director's scope of dedication;
 - (d) inquire into and report to the Board of Directors any irregularities in the management of the Company of which the director has had notice, and monitor any situation of risk;

- (e) propose a call to an extraordinary meeting of the Board of Directors or the inclusion of new matters in the agenda of the next meeting to be held, so that such issues may be debated as the director deems advisable; and
 - (f) oppose resolutions which are contrary to applicable Law or the Company's Internal Regulations, and request that such opposition be recorded in the minutes.
4. In the event that the director is a legal entity, the obligations provided in this section shall be required of the individual representing such director.

Article 34.- Prohibitions

Directors shall abstain from:

- (a) exercising their powers for purposes other than those for which such powers were conferred;
- (b) participating in debates and voting on resolutions and decisions with regard to which the director or any person related therewith has a direct or indirect conflict of interests. The aforementioned obligation shall exclude abstaining from resolutions or decisions affecting the director in his/her condition as such, including for example appointment to or revocation of office in the governing bodies and other matters with a similar import.
- (c) entering into transactions with the Company, except in the case of minor, ordinary transactions carried out under standard terms and conditions applicable to customers, understood as those which it is not necessary to report to present fairly the equity, financial situation and results of operations of the Company;
- (d) participating in activities, businesses or transactions which are against the Law, or participating in activities which may harm the discharge of the director's duties and responsibilities or affect the good name of the Company;
- (e) seeking to benefit from the Company's business opportunities;
- (f) abusing the position of director to obtain benefits for themselves or third parties by offering contracts or business with the Company, or by using the services of the Company or its subsidiaries to obtain personal benefits from suppliers, contractors, clients or users;
- (g) using the privileged information to which they have access in the discharge of their duties for their own benefit, or the benefit of third parties other than the Company;
- (h) offering or accepting, directly or indirectly, any gifts, favours, donations, invitations, travel opportunities or payments from persons who directly or indirectly operate with the Company, or who are interested in doing such business or using the Company's or any of its subsidiaries' services and/or products to promote private agendas. Before performing any such actions aimed at receiving or delivery of any such gifts that may exceed the bounds of commercial custom, the director shall present the pertinent proposal to the compliance officer;
- (i) receiving benefits or compensation from third parties outside the Company and its group for the discharge of the office of director, unless they consist merely of complementary or courtesy items.

- (j) encouraging, promoting or suggesting to shareholders that they should grant a proxy for attending the General Shareholders' Meeting of the relevant companies in which the name of the proxy holder is not clearly defined;
- (k) recommending shareholders to vote for candidate persons for appointment as directors;
- (l) suggesting, coordinating or agreeing with any shareholder or proxy of shareholders to bring proposals before the Shareholders' General Meeting for its consideration;
- (m) suggesting, coordinating or agreeing with any shareholder or proxy of shareholders to vote in favour or against any proposal brought before the General Shareholders' Meeting; and
- (n) suggesting or determining the name of the persons who will act as proxy holders at the next General Meeting of the Shareholders.

Article 35.- Duty of confidentiality

1. A director shall keep confidential the deliberations and resolutions of the Board of Directors, of the Executive Committee and of the committees of which the director is a member and, in general, shall not disclose any information, data, reports or background information to which the director may have had access in the discharge of his/her office, and a director shall not use any of the foregoing for the his/her own benefit, for the benefit of the shareholder, if any, who proposed or made his/her appointment or of any other third party, without prejudice to the duties of transparency and information imposed by applicable Law.
2. The obligation established in the preceding paragraph shall not prevent the director from communicating confidential information to third parties in the performance of his duties as a director, or in the exercise of powers expressly delegated to him by the Board of Directors or by the relevant committee, provided the duty of confidentiality of the recipient of the information is appropriately guaranteed, under the responsibility of the director, on the terms set forth by Law. In particular, it shall be deemed that directors act in the normal exercise of their powers when they give information to:
 - (i) executives and employees of the Company for the due performance of their duties and responsibilities;
 - (ii) the management bodies of the parent company of the group of which the Company is part, in order, among other purposes, to facilitate compliance with legal obligations such as: (a) the preparation of both individual and consolidated financial statements; (b) compliance with periodic reporting obligations; and (c) analysis and monitoring of tax matters, for the purpose of tax consolidation, planning the group's policy and the exercise of its unitary management and fulfilling any other appropriate purposes in the corporate interest of the Company and the parent company of the group of which the Company forms part, obtaining and renewing credit ratings;

- (iii) external consultants of the Company (auditors, lawyers, investment banks, etc.) for the adequate performance of their mandates.
- 3. A director's duty of confidentiality shall subsist even after the director no longer holds such position.

Article 36.- No competition obligation

- 1. A director may not be director or executive of, or provide services to, any other company or entity whose corporate purpose is the same as that of the Company or its group companies, whether in whole or in part, or which is a competitor of the same. Likewise, directors shall not undertake any activities either on their own behalf or on behalf of third parties where such would entail effective competition, whether actual or potential, with the Company or the companies of its group, or which might in any other place the director concerned in a situation of permanent conflict with the interests of the Company and of its group companies.
- 2. The obligation not to compete shall not apply to directorships of management positions held by directors in subsidiaries of the Company, or to the provision of services to the same, in other companies belonging to the consolidated group of which the Company forms part.

Article 37. Conflicts of interest

- 1. A conflict of interest shall be deemed to exist in those cases in which there is a conflict, whether direct or indirect, between the interests of the Company and the personal interest of the director. A personal interest of the director shall be deemed to exist when a matter affects the director or a person related to him/her or, in the case of a proprietary director, the shareholder or shareholders that proposed or made his appointment or persons directly or indirectly related therewith.
- 2. For purposes of these Regulations, the following shall be deemed related persons:
 - (a) the director's spouse or person related to the director by a like relationship of affection;
 - (b) the ascendants, descendants and siblings of the director or of the director's spouse (or another person related to the director by a like relationship of affection);
 - (c) the spouses of the director's ascendants, descendants and siblings; and
 - (d) companies in which the director or his/her respective related persons, acting personally or through a third party, fall within any of the instances of control established by Law, and companies or entities in which the director or any of his related persons, acting personally or through a third party, holds a management position or from which he/she receives compensation for any reason, provided that the director also directly or indirectly exercises a significant influence on the financial and operating decisions of such companies or entities.

3. In the case of a legal entity acting as director, the following shall be deemed to be related persons:
 - (a) the shareholders who, in respect of the legal entity acting as director, fall within any of the cases of control established by Law;
 - (b) companies that form part of the same group, as defined by Law, and the shareholders thereof;
 - (c) the individual acting as the director's physical representative, the *de jure* and *de facto* directors, the liquidators, and the representatives holding general powers of attorney granted by the legal entity acting as director; and
 - (d) any persons who, in respect of the representative of the legal entity acting as director, are deemed related persons pursuant to the provisions of the preceding sub-section applicable to natural persons acting as directors.
4. Conflicts of interest shall be governed by the following rules:
 - (a) Reporting: the director concerned shall report any conflict of interest to the Board of Directors, in the person of the Chairman or the Secretary, and shall suspend his/her activity forthwith.
 - (b) Abstention: a director shall leave any meeting during deliberation and voting on those matters in which he/she is affected by a conflict of interest, and shall not be counted in the number of members attending for the purposes of calculation of a quorum and majorities, and such director shall suspend any direct involvement in activities related to the conflict. The aforementioned obligation shall exclude abstaining from resolutions or decisions affecting the director in his/her condition as such, including for example appointment to or revocation of office in the governing bodies and other matters with a similar import.
 - (c) Transparency: in the annual financial accounts, the Company shall report any cases of conflict of interest in which the directors have been involved during the fiscal year in question, of which the Company is aware by reason of notice given thereto by the director affected by such conflict or by any other means.
5. Notwithstanding the foregoing, in those instances where a conflict of interest is, or may reasonably be expected to be, of a nature that constitutes a structural and permanent conflict between the director (or a person related to him or, in the case of a proprietary director, the shareholder or shareholders who proposed or made his appointment or persons directly or indirectly related therewith) and the Company, it shall be deemed that the director is not, or has ceased to be, suitable to hold office in accordance with the provisions of these Regulations.
6. The provisions of this article may be further developed through the corresponding rules issued by the Board of Directors.

Article 38.- Use of corporate assets

A director may not use the Company's assets or profit from his/her position in the Company for private purposes.

Article 39.- Non-public information

1. Information provided to directors in connection with their duties shall be deemed privileged information. Any information which has not been released to the market and which could by its nature negatively impact the activities of the Company shall not be disclosed. Privileged information may be released to the relevant legal authorities if a valid request exists to that effect.
2. Directors may use non-public information of the Company for private purposes only if the following conditions are satisfied:
 - (a) such information is not applied with respect to transactions for the purchase or sale of securities or financial instruments where the information directly or indirectly refers to the issuer thereof;
 - (b) use of the information does not place the director in a position of advantage vis-à-vis third parties, including suppliers and clients;
 - (c) use of the information does not cause any harm to the Company or to any company forming part of its group; and
 - (d) the Company does not own exclusive rights, or have a similar legal position with respect to the information that the director wishes to use.

Article 40.- Business opportunities

1. A director shall not take advantage of a business opportunity of the Company, either for the director's own benefit or for the benefit of related persons, unless the investment or transaction has previously been offered to the Company, the Company has chosen not to take advantage of it without any pressure from the director, and the director has been authorised by the Board of Directors to profit from the transaction, following a report of the Corporate Governance Committee.
2. For purposes of the preceding paragraph, a business opportunity shall be deemed to be any possibility of making an investment or a business transaction that has arisen or has been discovered in connection with the director's discharge of duties as such, or through the use of means and information belonging to the Company, or in circumstances such that it is reasonable to believe that the third party's offer was in fact addressed to the Company.
3. Likewise, a director shall not use the Company's name and shall not invoke his position as director of the Company in order to carry out private transactions.

Article 41.- Transactions between the Company and directors or significant shareholders

1. The execution by the Company or the companies of its Group of any transaction with directors, shareholders who own an interest in the Company equal to or greater than the interest that is legally considered as significant in accordance with prevailing legislation in Spain, or who are represented on the Board of Directors of the Company, or with related parties, shall be subject to approval by the Board of Directors, or if there is an urgent need, by the Executive Committee, prior to the report of the Corporate Governance Committee.
2. The Board of Directors of the Company shall ensure that transactions entered into by the Company and its subsidiaries with directors, the shareholders described in paragraph 1 above or the relevant related parties, are executed at arm's length and respecting the principle of equal treatment of all shareholders.
3. In the case of related-party transactions arising in the ordinary course of the business, or which are habitual or recurrent, the general authorisation granted regarding the line of business concerned and the terms of the transactions shall be sufficient.
4. However, the Board of Directors' authorisation shall not be deemed to be necessary in connection with transactions that simultaneously meet the following three conditions: (i) the transaction is executed under agreements with standard and conditions applicable *en masse* to a large number of customers; (ii) the transactions are executed at prices or rates generally set by the supplier of the relevant good or service; and (iii) the amount of the transaction does not exceed one per cent (1%) of the annual income of the Company.
5. The Company shall report the transactions described in this article in the cases and with the scope provided by Law.

Article 42.- Directors' reporting obligations

1. A director shall disclose to the Company any investment or interest (through agreements or instruments of any kind, such as certificates of deposit, derivatives, etc.) that the director may hold in the capital of any company conducting a business that is the same as or similar or complementary to the business comprising the Company's corporate purpose or that of its group companies, as well as any offices held or duties performed therein and the conduct, for the director's own account or for the account of any third party, of any kind of business that is complementary to the business comprising the corporate purpose of the Company or its group companies. Such information shall be included in the notes to the annual financial statements in compliance with legal requirements.
2. A director shall also disclose to the Company:
 - a) All positions the director holds in and services the director provides to other companies or entities, as well as his other professional commitments. In particular, before accepting office as director or executive in another company or entity (except for positions to be discharged in companies

belonging to the Group or in other companies in which the director will act representing the Group's interest), a director shall report the matter to the Appointments and Remuneration Committee.

- b) Any substantial change in the director's professional status that may affect the condition or capacity by virtue of which the director may have been appointed to office.
- c) Any judicial, administrative or other proceedings instituted against the director which, because of their significance or characteristics, could seriously reflect upon the reputation of the Company. In particular, a director shall inform the Company in the person of the Chairman, if he/she is indicted and prosecuted in oral trial proceedings on any of the counts enumerated in relevant companies legislation. In such case, the Board of Directors shall examine the case as soon as may be practicable and shall adopt the decisions it deems fit taking into account the interests of the Company, including a reasoned account of the matter.
- d) In general, any fact or event that may be relevant to the of the office of director of the Company.

PART VII INFORMATION

Article 43.- Corporate Governance Survey

1. Subject to the prior report of the Corporate Governance Committee, the Board of Directors shall annually approve the Corporate Governance Survey (Country Code – Colombia) for the Company, should it opt voluntarily to participate, which shall include all mentions provided for by Law, together with such other explanations as the Board of Directors may deem appropriate.
2. The Corporate Governance Survey shall be made available to the shareholders together with the other documents relating to the Shareholders' General Meeting.
3. In addition, public notice shall be given of the Corporate Governance Survey (Country Code - Colombia), as provided in securities market regulations.

Article 44. Annual Report on Directors' Remuneration

The Board of Directors shall prepare and publish an annual Report on Directors' Remuneration each year, which shall be submitted for approval on a consultative basis as a separate point on the agenda for the Annual General Meeting of the Shareholders.

Article 45.- Corporate website

1. The Company shall maintain a corporate website to allow shareholders to exercise their right to receive information and to disseminate the relevant information required by securities market legislation. The website shall include the minimum documents and information provided for by applicable Law and the Company's Internal Regulations, including information and documentation regarding calls to Shareholders' General Meetings and any other documentation and information that the Board of Directors, through its Secretary, deems appropriate to make available to the shareholders by such means.

In particular, the Company shall include on its corporate website:

- (a) The Company's Bylaws;
- (b) The last individual and consolidated annual financial statements approved;
- (c) The Regulations of the Shareholders' General Meeting;
- (d) The Regulations of the Board of Directors;
- (e) The internal code of conduct;
- (f) The Corporate Governance Survey;
- (g) Annual reports on directors' remuneration;
- (h) The report on auditor independence;
- (i) Documents relating to the ordinary and extraordinary General Meetings of the Shareholders, including information on the agenda, the proposals made by the Board of Directors, and any other relevant information which the shareholders might need to cast their votes, within the periods established for that purpose;
- (j) Information on the course of the Shareholders' General Meetings held, and in particular on the composition of the General Meeting at the time when it was convened, the resolutions adopted with details of the number of votes cast in favour and against each of the proposals included in the agenda, within the periods established for that purpose;
- (k) The annual financial reports for recent fiscal years;
- (l) The quarterly financial reports for recent fiscal years;
- (m) The policy regarding communication and contact with shareholders, institutional investors and voting advisers;
- (n) The communication channels existing between the Company and its shareholders and, in particular, the pertinent explanations for the exercise of shareholders' information rights, including the postal and e-mail addresses available for the use of shareholders;
- (o) The requirements, means and procedures established to grant proxies for the Shareholders' General Meeting, in accordance with conditions specified for that purpose;

- (p) The requirements, means and procedures acceptable to the Company for the accreditation of ownership of shares, the exercise of distance voting rights in accordance with the rules established for the system, including, where applicable, forms accrediting attendance at the Shareholders' General Meeting and the exercise of voting rights at General meetings by electronic means;
 - (q) Electronic shareholder forum under the terms regulated by prevailing legislation;
 - (r) Relevant events;
 - (s) The average payment period to suppliers. Where the average payment period to suppliers is longer than the maximum permitted by legislation governing late payment and default, the measures to be applied in the following years to reduce such period below the maximum shall be duly explained;
 - (t) The legislation applicable to ordinary shares, as well as the means provided for the Company's shareholders to defend their interests as such;
 - (u) Relevant transactions entered into with related parties of the Company, unless such transactions were executed at arm's length or were carried out in the ordinary course of the Company's business;
 - (v) The profession and biographical profile, and personal data of the members of the Board of Directors, senior executives, the auditor and the internal auditor. Information shall also be published with regard to any other company boards on which the members of the Board of Directors may sit, and other remunerated activities carried out by the same, as well as the class of director to which each belongs, indicating the shareholders represented by or with whom proprietary directors have links, the date of first appointment as a director of the Company, and the date of subsequent re-election.
2. It falls to the Secretary to the Board of Directors and the Compliance Officer to decide the information that is to be included on the Company's corporate website to comply with the obligations imposed by applicable Laws and the Company's Internal Regulations, and the same shall likewise be responsible for updating said information in accordance with prevailing legislation. The Secretary to the Board of Directors, or where applicable the Compliance Officer, shall report to the Board of Directors on the discharge of the aforementioned functions.