

**REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL MEETING ON THE AMENDMENTS TO ARTICLES 15, 17 AND 46 OF THE RULES OF THE BOARD OF DIRECTORS, CONSOLIDATED TEXT OF 26TH JANUARY, 2016**

The Board of Directors, in the meeting held on December 19, 2017, in accordance with Article 528 of the Revised Text of the Capital Companies Act, approved by Royal Legislative Decree no. 1/2010 of 2nd July, and with Article 3 of the Board's Regulation of 26 January 2016, resolved, at the proposal of the Audit and Control Committee following its favourable report, to amend Articles 15, 17 and 46 of the Rules of the Board of Directors, with the purpose of:

- Basically, to incorporate to the Audit and Control Committee Rules the provisions of Technical Guide 3/2017 of the CNMV (the National Securities Market Commission) concerning Audit Committees of Public-Interest Entities (approved by the CNMV on 17 June 2017 ("the Technical Guide").
- To introduce technical specifications in the above mentioned articles.

The details of the amendments are as follows:

➤ **Article 15 – The Board's Committees**

Sections 3 and 4 are amended solely to improve their wording.

➤ **Article 17 – The Audit and Control Committee**

- The Board of Directors will ensure that the members of the Committee (and particularly its Chairperson) have knowledge of accounting, auditing, risk management, finances, internal control and information technologies (Article 17.1).
- Diversity of sex and of geographical origin of the Committee members is encouraged (Article 17.1)
- Their functions and responsibilities are extended and systemised (Article 17.2).
- There are improvements to the wording of Articles 17.3, 17.4 and 17.5.

➤ **Article 46 – Dealings with Auditors**

Section 4 is deleted, as it has been incorporated as one of the Committee's functions.