

REGULATIONS OF THE BOARD OF DIRECTORS OF CORPORACIÓN FINANCIERA ALBA S.A.

Chapter I - PRELIMINARY

Article 1. - Purpose

The purpose of these Regulations is to determine the operating principles of the Board of Directors of Corporación Financiera Alba S.A., the basic rules of its organisation and functioning in accordance with its Articles of Association and the Rules of Conduct of its members, except in matters relating to the Securities Market in respect of which the Internal Rules of Conduct approved by the Board of Directors, shall apply.

Article 2. - Interpretation

The Board of Directors shall be empowered to resolve any questions of interpretation that may arise in the application of these Regulations.

Article 3. - Modification

1. - These Regulations may only be modified at the instance of the Chairman, one-third of the number of Directors in office or the Audit Committee, which shall provide an explanatory report together with the proposal.
2. - Modification proposals shall be reported on by the Audit Committee, except when they are submitted on its own initiative.
3. - The text of the proposal, the justifying report prepared by its authors and the report of the Audit Committee shall be attached to the notice of the Board Meeting called to deliberate on the matter.
4. - The modification of the Regulations shall require, for its validity, a resolution adopted by the absolute majority of the members of the Board of Directors.

Article 4. - Dissemination

1. - The Directors are obliged to acquaint themselves with, fulfil and enforce compliance with these Regulations. Accordingly, the Secretary of the Board shall provide all the Directors with a copy of the Regulations.

2. - The Board of Directors shall adopt appropriate measures to ensure that the Regulations are disseminated to the shareholders and the investor public in general.

Chapter II - MISSION OF THE BOARD OF DIRECTORS

Article 5. - Functions

1. - Except for matters reserved for the competence of the General Meeting of Shareholders, the Board of Directors is the senior decision-making body of the company. The Board of Directors also ensures the compliance, in general, with legal provisions applying to the company.

2. - It is the policy of the Board to delegate the day-to-day management of the company to a Director Delegate and to the Executive Committee and to concentrate its activities on general supervision. Neither those powers which are reserved by Law or the Articles of Association for the direct decision of the Board, nor the following powers, can be delegated:

- a) Approval of the general strategies of the company;
- b) Appointment and dismissal of the senior officers of the company;
- c) Approval of the policy concerning treasury stock;
- d) Monitoring and evaluation of the management activities of the Directors and Executives;
- e) Identification of the principal risks of the company and monitoring of adequate internal control and information systems;
- f) Watchfulness to ensure that the information and communication policies comply with the applicable legislation and dissemination to the shareholders, the markets and public opinion, of all the data and information required to form a judgment with respect to the company;
- g) Investment and disinvestment policy in relation to the company's assets;
- h) Other powers for which specific provision is made in these Regulations.

Article 6. - Creation of value for the shareholders

1. - The principle that should preside over the action of the Board of Directors at all times is optimisation of the value of the company.

2. - In applying the above-mentioned principle, the Board shall determine and review the business and financial strategies of the company, for which purpose it shall adopt the necessary measures to ensure that:

a) The company management pursues the creation of value for the shareholders and has the proper incentives to do so;

b) The company management is under the effective supervision of the Board;

c) No person or small group of persons shall have decision-making powers that are not subject to checks and balances; and

d) No shareholder shall receive privileged treatment in relation to the others.

Article 7. - Other interests

The optimisation of the value of the company in the interest of the shareholders shall necessarily be prosecuted by the Board of Directors in accordance with the legal requirements; explicit and implicit contracts entered into with employees, suppliers, financiers and clients will be performed in good faith; and, in general, those ethical duties that are reasonably required for the responsible management of the company shall be observed.

Chapter III - COMPOSITION OF THE BOARD

Article 8. - Qualitative composition

1. - The Board of Directors, exercising the rights of co-option and putting forward nominations at the General Meeting of Shareholders, shall endeavour to ensure that in the composition of the corporate body the Outside or Non-executive Directors represent a majority in relation to the Executive Directors.

For these purposes the Director Delegate and other Directors who, under any title, perform executive or management duties within the company or in any of its subsidiary companies, and, in any event, those that have a working, commercial or other type of relationship with the company, distinct from their capacity as Directors and the performance of duties within the company, shall be deemed to be Executive Directors.

2. - The Board shall ensure that the majority group of Outside Directors contains, on the one hand, those nominated by the holders of significant stable equity in the share capital of the company (Shareholding Directors) and, on the other, professionals of acknowledged prestige who have no ties to the executive team or significant shareholders and who are in a position to ensure their impartiality and objectivity (Independent Directors).

For the purposes of the provisions of the previous paragraph, the Board shall ensure, in the ownership structure of the company, the importance, in absolute and comparative terms, of the significant shareholding participations, in addition to the degree of permanence and the strategic relationship between the holders of those significant shareholding participations and the company.

The following may not be proposed or appointed as Independent Directors:

a) Those persons who have, or have had during the last two years, a direct or indirect working, commercial or contractual relationship of a significant nature with the company, its management, Shareholding Directors or companies of the group whose shareholding interests they represent, credit institutions having a prominent role in the financing of the company, or organisations receiving significant subsidies from the company.

b) The directors of another quoted company with Shareholding Directors in the company in question.

c) Those persons having a familial relationship to the fourth degree, with whom they have held, during the last two years, positions of Executive Director, Shareholding Director or members of the executive management of the company.

d) Those persons who, directly or indirectly, through companies in which they have a significant participation, have made payments to or have received payments from the company that could compromise their independence.

e) Those persons having other relations with the company which, in the opinion of one third of the Directors, could impair their independence.

If any of the aforementioned situations arises, it must be notified to and considered by the Board, following a report by the Appointments and Remuneration Committee, and included in the annual report on corporate management.

3. - The provisions of this article are understood to be without prejudice to the right of proportional representation to which the shareholders are legally entitled.

Article 9. - Quantitative composition

1. - The Board of Directors shall be composed of the number of Directors determined by the General Meeting of Shareholders within the limits set out in the Articles of Association of the company.
2. - The Board shall propose to the General Meeting the number which, according to the company's changing circumstances, is the most appropriate for assuring proper representation on the Board and its effective functioning. Under no circumstances may the number of Board members be fewer than seven or more than fifteen.

Chapter IV. - STRUCTURE OF THE BOARD OF DIRECTORS**Article 10. - Chairman of the Board**

1. - Without prejudice to the powers provided in the Articles of Association, the Chairman of the Board shall chair General Meetings of Shareholders and Board Meetings, and the Chairman, who shall be appointed by the Board, shall not be delegated Board powers.
2. - The appointment as Chairman may fall to two Directors who, as Co-Chairmen, alternate by calendar years in discharging the duties of Chairman, without prejudice to mutual powers of substitution.

Article 11. - The Director Delegate

1. - The Director Delegate is the company's Chief Executive, with responsibility for the effective management of the company's business, always in accordance with the decisions and policies established by the General Meeting of Shareholders and the Board of Directors. The Director Delegate shall also have powers to implement the resolutions adopted by the Board itself and, where applicable, by the Executive Committee.
2. - The powers of the Director Delegate and the way in which those powers are exercised shall be determined at the time of his appointment. Such powers cannot be exercised individually when they entail acts involving economic sums above the threshold fixed by the Board of Directors.

Article 12. - Deputy Chairman or Deputy Chairmen

1. - The Board may appoint one or more Deputy Chairmen, to substitute the Chairman and, where appropriate, the Director appointed pursuant to article 10.2, in connection with the calling of meetings of the Board and its functioning, in the case of absence of the Chairman or where it is not possible for him to

perform the said functions. If several Deputy Chairmen are appointed, they shall be ordered numerically.

2. - Where several Deputy Chairmen exist, the Deputy Chairman with the lowest number shall preside over Board Meetings. In the absence of all the Deputy Chairmen, the most senior Board member shall preside and, in the event that Directors have the same seniority, the eldest shall preside.

Article 13. - Secretary of the Board of Directors

1. - The Secretary of the Board of Directors, who must be a qualified lawyer, need not be a Director.

2. - The Secretary shall assist the Chairman in his duties and shall ensure the proper functioning of the Board, especially providing to the Directors the necessary advice and information, conserving company documents, duly recording meetings in the minutes books and certifying the resolutions passed by the Board.

3. - The Secretary shall in any event ensure the formal and material legality of the Board's actions and that its procedures and rules of governance are respected. In the discharge of his functions, the Secretary shall not report to the executive management of the company.

4. - In the case of absence, the functions of the Secretary shall be performed by the Director appointed for that purpose by the Board for each meeting, ensuring that the appointee is a qualified lawyer.

Chapter V. - FUNCTIONING OF THE BOARD

Article 14. - Board Meetings

1. - The Board of Directors shall meet in ordinary session each quarter, whenever the Chairman deems appropriate for the proper conduct of the company's affairs, and when it is requested by one quarter of the Directors.

2. - Invitations to Board Meetings shall always include the agenda for the session, shall be issued by letter, fax, telegram or electronic mail, and shall be authorised with the signature of the Chairman or of the Secretary acting on the Chairman's instructions. The invitation to attend the meeting shall be sent at least five (5) days in advance of the date set for the meeting, to the address provided by each Director.

Notices of Board Meetings called at the initiative of Directors shall be issued within fifteen (15) days following the request for a meeting to be held.

3. - The Director Delegate shall be responsible for preparing and supplying to the remaining Directors all information required for the adoption of the resolutions proposed in the agenda for each Board Meeting at least three working days prior to the date scheduled for the respective meeting. The information supplied shall be complete and shall include, whenever this is required by the nature of the matter to be discussed, business plans, proposals and summaries of resolutions and any other documents that may be necessary or appropriate in each case. When the annual accounts are submitted for consideration, the Director Delegate or the Administrative Director shall certify in advance that they are accurate and complete.

However, in cases of urgency the Director Delegate may provide the available information to the Directors with shorter advance notice than that stipulated in the preceding paragraph.

4. - The Chairman shall always be entitled to submit to the Board of Directors those matters which he deems appropriate for the proper conduct of the company's affairs irrespective of whether they are included in the agenda for the session.

5. - The advance notice and other requirements set out in parts 2 and 3 above shall not apply when the Chairman considers this is not warranted by the circumstances.

6. - A valid Board Meeting shall be allowed without the need for prior notice if all Directors are present and all of them agree to hold the meeting.

7. - The adoption of Board resolutions in writing and without a meeting shall only be allowed if this procedure is not opposed by any of the Directors.

Article 15. - Development of Board Meetings

1. - The Board shall be quorate when at least half plus one of the Directors are present or represented at the meeting. A non-attending Director may appoint another attending Director to represent him at the meeting, provided the appointment is set out in a letter sent to the Chairman specifically for each meeting.

2. - Except in those cases for which the law requires a qualified majority, resolutions shall be adopted by an absolute majority of the Directors present or represented at the meeting, and the Chairman or whoever is representing him shall have the casting vote in the event of a tie.

3. - The Chairman shall organise the debate, promoting and procuring the participation of all the Directors in the Board's deliberations, and shall submit matters to a vote when he considers they have been discussed sufficiently.

4. - Each Director present or duly represented at the Board Meeting shall have one vote.

Chapter VI - APPOINTMENT & REMOVAL OF DIRECTORS

Article 16. - Appointment of Directors

1. - Directors shall be appointed by the General Meeting of Shareholders or, on an interim basis, by the Board of Directors in accordance with the provisions of the Public Limited Companies Act, the Articles of Association and these Regulations.

2. - The proposed nomination of Directors submitted by the Board of Directors to the General Meeting of Shareholders and the Board resolutions appointing Directors under its legal powers of co-option shall respect the provisions of these Regulations in regard to the distribution of Directors between Executive and Outside Directors and, among the latter, between Shareholding Directors and Independent Directors.

3. - When a vacancy occurs on the Board, the Chairman or any Director may propose candidates, which shall be deliberated upon by the Board, with the benefit of a prior report by the Appointments and Remuneration Committee.

4. - The Appointments and Remuneration Committee shall be regulated by the following rules:

a) The Appointments and Remuneration Committee shall be composed of a minimum of three and a maximum of five Directors, all Outside and Non-executive, appointed by the Board of Directors from among its members. The Board of Directors shall also appoint the Chairman.

The term of office shall be equal to the balance of the term of office of the Director, and he may be re-elected.

b) The Appointments and Remuneration Committee shall have the following functions:

- To report objectively and in accordance with the company's interests, on the proposed appointments, re-elections and ratification and removal of Directors, in addition to the appointments of the members of the Committees of the Board of Directors.

- To report to the Board on the method of calculating the annual remuneration of the Directors and the amount thereof, as well as reviews.
- To ensure the transparency of Directors' remuneration and the inclusion in the annual report of information relating thereto.
- To issue the reports for which provision is made in these Regulations.

c) The Appointments and Remuneration Committee shall meet whenever it is called, by decision of the Committee itself or its Chairman, and at least once a year. Any person within or outside the company may be invited to attend meetings, as considered appropriate.

Article 17. - Re-election of Directors

The nominations which the Board of Directors decides to submit to the General Meeting of Shareholders for the re-election of Directors shall conform to a formal process in their preparation, which shall involve a report by the Appointments and Remuneration Committee and deliberations by the Board on the quality of work and dedication to the office of the nominated Directors during their previous term. These deliberations shall be carried out in the absence of the Director to whom the pre-election relates.

Article 18. - Term of office

1. - Directors shall hold office for a term of four (4) years, and shall be eligible for re-election.
2. - Directors appointed by co-option shall hold office until the date of the first General Meeting held thereafter, without prejudice to ratification by the latter.

Article 19. - Removal of Directors

1. - Directors shall leave office upon expiry of the term of office for which they were appointed, when decided by the General Meeting of Shareholders exercising the powers attributed by law or the Articles of Association.
2. - Directors shall place their office at the disposal of the Board of Directors and formally tender their resignation, if deemed appropriate by the Board, in the following situations:
 - a) When the Director reaches the age of 70 years.
 - b) When they are affected by any of the legally stipulated conflicts of interest or prohibitions.
 - c) When they are prosecuted on alleged criminal charges or are subjected to

disciplinary proceedings pursued by the authorities responsible for regulating the securities markets, in respect of a serious or very serious violation.

d) When they receive a serious admonishment by the Audit Committee due to a breach of their obligations as Directors.

e) When the reasons for which they were nominated no longer exist and, in particular, when an Independent Director or a Shareholding Director loses this status.

3. - Once the Outside Directors, Shareholding Directors and Independent Directors have been elected by the General Meeting of Shareholders, the Board of Directors shall not propose their termination of office prior to the completion of the statutory term for which they were appointed, except in exceptional or justified cases approved by the Board of Directors, with the benefit of a report from the Appointments and Remuneration Committee.

Article 20. - Objectivity and voting secrecy

1.- Directors affected by nominations for re-election or proposals for removal or who are involved in cases of conflicts of interest shall abstain from participating in the deliberations and voting on such matters.

2. - All voting of the Board of Directors relating to the appointment, re-election or removal of Directors shall be done in secret if this is requested by any Board member and without prejudice to the right of any Director to leave a record of his specific vote in the minutes.

Chapter VII. - AUDIT COMMITTEE

SECTION 1. - STATUS, PURPOSE AND DEPENDENCE

Article 21. - Legal status, purpose

The company's Audit Committee is a body of the Board of Directors with powers to inform, advise and make proposals on those matters determined in the Articles of Association and in the following articles. As a body of the Board of Directors, it must report on its activities.

SECTION 2. - SCOPE AND FUNCTIONS

Article 22. - Scope of action

In accordance with the provisions of the Articles of Association, the Audit Committee has the following powers, without prejudice to such other powers as may be conferred upon it by the Board of Directors:

- To report to the General Meeting of Shareholders on matters raised by the shareholders concerning its competence.
- Proposal to the Board of Directors for submission to the General Meeting of Shareholders, on the appointment of the external accounts auditors.
- Supervision of the internal auditing services if such a body exists within the company.
- Knowledge of the company's internal financial information and systems control processes.
- Relations with the external auditors to receive information concerning matters that may jeopardise their independence and any other matters relating to the process of development of the auditing of accounts, in addition to other communications for which provision is made in legislation governing accounts auditing and in the technical rules of auditing.

The activities of the company's Audit Committee are focused on four main areas:

- Risk Identification and Internal Control System
- Preparation and Approval of Financial Information
- External Auditing of the annual accounts
- Compliance with Legal Provisions and Internal Regulations

Article 23. - Functions relating to risk identification and internal control system

1. - The Audit Committee shall evaluate whether the company has adequate organisation, personnel and processes to identify and monitor its main operating, financial and legal risks. In order to achieve this objective the Committee shall ensure that the following elements exist and function effectively within the company:

- a) Identification and description of the company's main operating processes duly documented in operating standards or procedures manuals.
- b) An integrated information system based on modern technology that facilitates

the timely and reliable preparation of the company's financial information, as well as the necessary operating data for the efficient management of the business.

c) A budgeting system that allows the company's quantitative targets to be established in advance within its overall strategic framework and an analysis to be carried out of the reasons for the principal deviations between the actual data and the budgeted figures.

2. - The Committee shall have the authority to investigate any aspect of the company's risk identification and internal control system.

Article 24. - Functions relating to financial information

The main functions of the Audit Committee shall be to:

a) Review the process for preparing the company's financial information with the aim of verifying the quality of its technological and internal control, proper application of generally accepted accounting principles and standards, duly documented in an Accounts Plan, and compliance with all other legal requirements relating to such information.

b) Review and approve the periodic financial statements, etc. which the company is required to submit to the markets and their regulatory authorities.

c) Ensure that the periodic financial information prepared during the financial year (monthly, quarterly, etc.) is based on the same quality standards as the annual financial information.

d) Evaluate and approve the proposals suggested by the company's management on changes to the accounting principles and standards.

Article 25. - Functions concerning the external audit of the annual accounts

The Audit Committee shall be responsible for:

a) Proposing the appointment of the firm of auditors of the company, the terms of the contract with the auditors, the scope of their professional mandate and, where applicable, the renewal or revocation of the contract.

b) Serving as a channel of communication between the Board of Directors and the auditors, evaluating the results of each audit and the responses of the management to the auditors' recommendations.

c) Supervising the performance of the audit contract, ensuring that the opinion on the annual accounts and main content of the audit report are drafted in a clear and precise manner and without qualifications.

d) Relations with the external auditors for the purpose of receiving information concerning those matters that could jeopardise their independence and any other matters relating to the process of development of the accounts audit, in addition to other communications for which provision is made in the legislation governing accounts audits and the technical rules of auditing.

Article 26. - Functions relating to compliance with the law and the internal regulations

The mission of the Audit Committee shall be to:

a) Ensure that there is an effective internal process in place for monitoring the company's compliance with the laws and provisions regulating its activities.

b) Verify that the necessary procedures have been established to ensure that the management team and the employees comply with the Internal Regulations and the Internal Rules of Conduct approved by the Board of Directors.

c) Evaluate in one of its annual meetings the effectiveness of and compliance with the rules and procedures governing the company, issuing a report in this connection to the Board of Directors.

SECTION 3. - COMPOSITION, APPOINTMENT, REMOVAL AND OBLIGATIONS OF MEMBERS

Article 27. - Composition

1. - The Audit Committee shall be composed of a minimum of three and a maximum of five members, one of whom shall act as the Chairman of the Committee. The Committee shall be composed in such a way that a majority of its members are Non-executive Directors, with an adequate presence of Independent Directors. The chairmanship of the Committee must fall to a Non-executive Director. The Secretary of the Board shall act as Secretary of the Audit Committee and need not be a member of the same.

2. - Minutes shall be drawn up of the resolutions adopted at each meeting and a report on the resolutions shall be submitted at the plenary session of the Board through its Chairman.

Article 28. - Appointment and removal

1. - Committee members shall be appointed by the Board of Directors of the company from among the Directors who sit on the Committee. The Board shall

likewise name from among the Committee members the member who will hold the office of Chairman.

2. - The term of office shall be the period remaining until the end of the term of office as a Director, and re-election shall be permitted. However, a person who has held office as Chairman of the Audit Committee for four consecutive years must step down, then once a year has elapsed since his withdrawal he may be re-elected to the said post.

SECTION 4. - MEETINGS

Article 29. - Sessions

1. - The Audit Compliance Committee shall schedule its ordinary meetings with the necessary frequency so as to deal adequately with the matters falling within its remit. In addition, the Committee shall meet whenever requested by its Chairman or by any of its members, or when so instructed by the Board of Directors with a specific agenda.

2. - The Committee shall be quorate for a meeting without the need for prior official notification if all of its members are present and agree unanimously to hold a meeting. For reasons of urgency, the Committee may meet without the stipulated minimum advance notice, in which case the need for urgency must be acknowledged by all attending members at the start of the meeting.

Article 30. - Invitations and location of meetings

1. - Invitations to attend Audit Committee meetings shall be sent by the Committee Secretary to each member via letter, fax or electronic mail giving at least five days' notice. The notice shall include the meeting agenda previously approved by the Committee Chairman. The invitation to attend the meeting shall be accompanied by the minutes of the previous meeting, whether or not they have been approved.

2. - Audit Committee meetings shall normally take place at the registered office of the company but may also be held at any other location decided by the Chairman and specified in the notice to attend the meeting.

Article 31. - Quorum, representation and adoption of resolutions

1. - In order for the Committee to be quorate a majority of its members must be present or represented at the meeting. Each member of the Committee may appoint another member to represent him at the meeting. The appointment must be in writing, for which purpose a fax or email sent to the Committee Chairman shall be valid.

2. - Resolutions shall be adopted by majority vote of the members present or

represented at the meeting. The Chairman shall have the casting vote in the event of a tie.

3. - The Secretary of the Committee shall draw up minutes of each session and the minutes shall be approved in the same session or in the immediately following session.

SECTION 5. - RELATIONS WITH THE BOARD OF DIRECTORS AND THE MANAGEMENT

Article 32. - Relations with the Board of Directors

1. - The Committee shall report periodically on its activities, through its Chairman, to the Board of Directors, and shall advise and propose the measures it considers appropriate to establish within the scope of its functions.

2. - The Audit Committee shall prepare a report on its activities, which shall be submitted to the Board of Directors and shall be included in the Management Report.

Article 33. - Relations with the company management

Any member of the management team or any employee whose presence is reasonably required, shall attend Committee meetings and provide his cooperation and access to the information at his disposal.

SECTION 6. - POWERS AND ADVICE

Article 34. - Powers and advice

1. - For the purpose of performing its functions the Committee may gather all kinds of information that it requires on any aspect of the company.

2. - For the optimum performance of its functions, the Audit Committee may procure advice from outside professionals, subject to giving prior notice to the Chairman of the company and receiving his approval.

Chapter VIII - INFORMATION FOR DIRECTORS

Article 35. - Powers to obtain information and conduct inspections

1. - Each Director has the broadest powers to obtain the information and advice which he needs on any aspect of the company, whenever this is required in the performance of his functions. The right to obtain information extends to subsidiary companies, both national and foreign, and shall be channelled through the Chairman, who shall attend to the Director's requests, providing the

information directly to him, offering the appropriate interlocutors or implementing the necessary measures for carrying out the requested examination.

2. - On an exceptional basis, the Chairman may temporarily restrict access to certain information, reporting the decision to the Board of Directors.

Article 36. - Assistance of experts

1. - In order to obtain assistance in the performance of their functions, the Outside Directors may resolve by a majority vote to engage the services of legal, accounting, financial or other experts at the company's expense.

The engagement must necessarily involve concrete problems of a certain importance and complexity that arise in the discharge of the Directors' duties.

2. - The decision to engage these services must be notified to the Chairman of the company and implemented through the Director Delegate, and it may be vetoed by the Board where the engagement is not considered necessary for the proper performance of the functions entrusted to the Outside Directors or where the cost is not reasonable having regard to the importance of the problem or where such advice may be adequately provided by the company's own experts and technical staff. A veto shall require a two-thirds majority of the Directors attending the meeting in question.

Chapter IX. - DIRECTORS' REMUNERATION

Article 37. - Directors' remuneration

1. - Directors shall be entitled to the remuneration fixed by the Board of Directors in accordance with the Articles of Association and the provisions of these Regulations.

2. - The Board shall endeavour to ensure that Directors receive remuneration appropriate to the circumstances of the market.

3. - Directors' remuneration shall be transparent. The Report, as an integral part of the annual accounts, shall contain all the legally stipulated information plus information that is considered appropriate concerning the remuneration received by the members of the Board of Directors.

4. - The remuneration of senior officers shall be fixed by the Chairman of the company.

Article 38. - Remuneration of Outside Directors

The Board of Directors shall adopt all measures within its power to ensure that

the remuneration of the Outside Directors complies with the following guidelines:

- a) Outside Directors must be remunerated in line with their effective services rendered.
- b) Outside Directors shall not be covered by the employee welfare systems financed by the company in respect of retirement, death or any other events.
- c) The amount of the remuneration received by Independent Directors shall be calculated in such a way as to offer incentives for their services, but without constituting an impediment to their independence.

Chapter X. - DUTIES OF DIRECTORS

Article 39. - General obligations of Directors

1. - According to the terms of articles 5 and 6, the function of the Directors is to guide and monitor the company's management with the aim of optimising its value for the benefit of the shareholders.

2. - In the discharge of their duties, Directors shall conduct themselves with the diligence of a responsible businessman and loyal representative, and shall have the following specific obligations:

A. - Duty of loyalty. The following are considered to be related obligations:

- a) To avoid conflicts of interest between shareholders, or their closest family members, and the company, and if these cannot be avoided, to notify the Board of Directors of their existence.
- b) Not to accept posts in companies that are competitors of the company or its Group.
- c) Not to use for private purposes, any non-public information of the company.
- d) Not to make improper use of the assets of the company, or use his position in the company in order to obtain, without adequate consideration, an ownership benefit. In any event, economic or commercial relations between a Director and the company must be notified to the Board of Directors.
- e) Not to take advantage of the business opportunities of which he becomes aware due to his position as a Director.
- f) To maintain secrecy, even after the termination of his post, in respect of any data and information to which he became privy whilst engaged as a Director,

and not being permitted to use such data and information to his own benefit or to disclose the same to third parties.

g) To abstain from participating in deliberations and voting in respect of nominations for appointment, re-election or dismissal when these affect the Director concerned, in addition to any other matters in which he has a particular interest.

h) To notify the company of any significant changes in his professional situation that affect the character or condition by virtue of which he was appointed a Director, or those which may involve a conflict of interests.

i) To notify the company of any shares, share options or derivatives relating to the value of the shares which he holds in the company, directly or through companies in which he holds a significant shareholding, in addition to any changes occurring in the said shareholding or related rights, notwithstanding compliance with stock market rules.

j) To notify the company of all judicial, administrative or other types of claims which, due to their importance, may have a serious effect on the reputation of the company.

B. - Duty of diligence. The following are considered to be related obligations:

a) To continuously dedicate the necessary time and effort in the regular pursuit of matters referred to the Board of Directors of the company, obtaining any information and assistance considered to be appropriate.

b) To participate actively on the Board of Directors and on its Committees or in the prosecution of entrusted tasks, obtaining information, expressing his opinion and informing the remaining Directors of his concurrence with the decision that he considers to be the most favourable in support of the interests of the company. If, for a justified reason, he is unable to attend a Board Meeting to which he has been invited, he shall endeavour to communicate his wishes to the Director who may be representing him.

c) To oppose resolutions that are contrary to the law, the Articles of Association or the interests of the company, and to request that his position be noted in the minutes when he considers this appropriate in the company's interest.

d) To call Board Meetings as required, and include in the agenda matters that are considered to be appropriate, in accordance with the Law and the Articles of Association.

e) To request information considered to be necessary to complement the information that has been supplied, in order to be able to form an objective and

totally independent view of the general functioning of the management of the company.

3. - The limitations for carrying out given operations, as a consequence of the obligations of the duty of loyalty mentioned in the previous section can be dispensed with exceptionally, case by case, by means of a well founded resolution of the Board of Directors.

4. - The Directors must inform the company of the shares which they possess directly or indirectly in the company, in addition to any changes, in the form of their shareholding and according to the intervals specified in the Internal Conduct Rules.

Article 40. - Procedure in the case of conflicts of interest

1. - Directors may not engage directly or indirectly in professional or commercial transactions with the company or with any of its subsidiaries unless they report such transactions to the Board of Directors in advance and the Board, upon prior approval by the Audit Committee, approves the same.

2. - Public requests for delegation of voting rights made by the Board of Directors or by any of its members must be accompanied by a detailed justification describing how the vote is to be cast by the representative if the shareholder does not give instructions and, where applicable, disclose the existence of any conflicts of interest.

Article 41. - Transactions with significant shareholders

1. - The Board of Directors formally reserves the right to be informed of any transaction carried out by the company with a significant shareholder.

2. - Under no circumstances shall the transaction be authorised unless a report has been issued by the Audit Committee assessing the operation on the basis of market conditions.

3. - In the case of ordinary transactions, it shall suffice to have generic authorisation in respect of the class of transactions and their terms of execution.

Article 42. - Principle of transparency

In addition to the information that must be submitted every half-year to the National Securities Market Commission concerning company transactions with tied parties, the Board of Directors shall include in its annual public information a summary of the transactions carried out by the company with its Directors and significant shareholders. The information shall specify the overall volume of operations and the nature of the most significant transactions.

Chapter XI - BOARD RELATIONS

Article 43. - Relations with shareholders

1. - The Board of Directors shall put in place appropriate mechanisms for obtaining information on the proposals made by shareholders with respect to the management of the company.

2. - Under no circumstances shall relations between the Board of Directors and institutional shareholders involve the latter being provided with any information capable of furnishing them with insider information or placing them in an advantageous situation with respect to the remaining shareholders.

3. - The Board of Directors shall make provision for the informed participation of the shareholders in General Meetings and adopt all appropriate measures to facilitate effective performance at General Meetings of the functions which by law and the Articles of Association are reserved for the General Meeting of Shareholders.

Article 44. - Relations with the markets

1. - The Board of Directors shall ensure timely compliance with the applicable instructions for reporting significant events.

2. - The Board of Directors shall adopt specific measures to ensure that the quarterly, half-yearly and annual financial information and any other information which prudence dictates be disclosed to the markets is prepared according to the same principles, policies and professional practices used to draw up the annual accounts and that such information has the same reliability as the annual accounts.

Article 45. - Relations with the auditors

1. - The Board of Directors shall abstain from proposing the appointment of those auditing firms to which the projected fees payable, in respect of all items, exceed five percent of the total revenues of the company during the last financial year.

2. - The Board of Directors shall publicly disclose the aggregate fees paid by the company to the auditing firm for non-auditing services.

Article 46. - Annual Report on corporate governance

The Board of Directors, with the benefit of a report from the Audit Committee, shall prepare an annual report on the structure and practices of corporate governance, which shall refer at least to the following aspects:

- Structure of ownership of the company.
- Structure of the management of the company.
- Tied operations and intra-Group operations
- Risk control systems, and
- Functioning of the General Meeting.

The report on corporate governance shall be approved by the Board of Directors and made available to the shareholders at the Ordinary General Meeting.