

REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL MEETING ON THE APPROVAL OF THE REGULATIONS OF THE AUDIT AND CONTROL COMMITTEE

At the proposal of the Audit and Control Committee, the Board of Directors, at its meeting of 19 December 2017, resolved to approve the Regulations of the Audit and Control Committee, in accordance with the Recommendations of the Technical Guide on Audit Committees of Public-Interest Entities, published by the CNMV.

The Regulations of the Audit and Control Committee govern, among other matters, the following:

1) The Composition of the Audit and Control Committee

The following innovations are noteworthy:

- The Board of Directors will ensure that, in addition to knowledge and experience of accounting, auditing and risk management, the Committee's members have sufficient knowledge of financing, internal control and information technology, and of the Company's sector of activity.
- Among the members of the Committee, diversity of sex and of geographical origin will be promoted.

2) Positions in the Committee: Chairperson and Secretary.

3) Duties of the Committee

The duties of the Committee are those which are contained in Article 17 of the Board's Rules and arranged into five general sections:

- i) The control of financial reporting
- ii) The supervision of internal control and of internal auditing
- iii) The supervision of risk management and control
- iv) External accounts auditing
- v) Other duties

4) The calling of meetings

5) The legal framework of the meetings

- 6) Their valid constitution and their system for adopting resolutions
- 7) The minutes of the Committee's Meetings
- 8) Access to the Company's Information and to that of its Group, and professional external consultancy
- 9) Means and Resources
- 10) Relations of the Audit and Control Committee with the shareholders, the external auditor and the internal auditor.