



RED
ELÉCTRICA
CORPORACIÓN

Internal Code of Conduct In the Security Market

26 November 2019



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Introduction

Red Eléctrica Corporación S.A. ("**Red Eléctrica**" or the "**Company**") approved its first Spanish Stock Market Internal Conduct Rules (*Reglamento Interno de Conducta en el Mercado de Valores*) (the "**Rules**") in the meeting of the Board of Directors held on 7 February 1994. Subsequently, various changes were made to the regulations governing the Stock market, leading to the successive adaptation of the Rules to the new regulations.

This change to the Rules was approved by the Company's Board of Directors in its meeting of 26 November 2019, and corresponds essentially to their adaptation to Royal Decree Law 19/ 2018 of 23 November on the regulation of payment services and other urgent financial measures, which amends the consolidated Spanish Securities Market Act (*Ley del Mercado de Valores*) passed by Royal Legislative Decree 4/2015, of 23 October (the "**Securities Market Act**") for its adaptation to Regulation 596/2014 of the European Parliament and of the Council of 16 April, on market abuse (the "**Market Abuse Regulation**") and its development regulations.

Moreover, this update is also in response to the incorporation of a new online tool (the Internal Code of Conduct Platform, "ICC Platform") to facilitate compliance with the obligations included in these Rules.

This purpose of these Rules is to regulate the rules of conduct to be observed by persons under its scope of application in their actions relating to the stock market.



PREAMBLE. DEFINITIONS

Article 1. Definitions

Below are the definitions of concepts set out in these Rules, exclusively to aid its correct interpretation and application.

The definitions and categorisation of persons and offices mentioned in these Rules will be interpreted and applied solely for the purposes of compliance. The Company does not recognise the legal application or effects of these concepts outside the context and scope of this document.

The following definitions will be used in upper case in the text of these Rules, as they appear below:

Senior Officers

Officers who have regular access to Inside Information directly or indirectly concerning the Company and its Group, as well as powers to take management-related decisions that affect the future performance and business outlook of the Company and its Group. For the application of these Rules, Senior Officers will be considered all those classified as such by the Oversight Body.

This definition may not be interpreted, nor may it in any way affect or change the labour nature¹ or tax aspects of the relationship between the Company and the employees classified as per above.

External Advisers

The individuals or legal entities, and in the latter case their officers and employees, who are not employees or the Red Eléctrica Group but who provide Red Eléctrica or any of the companies of the Red Eléctrica Group with advisory or consultancy or similar services, in cases where that provides them with access to Inside Information.

Treasury Shares

The Company shares owned by the Company, either directly or via a controlled entity or a proxy, in accordance with applicable regulations.

CNMV

The Spanish National Stock Market Commission (*Comisión Nacional del Mercado de Valores*)

¹ The definition of "Senior Office" in these Rules does not march that given in Royal Decree 1382/1985, of 2 August, governing the special labour relationship of senior management personnel.



Directors

The members of the Company's Board of Directors.

The Group or the Red Eléctrica Group

The Company and all affiliates and subsidiaries that, in respect of the Company, are in the situation provided for in article 42 of the Spanish Code of Commerce (*Código de Comercio*). Companies with their own stock market internal conduct rules will be considered outside the Group for the purpose of these Rules.

Relevant Fact

For the purpose of these Rules, any release of Inside Information that securities issuers are obliged to immediately release to the public, in accordance with applicable legislation.

Regular Financial Reporting

The quarterly, six month and annual financial results reports that the Company must send to the CNMV and the Stock Market Governing Bodies.

Inside Information

The specific information that has not been made public, and that directly or indirectly refers to the Company, to any company of the Group or to one or various Affected Stocks and that, by making public, could notably influence the price of the Affected Stocks.

Specific information can be considered to refer to a series of circumstances that arise, or that can reasonably be expected to arise, or an event that has occurred or that reasonably can be expected to occur, provided that the information is sufficiently specific to allow a conclusion to be drawn on the effects of those circumstances, or that event could have had on the price of the Affected Shares.

In this respect, if the generation process is lengthy and attempts to trigger or results in certain circumstances or a specific event, both (i) the said circumstances or future events and (ii) the interim stages of the process linked to the generation or triggering of the circumstances or futures facts could be considered specific information.

An interim stage of a lengthy process will be considered Inside Information if it, alone, meets the Inside Information criteria included in these Rules.

Moreover, information that a fair investor would likely use as one of the core elements of their investment decisions is considered information that, if public, could appreciably influence the prices of Affected Stocks.

Any other information of a financial or corporate nature relating to the Company or its securities or financial instruments, required by legal or regulatory provision to be disclosed publicly in



Spain, or considered necessary to disseminate among investors given their special interest, will not be considered inside information.

Insiders

Each of the persons, including the External Advisers, who temporarily have access to Inside Information due to their involvement or participation in a Significant Transaction, due the period in which they are included in the corresponding sections for that Transaction of the Insiders List.

Insiders List

The list that shall be created, maintained and updated due to operations, projects, processes or situation in which information is generated or received that could be classified as Inside Information, and which will contain the information on the Insiders required by prevailing legislation.

Oversight Body

This body is comprised of the Director of Legal Services, the Secretary of the Board of Directors, and the Corporate Economic-Financial Director.

The Oversight Body will consist of a Chairperson (corresponding to the Corporate Economic-Financial Director at the Company at any given time) and a Secretary appointed by the Oversight Body Chairperson.

Persons Discharging Managerial Responsibilities

The Directors and Senior Officers.

Obligated Persons

Obligated Persons will be considered the following:

- i) Directors
- ii) Senior Officers
- iii) If they are not Directors, the Secretary and Deputy Secretary of the Company Board of Directors.
- iv) The officers and employees of the Company and of Group companies, who are classified as such by the Oversight Body due to pursuing their work in areas related to the stock markets and/or regularly having access to Inside Information.
- v) Any other person that the Oversight Body decides to include in the scope of application of the Rules pursuant to the circumstances at hand.

Persons Closely Associated

In relation to Persons Discharging Managerial Responsibilities, the following shall be considered Persons Closely Associated:



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- i) The spouse or equivalent personal under national legislation.
 - ii) Dependent children, pursuant to national legislation.
 - iii) Any other family member with whom such Person has shared the same household for at least a year before the transaction in question was executed.
 - iv) Any legal person, trust or partnership, in which the Person Discharging Senior Managerial Responsibilities or by a person referred to in the foregoing paragraphs holds a senior position²; or which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person;
 - v) Other persons or entities who are given such consideration in legislation.

Internal Code of Conduct Platform - "ICC Platform"

Online platform designed to facilitate compliance with the obligations of the Internal Code of Conduct in relation to the Securities Market.

Rules

These Stock Market Internal Conduct Rules.

Person Responsible for the Major Transaction

In relation to a Major Transaction, the person appointed by the Oversight Body to oversee compliance with the obligations of the Company and the companies of its Group in relation to Inside Information.

Company

Red Eléctrica Corporación, S.A.

Major Transaction

A Major Transaction will be understood as any financial or legal transaction or internal process that may contain or constitute Inside Information.

This may include the events, situations or actions equivalent to a Major Transaction, which the Oversight Body considers may have notable influence on the prices of the Affected Shares.

² The reference to "holds a senior position" must be applied only in cases in which a Person Discharging Managerial Responsibilities (or a Person Closely Related of those indicated in paragraphs (i), (ii) and (iii) of the definition) holds an office in the legal entity in question where he/she can take part in or influence decision making in that legal entity over transactions concerning financial instruments of Red Eléctrica and its Group.



Affected Shares

The Affected Shares will be considered the following securities and financial instruments:

- i) Fixed income securities or equities issued by any company of the Red Eléctrica Group that are traded on a secondary market or any other regulated market, in multilateral trading facilities or other organised trading facilities, or in respect of which an application has been made for admission to trading in one of those markets or systems.
- ii) Financial instruments and contracts of any type that grant the right of subscription, acquisition or disposal of the foregoing securities, including those not traded on secondary markets.
- iii) All kinds of financial instruments and contracts, including those not traded on secondary markets, with the underlying securities, instruments or contracts indicated above.

TITLE I SUBJECTIVE AND OBJECTIVE SCOPE OF APPLICATION

Article 2. Persons subject to these Rules

1. Unless expressly indicated otherwise, these Rules will apply to the Obligated Persons.
2. The Persons Closely Associated will be subject to the obligations applicable in the Abuse of Market Rules, the Securities Market Act, and, in particular, those set out in article 6 (*Notification of Transactions on Affected Shares*) of these Rules.
3. The Insiders will be subject to the obligations applicable in the Abuse of Market Rules and, in particular, those set out in Title III (*Rules of conduct in relation to Inside Information*) of these Rules.

Article 3. Register of Obligated Persons

1. The Oversight Body will keep an up-to-date list of Obligated Persons, which it will regularly review. It will notify those persons in writing of their inclusion—attaching a copy of these Rules—and of their removal from the list, of their obligations and prohibitions, and of the infringements and sanctions arising from breach of the Rules. The Obligated Persons shall accept, via the ICC Platform, the declaration of their knowledge and acceptance that is drawn up by the Oversight Body.

Likewise, the Persons Closely Associated will be included in the list, and they must inform the Oversight Body of all changes occurring in relation therewith.

2. The Persons Discharging Managerial Responsibilities shall serve written notice to their Persons Closely Associated of their obligations under this article, using the communication template³ drawn up by the Oversight Body for this purpose. A copy of this notification

³ The communication template can be found on the Directors' Portal and the MIREd portal; it can also be requested from the Investor Relations Department.



must be retained or recorded via the “ICC Platform” by checking the box provided for this purpose.

Article 4. Objective scope of application

1. The content of these Rules will apply to the Affected Stocks.
2. The Oversight Body will keep an up-to-date list of the Affected Shares.

TITLE II. RULES OF CONDUCT IN RELATION TO TRANSACTION ON AFFECTED STOCKS

Article 5. Limited periods

1. The Persons Discharging Managerial Responsibilities will abstain from engaging in any transactions, whether on their own behalf or that of a third party, directly or indirectly, in respect of Affected Shares, for 30 calendar days preceding the publication of the Company's Regular Financial Reporting (the "**Limited Periods**"). The Oversight Body will give the affected persons sufficient notice of the beginning of each Limited Period.

Without prejudice to articles 6.1 and 8 of these Rules and other applicable rules, the Oversight Body may grant the Persons Discharging Managerial Responsibilities express authorisation to trade in Limited Periods, subject to proof provided by the Persons Discharging Managerial Responsibilities that the specific transaction cannot be made at any other time. The Oversight Body may grant that authorisation in any of the following instances, among others:

- i) On a case-by-case basis due to exceptional circumstances, such as serious financial difficulties requiring the immediate sale of Affected Shares.
 - ii) When trading in the context of or in relation to an employee stock option or savings plan or in relation to the classification and subscription of shares.
 - iii) When trading where the end ownership of the Affected Shares does not change.
2. The Monitoring Body may agree to prohibit or to submit transactions of Affected Shares by all or any of the Obligated Persons to prior authorisation for the period of time it deems fit, when circumstances so justify.

Article 6. Notification of transactions on Affected Stocks

1. The Persons Discharging Managerial Responsibilities and Persons Closely Associated shall give written notice to the Company (via the Oversight Body) and to the CNMV of any transaction that it executes on the Affected Stocks. Notices will be served in the format, with the content and through the methods established by law at any given time. These must be reported without delay and within three business days from the date of the transaction. The Oversight Body will ensure that the information notified in accordance with the foregoing is made public without delay and by the deadline set at the latest.



2. In turn, the Obligated Persons other than those indicated in the above paragraph shall notify the Oversight Body in writing via the “ICC Platform” of any transaction they perform on their own behalf of the Affected Shares. The notice will be served within five business days from the execution of the transaction. The notice shall include the following information:
 - i) The name of the Obligated Person.
 - ii) The reason for mandatory notification.
 - iii) The description of the corresponding Affected Stock.
 - iv) The nature of the transaction.
 - v) The date and market in which the transaction has been performed.
 - vi) The price and volume of the transaction.
3. However, there is no obligation to notify when the total amount of transactions in a calendar year does not exceed €20,000. The threshold of €20,000 will be calculated by aggregating all transactions referred to in the paragraphs above. Transactions of different natures cannot be used to offset one another (neither can buy and sell transactions).

This exception will not apply to transactions of Company Directors, who, under transparency regulations, shall notify the Company and the CNMV of the proportion of voting rights in their possession after any acquisition or sale of company shares of voting rights, as well as financial instruments that offer the right to acquire or sell shares with voting rights.

For the avoidance of doubt, this minimum threshold will apply to the Persons Closely Associated of Company Directors.
4. The mandatory notification envisaged in this article will likewise apply to transactions decided by portfolio managers or their proxies, even where there is no participation. The Obligated Persons and the Persons Closely Associated to Persons Discharging Managerial Responsibilities who have commissioned third parties or manage securities portfolios or who have granted powers to trade on the stock markets shall either (i) use the necessary mechanisms to ensure that the Transactions on Affected Shares are regularly notified in accordance with these Rules; or (ii) exclude the Affected Shares from the scope of management or powers.
5. The Persons Discharging Managerial Responsibilities shall serve written notice to their Persons Closely Associated of their obligations under this article, using the communication template⁴ drawn up by the Oversight Body for this purpose.
6. The Oversight Body shall keep an up-to-date register of the notices made under the provisions of this article. The file will be considered to be of restrictive access.

⁴ The communication template can be found on the Directors’ Portal and the MIREd portal; it can also be requested from the Investor Relations Department.



TITLE III. RULES OF CONDUCT IN RELATION TO INSIDE INFORMATION

Article 7. General operating principles

The Obligated Persons and, in general, all officers and employees of the Company and of the Group with access to Inside Information will be obliged to:

- i) Safeguard it, without prejudice to their notification duty and collaboration with judicial and administrative authorities in the terms envisaged in the Spanish Securities Market Act, the Market Abuse Regulations and other applicable legislation.
- ii) Take the appropriate measures to avoid the Inside Information being subject to abusive or unfair use.
- iii) To immediately inform the Oversight Body of any abusive or unfair use of Inside Information of which they become aware.

Articles 8 Prohibitions regarding Inside Information

The Obligated Persons and, in general, all officers and employees of the Company and of the Group with access to Inside Information:

1. Will refrain from acquiring, disposing of or assigning, directly or indirectly, on their own behalf or those of third parties, the Affected Shares or any other security, financial instruments or any kind of contract, traded on a secondary market or not, with underlying Affected Shares or other securities and financial instruments issued by other companies or entities external to the Company, in respect of which there is access to Inside Information. A transaction with Inside Information will be considered the use of this type of information to cancel or change an order relating to the Affected Share to which the information refers, when the order had been issued before the party in question knew the Inside Information. They shall also refrain from attempting to perform any of the foregoing transactions.

The delivery of shares or of options on shares of the Company to Obligated Persons with Inside Information, when performed under a matured obligation in the context of remuneration systems approved by the Company, and not to evade the prohibition on transactions with Inside Information.

2. They will not recommend to third parties and or induce them to acquire, dispose of or assign Affected Shares or to cancel or amend a related order, or to make another acquire, dispose of or assign, or cancel or amend a related order, all based on Inside Information.

The subsequent disclosure of those recommendations or inducements will constitute an unlawful communication of Inside Information when the person who discloses the recommendation or inducement knows or must know that it was based on Inside Information.

3. They will not disclose Inside Information to third parties except when necessary in the responsible exercise of their work, profession, office or functions, and with the requisites envisaged in these Rules. The dissemination of Inside Information in exercise of their work



will include but not be limited to (i) to management bodies of the Company and of its Group for the correct performance of their responsibilities; and (ii) to the External Advisers of the Company and of its Group for the correct fulfilment of the professional instructions of the Company.

4. The Obligated Persons and the officers and employees of the Company and of its Group with reasonable doubts about the nature of the information that they are to use shall consult the Oversight Body, which will determine at the earliest convenience if it is Inside Information. An exception to the foregoing is in the case of Company Directors, who will approach the Secretary of the Board of Directors.

Article 9 Lawful conduct

For the purpose of the provisions of the foregoing paragraphs, a person who possesses Inside Information will not be considered to have used it in the following instances:

- i) When that person executes a transaction to acquire, transfer or assign Affected Shares and this transaction is made in good faith and in compliance with a matured obligation, and not to evade the ban on transactions with Inside Information.
 - a) That obligation is the result of an order given or a resolution passed before the person in question became aware of the Inside Information; or
 - b) The transaction is for the purpose of complying with a legislative or regulatory provision pre-dating the person's awareness of the Inside Information.
- ii) In general, provided the transaction is executed in accordance with prevailing regulations.

Articles 10 Protection measures for Inside Information

The persons responsible for the study, preparation or negotiation of any legal or financial operation or internal process that could notably influence the price of the Affected Shares of any class issued by the Company or by companies of the Red Eléctrica Group, shall inform the Oversight Body on a case by case basis as soon as any such action are to be begun, through the channels that enable the confidentiality of the information to be upheld. If the Oversight Body concludes that the potential transaction analysed or internal process must be considered a Major Transaction, due to containing or constituting Inside Information, it must assess whether there are legitimate reasons to delay the publication of the Inside Information, justifying any such circumstance, and it will ensure that the following specific obligations are met at all times:

1. A Manager of the Major Transaction will be appointed from the organisation, according to the matter in question. This Manager will restrict knowledge of the information to those essential internal and external personnel of the organisation and notify the Oversight Body of the Insiders.
2. The Oversight Body will create an Insiders List and keep it updated, containing all the persons with access to the Inside Information.



The Insiders List will be prepared and kept up to date in the format and with the content envisaged in the Market Abuse Regulation and its development regulations.

The Insiders List will be divided into separate sections for each Major Transaction. Each section will include only the data of persons with access to the Inside Information referred to in said section.

The Insiders List shall be updated immediately in the following circumstances:

- i) When there is a change in the reasons why a person is included in the Insiders List.
- ii) When a new person has to be included in the Insiders List.
- iii) When a person included in the Insiders List no longer has access to the Inside Information, in which case the date thereof will be noted.

The data included in the Insiders List shall be preserved for at least five years from the date of creation, or from the last update if appropriate.

The Oversight Body shall adopt all reasonable measures to guarantee that everyone included in the Insiders List provides a written acknowledgement, via the ICC Platform, of the legal and regulatory obligations of their inclusion on the list, and that they are aware of the sanctions applicable to transactions with insider dealing and the unlawful disclosure of Inside Information.

3. In order to control access to Inside Information, the Oversight Body will establish the security measures that it deems reasonable for the custody, filing, access, reproduction and distribution of the Inside Information, and will notify the Manager of the Major Transaction, who will pass them on to all corresponding Insiders and will oversee their appropriate implementation; access to Inside Information will be refused to everyone other than the corresponding Insiders.

The Manager of the Major Transaction will generally oversee the fulfilment of the Company's responsibilities in relation to the Inside Information concerning a Major Transaction, and will also be responsible for monitoring and supervising compliance with the obligations and duties of Insiders during that period.

Insiders are required to comply with the established security measures and the confidentiality obligations that apply to them.

The Manager of the Major Transaction shall provide the Oversight Body with the documents and reports on each Major Transaction when so required.

4. The Oversight Body will oversee the progress in share price and traded volume of the Affected Securities on the Stock Markets, via the organisational unit responsible for treasury shares, as well as the economic reporting rumours and news from professional media outlets and from the mainstream media, which may affect the Affected Shares.



5. If abnormal performance of the volumes and/or prices of the Affected Shares is observed, and there are rational indications that it could be the result of an early, partial or distorted release of Inside Information concerning the Major Transaction, the Oversight Body will immediately inform of a Significant Event, with precise and clear information on the Major Transaction. Notwithstanding the foregoing, the dissemination of the Inside Information may be delayed in the cases envisaged in article 12 below.

Article 11 Public release of Inside Information

1. The Company will make public as soon as possible the Inside Information concerning it directly through a Significant Event. The Inside Information will be made public in a way that enables rapid access and full, correct and appropriate evaluation of the information by the public. When there is a significant change in the Inside Information disclosed to the market, it must be released immediately to the market in the same way.
2. The content of the release will be accurate, clear, complete and, if appropriate, it will include quantified information so that it does not lead to confusion or deceive any third party.
3. The Company will include and keep on its website all Inside Information that it is required to make public for at least five years.
4. In order to ensure that the Inside Information is released to the market symmetrically and fairly, the Obligated Parties and the Insiders shall abstain from providing analysts, shareholders, investors or the media with information whose contents are considered to be a Significant Event, before its general release to the markets through the CNMV.
5. The Company may not combine the public release of Inside Information with the marketing of its business in a way that is misleading.

Article 12 Delay in the public disclosure of Inside Information

1. Notwithstanding the foregoing, the Company may delay the public release of the Inside Information, under its own responsibility, wherever (i) its immediate disclosure is likely to prejudice the legitimate interests of the Company; (ii) the delay of disclosure is not likely to mislead the public; and (iii) the Company is able to ensure the confidentiality of that information.

The Company may also delay the public release, under its own responsibility, of the Inside Information concerning a protracted process formed of various stages which is purported to create or result in certain circumstances or a specific event.

2. In the event of a delay in the release of Inside Information, the Company shall inform the CNMV of its decision to delay the release, in accordance with the terms established by law, immediately after making the information public.



3. In determining if the public release of the Inside Information is delayed, the recommendations and instructions that official stock market supervisory bodies may issue will be taken into account.
4. Once the public release of the Inside Information has been delayed, if its confidentiality is no longer guaranteed, the Company will release the information as soon as possible (including when a rumour expressly refers to Inside Information, whose release has been delayed, when the degree of the rumour is sufficient to indicate that the confidentiality is no longer guaranteed).

TITLE IV. RULES OF CONDUCT IN RELATION TO MARKET MANIPULATION

Article 13 Prohibition of market manipulation

1. The Obligated Persons and, in general, all officers and employees in the Company and its Group will not perform any action, neither personally nor from the Company or its Group, with respect to the Affected Shares that may constitute manipulation or attempted manipulation of the market in the manner envisaged in applicable legislation.
2. Consequently, those persons will not perform and will avoid and will foster the Company and its Group to not perform, with respect to the Affected Shares, in particular, the following conduct:
 - i) Execute a transaction, give a trade order or any other conduct that:
 - a) Transmits or may transmit false or misleading signals with regard to the supply, demand or price of the Affected Shares; or
 - b) Set or could set an abnormal or artificial price for one or various Affected Shares.

Unless the person who had performed the transactions or issued the orders or performed any other conduct shows that the transaction, order or conduct has been performed for legitimate reasons and in accordance with legally accepted market practice.

- ii) Execute a transaction, give a trade order or any other activity or conduct that affects or could affect, through fictitious mechanisms or any other form of deception or artifice, the price of one or various Affected Shares.
 - iii) To release information through the media, including online, or through any other medium, transmitting or potentially transmitting false or misleading signals about the supply, demand or price of any of the Affected Shares, or potentially setting an abnormal or artificial price for one or various Shares, including the spreading of rumours, when the person releasing the information knows or should know that the information was false or misleading.
 3. In determining whether a conduct manipulates the market, the provisions of applicable legislation will be consulted, as well as the criteria adopted, and the circulars published by the CNMV.



Article 14 Exceptions

The following transactions or orders will not be included among the foregoing article:

1. Those originating from the Company's execution of share buyback or price stabilisation programmes, provided that statutory conditions to such end have been met.
2. In general, those executed in accordance with prevailing regulations.

TITLE V. RULES FOR TREASURY SHARE TRANSACTIONS

Article 15 Transactions with treasury shares

1. For the purpose of these Rules, treasury share transactions will be considered those performed directly or indirectly by the Company or by companies of its Group, on Company shares, as well as financial instruments or any kind of contracts, whether or not they are traded on the Stock market or other organised secondary markets, which grant a right to the acquisition or disposal of Company shares.
2. Treasury share transactions will be executed in the terms set out by law and in the authorisation, framework established by the General Shareholders' Meeting, and will be in line with these Rules and their development regulations. Treasury share transactions will always be pursuant to the specific plans or programmes for the purchase or sale of treasury shares in future corporate transactions, or to give liquidity in trading and the regularity of the Company's share dealings as well as instruments and contracts of all kinds that oblige or grant a right to their acquisition or disposal, or any other legitimate and admissible purposes under applicable regulations. Under no circumstances may they be for the purpose of intervention in the process of the free formation of prices in the market.
3. Within the scope of the authorisation granted by the General Meeting, the Company Board of Directors will be in charge of approving the Treasury Shares Policy and, in accordance with that policy, the determination of specific plans for the acquisition or disposal of treasury shares. The CNMV will be notified of those plans in the form of Significant Events if necessary, under prevailing legislation.
4. Irrespective of the specific plans referred to in the foregoing paragraphs, the Company, in accordance with the Treasury Shares Policy, may execute the treasury share transactions while respecting the limits and provisions of the law and bylaws. All obligations and requirements resulting from the regulations and recommendations of the markets supervisor will be observed, on matters that include prices, volume, financial intermediaries and deadlines, and the Company will diverge from those only when there are justified grounds. In the last case, the head of the treasury shares portfolio management will inform the Oversight Body immediately, which, in turn, will immediately inform the Audit Committee.
5. The Company will submit treasury share transactions to measures that prevent its investment or divestment decisions from being affected by knowledge of the Inside Information. Therefore, treasury share transactions will be executed by persons without access to Inside Information on the security in question.



6. The Company will formally notify the CNMV of its percentage participation in its share capital, according to prevailing legislation.
7. The Company Board of Directors will appoint an organisational unit responsible for treasury share transaction, which will perform statutory functions on the free formation of prices. This organisation unit will keep an up-to-date record of treasury share transactions and will be responsible for making official notifications of treasury share transactions executed, as demanded by prevailing legislation. The information included in that register will be confidential and considered to be of restricted access. Therefore, the organisational unit responsible for the Treasury Shares must take the measure it deems sufficient to guarantee the limited use and appropriate custody of the information. Likewise, it will report to the Audit Committee monthly the treasury share transactions executed. In turn, the Committee will inform the Board of Directors.
8. The Oversight Body will ensure the correct application of these rules, particularly the fulfilment of the reporting obligations to the regulatory bodies and the Audit Committee, and to not use inside information.

TITLE VI. FUNCTIONS OF THE OVERSIGHT BODY, THE SECRETARY OF THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE

Article 16 The Oversight Body

1. For the purpose of these Rules, the Oversight Body is the Director of Legal Services, the Secretary of the Board, and Corporate Economic-Financial Director.

In addition to the particular responsibilities established in these Rules, the Oversight Body is instructed with the general functions of knowledge, recording, dissemination and monitoring of compliance with the obligations and duties of the Rules. It will have the necessary resources and means to fulfil its duties, and may delegate the material fulfilment of those obligations.

In this regard, the Finance Department will assist the Oversight Body in its ordinary functions (maintaining Lists of Obligated Persons, communicating limited periods of action, reporting Relevant Facts, etc.).

2. The Oversight Body will have the powers necessary to perform the duties instructed to it under these Rules and it will be obliged to regularly report to the Audit Committee on the degree of compliance with the Rules and on any incidents that may occur.
3. At least one yearly, the Oversight Body will send a notice to the Persons Discharging Managerial Responsibilities, for them to confirm or update the information contained in each of the records set out in the Rules.
4. The Oversight Body will encourage the Obligated Persons to know the Rules and, in general, the officers and employees of the company and of its Group, organising informative sessions and taking the appropriate measures for them to be best known and understood.



Article 17 Duties of the Office of Secretary of the Board of Directors

Within the scope of these Rules, the Office of the Secretary of the Board of Directors will be responsible for communicating between Company Directors and the Oversight Body, which will channel all communications and notices sent to Company Directors.

Article 18 Functions of the Audit Committee

The Committee will be entrusted with the following responsibilities within the scope of these Regulations:

- i) Oversight of compliance with the Rules and execution of the duties of the Oversight Body, the Management of the Major Transaction and the Secretary of the Board of Directors included in the Rules.
- ii) The internal resolution of queries and conflicts posed by Obligated Persons that are submitted by the Oversight Body.
- iii) The performance of an annual appraisal of compliance with these Rules and the adoption, if appropriate, of the appropriate measures for better implementation and improvement; in this regard, it will propose to the Appointments and Remunerations Committee for referral to the Board of Directors of changes to the Rules considered necessary in view of its commitment to continually update them, as well as the adoption of best practice in corporate governance and applicable regulations.

TITLE VII. MISCELLANEOUS

Article 19 Compliance with stock market legislation; Regulatory breaches

1. Compliance with the obligations, duties and responsibilities contained in these Rules and their resulting regulations or procedures, do not release the Obligated Persons or the Company and its Group from the duty to observe the remaining obligations contained in applicable legislation governing the stock markets.
2. Breach of the provisions of these Rule and their resulting regulations or procedures will be considered a breach of terms of employment for those Obligated Persons employed by the Company and/or companies of its Group, if appropriate, the seriousness of which will be determined in the procedure that it follows according to the rules of such procedure, or otherwise in corresponding legislation.

If the breach originates from Company Directors, the Secretary or the Deputy Secretary of the Board, the Rules of the Board of Directors will be followed.

The foregoing is without prejudice to the sanctions that may result from stock market, civil liability, administrative or criminal laws applicable to the breaching party.



Article 20 Approval and amendments

The approval of these Rules and their amendment shall be approved by the Company Board of Directors at the proposal of the Audit and Appointments and Remuneration Committees, pursuant to article 18 above.

They will be released to the markets through immediate publication on the Company's website and, if appropriate, through notification to the CNMV.

Article 21 Validity

1. These Rules are valid for an indefinite term and will come into force on the date of their approval by the Company Board of Directors.
2. The Rules will be applicable to the Obligated Persons from the day of their formal notification and submission of a copy thereof. Obligated Persons must accept the individual acknowledgement declaration using the ICC Platform.