INTERNAL CODE OF CONDUCT OF NH HOTEL GROUP, S.A. AND ITS GROUP OF COMPANIES REGARDING THE SECURITIES MARKETS

Approved by the Board of Directors on December 20th, 2016
PREFACE

This internal code of conduct ("Internal Code of Conduct" or the "Regulation") of NH HOTEL GROUP, S.A. ("NH" or the “company”) and its group companies ("NH Group" or the “Group”) regarding the securities markets was approved by the Board of Directors, pursuant to the provisions of the revised text of the Securities Market Act approved by Royal Legislative Decree 4/2015, of October 23 (hereinafter, the "Securities Market Act" or "SMA"), and its preparation took into account the provisions of the SMA, Regulation (EU) 596/2014 of the European Parliament and Council, of April 16, 2014, on abuse of the market ("Market Abuse Regulation") and its implementing regulations.

The object of this Regulation is to regulate the code of conduct that people included in its scope of application must observe in their actions related to the securities markets. The Regulation establishes the appropriate controls and transparency required regarding the proper management and control by the company in terms of Privileged Information and its disclosure, market investigation, transactions involving treasury stock, Personal Transactions subject to notification and the preparation or execution of practices that may constitute market manipulation. It also introduces the principles necessary to reduce the risk of conflicts of interest. This is to protect the interests of investors in the Company’s securities and for the benefit of the integrity of the market.

PRELIMINARY TITLE. DEFINITIONS

Article 1.- Definitions

For the purpose of this regulation, the following definitions shall apply:

External consultants: Those physical persons or legal entities, other than People Affected, who provide financial, legal, consulting or any other type of services to the Company, through a civil or commercial relationship, either in their own name or on behalf of another, and which, as a result, have access to Privileged Information.


Confidential Documents: Documents and anything that supports them containing Privileged Information.

NH Group: NH Hotel Group, S.A., its subsidiaries and the companies in which it has a stake are, by relation to it, in one of the situations provided for in article 42 of the Code of Commerce.
**Privileged Information**: All specific information that has not been made public and that relates, directly or indirectly, to NH or any other company in the group, or to one or more of the Affected Securities, and which, by being made public, could significantly influence the price of the Affected Securities.

Information shall be deemed specific if it refers to a series of circumstances that have occurred, or that it could be reasonably expected will occur, or to an event that has happened, or that it could reasonably be expected will happen, provided that the information is sufficiently specific to make it possible to draw any conclusion about the effects that these circumstances or that event could have on the prices of the Affected Securities.

In this regard, in the case of a lengthy process that is intended to generate or result in certain circumstances or a specific event, both this future circumstance or event and the intermediate stages of that process that are linked to the generation or provocation of that future circumstance or event may be regarded as specific information.

An intermediate stage of a lengthy process will be considered Privileged Information if, by itself, it meets the criteria relating to the Privileged Information mentioned in this Regulation.

Moreover, it shall be deemed that information that may have a significant effect on the prices of Affected Securities is information that a reasonable investor would probably use as one of the elements that basically motivates their investment decisions.

**List of Insiders**: A list that must be created, maintained and updated during transactions, projects, processes or situations where information that may be classified as Insider Information is generated or received, in which information is collected on Insiders as required by the regulations applicable at all times.

**Personal Transactions**: Any transaction carried out on their own behalf by People Affected relating to the Affected Securities, which includes not only transactions for the purchase or sale of the Affected Securities, but also loans, pledges, acquisitions free of charge and transactions carried out in the framework of a life insurance policy made on investments in the Affected Securities, as well as any others provided for in the applicable regulations.

**Compliance Committee**: The accredited body in Title VII of this Internal Code of Conduct.

**People Affected**: Those defined under clause 2.1 of this Regulation.
**Insiders**: People who have an employment contract or carry out their duties in the Company as External Advisors, who regularly, recurrently, temporarily or transiently have access to the Privileged Information of NH due to their participation or involvement in a transaction or internal process during the time that they are included on the List of Insiders.

**Persons with Management Responsibilities**: Members of the board of directors or other management or supervisory bodies within the company and managers who are not part of these bodies but have regular direct or indirect access to Privileged Information, to the issuer and have the power to take management decisions affecting the future development and business prospects of the Company, as defined in clause 2.1 a) and b).

**Related Persons**: Those who maintain any of the following links to Persons Affected:

(i) The spouse or person considered equivalent to a spouse, in accordance with national legislation.
(ii) The children dependent on him/her.
(iii) Those other relatives who have been living with the Person Concerned or are dependent on him/her, since at least one year prior to the date on which the existence of such a link has to be determined.
(iv) A corporation, trust or partnership, whose managerial responsibilities are discharged by the Person Concerned or persons mentioned in the preceding sections, or is directly or indirectly controlled by this person, or have been created for their benefit, or whose economic interests are by and large equivalent to this person.
(v) Other persons or entities to which this consideration has been attributed under the legal provisions in force at all times.
(vi) Regarding the Proprietary board, the shareholder or the companies belonging to its group of companies that has proposed the appointment.

**Market Investigation**: This consists of communicating information to one or more potential investors, prior to the announcement of a transaction, with the aim of assessing their interest in a possible transaction and the conditions relating thereto, such as price or potential volume.

The communication of Privileged Information will also constitute Market Investigation when trying to formulate takeover bid or a merger when (a) the information is necessary to enable the holders of securities to form an opinion on their willingness to offer their securities and (b) the willingness of these holders to offer their securities is reasonably necessary to take the decision for the takeover bid or merger.

Company: NH Hotel Group, S.A.

Affected Securities:

(i) Fixed or variable income securities issued by the company which are traded on a secondary market or other regulated markets, multilateral trading facilities or other organised secondary markets, or for which a request for admission to trading has been made in one of these markets or systems.

(ii) Financial instruments and agreements of any kind that grant the right to acquire the securities indicated in (i).

(iii) Financial instruments and agreements whose underlying values are given in (i).

(iv) For the sole purposes of the code of conduct relating to Privileged Information contained in Title III of this Regulation, the securities and financial instruments issued by other companies or entities other than the Company, for which Privileged Information is available.

TITLE I.- SUBJECTIVE SCOPE OF APPLICATION

Article 2. Persons to whom the Internal Code of Conduct applies

1. This Regulation shall apply to the following persons:

   a) The members of the Board of Directors of the company and its group of companies.

   b) Managers who are not part of the Board of Directors of the Company but have regular direct or indirect access to Privileged Information, to the issuer and have the power to take management decisions affecting the future development and business prospects of the Company, on the understanding that, in any event, they will be members of the Steering Committee.

       The persons described in sections a) and b) shall be considered Persons with Managerial Responsibilities.

   c) All personnel that are directly dependent on the areas of the Chair, CEO, General Secretary, General Management and Internal Audit Management.

   d) Everyone who participates in or has access to the non-public economic and financial information of the Company.
e) Persons who, in accordance with the legislation in force at any time, appoint Persons with Managerial Responsibilities in view of their routine and recurring access to Privileged Information.

All of these persons, as a whole, are Persons Affected by this Regulation.

2. Related Persons shall have obligations that apply to them in the Market Abuse Regulation and its implementing regulations, which are also included in Title II (Personal Transactions on Affected Securities) of this Regulation.

3. Insiders will have obligations that apply to them in the Market Abuse Regulation, which are also included in Title III (Privileged Information) of this Regulation.

**Article 3.- Register of Persons Affected**

1. A Register of Persons Affected shall be prepared and kept updated by the General Secretary of the Company, which shall include (a) the identity of Persons Affected; (b) the reason why these people have been included in the Register of Persons Affected and (c) the dates on which this Register is created and updated.

   The Register of Persons Affected shall be updated immediately in the following cases: (a) when there is a change in the reasons why a person is included in the Register; (b) when it is necessary to add a new person to the Register and (c) when a person included in the Register no longer has access to Privileged Information. In this case, a record of the date on which this circumstance occurs shall be made.

2. As described in Article 5.1. below, Persons Affected shall be informed of their inclusion in this register and that they are subject to the Regulation and any offences and penalties, if any, arising from non-compliance, as well as other issues provided for in the regulations on Personal Data Protection, as a result of which they will be provided with a copy of the Regulation, leaving a record of its receipt and acceptance.

**TITLE II.- CODE OF CONDUCT IN RELATION TO PERSONAL TRANSACTIONS ON AFFECTED SECURITIES**

**Article 4.- Duty to Inform Related Persons**
1. Persons with Managerial Responsibilities shall report in writing to their respective Related Persons on the obligations of the latter under the Regulation on Market Abuse and its implementing regulations, particularly those arising from carrying out Personal Transactions on Affected Securities, providing proof to the company that this notification has been carried out. They must also report all changes that occur in relation to their Related Persons.

2. Without prejudice to the obligation to keep a record of Persons Affected and Insiders, as regulated by articles 3 and 8 of this regulation, the General Secretary shall draw up a list of Persons with Managerial Responsibilities and their Related Persons.

**Article 5.- Notification of Personal Transactions on Affected Securities**

5.1 **Initial Notification by Persons Affected**

Without prejudice to other notifications that may be required by current legislation, Persons Affected shall receive a copy of this Regulation and must submit the declaration of awareness and acceptance of this Regulation to the General Secretary within 10 days of its receipt, in accordance with the notification model attached to this Regulation as Annex No. 1, which lists the Affected Securities, of which the Person Affected is the direct or indirect holder and with regard to Persons with Managerial Responsibilities a list with their Related Persons.

Persons with Managerial Responsibilities shall inform the General Secretary when they know that someone is accessing Privileged Information, so that the General Secretary can send them the notification model in accordance with Annex No. 1 making them a Person Affected.

5.2 **Notification of transactions on securities**

i) **Persons with Managerial Responsibilities and Related Persons**

Board members and their Related Persons must submit a notification to the CNMV and the Secretary of the Board in the manner prescribed in the applicable regulations within three trading days of carrying out any Personal Transaction.

Other Persons with Managerial Responsibilities and their Related Persons shall be required to make the notifications provided for in the preceding section when the total amount of Personal Transactions within one calendar year exceeds 5,000 euros or a higher amount, where applicable, that the CNMV indicates. This
threshold shall be calculated by the sum of all Personal Transactions without any adjustment against each other.

The Company may act as a representative for Persons with Managerial Responsibilities in notifying the CNMV of their Personal Transactions, which they are required to do under the applicable regulations, when so requested by the applicant to the Secretary of the Board.

ii) **Other Persons Affected and Related Persons**

Persons Affected other those with Managerial Responsibilities must submit a notification to the Secretary of the Board with a breakdown of transactions within three trading days of them or their related parties carrying out any Personal Transaction, in accordance with the model attached to the Regulation as Annex No. II.

The quantitative threshold specified in the second paragraph of the section above shall apply to the notification of these Personal Transactions.

The General Secretary may require the persons referred to in sections i) and ii) above to expand the information provided regarding any Personal Transactions on Affected Securities which have been disclosed.

5.3. File

1. The General Secretary of the Company shall maintain a file of any notifications referred to in the preceding sections. The contents of this file will be confidential and may only be disclosed to the Compliance Committee, the Finance Management, the board of directors, or whoever it designates during the course of a specific transaction, and judicial and administrative authorities, within the framework of the relevant procedures.

2. The provisions of the preceding sections shall be without prejudice to the obligations of board members, senior executives and others affected by this Regulation in notifying the CNMV of any transactions on Affected Securities, in compliance with the provisions of the regulations in force.

**Article 6. Limitations to Personal Transactions on Affected Securities**

1. The persons listed below shall refrain from carrying out transactions on their own behalf or on behalf of a third party, either directly or indirectly, on the Affected Securities, in the following periods:
a) Persons Affected: during the period of thirty (30) calendar days prior to the date of publication by the Company of the annual, six-monthly or quarterly financial reports or interim management statements and, in any event, from when they become aware of them until their publication.

b) Insiders: when they have Privileged Information on Affected Securities and/or the Company, until the information ceases to be privileged, in accordance with the provisions of this Regulation.

c) During the period expressly set by the Compliance Committee, the Financial and Economic Directorate or the board of directors in special cases, in response to better compliance with the code of conduct or the requirement of the circumstances at any given time.

2. Notwithstanding the provisions of Titles III (Code of Conduct regarding Privileged Information) and IV (Code of Conduct to Prevent Market Manipulation) of this Regulation and other applicable regulations, the Compliance Committee, the Economic and Financial Directorate or the board of directors may authorise Persons Affected to carry out Personal Transactions on Affected Securities for a specific period of time within a limited period as described in section 1.a) of this article in the following cases, and, in any event, subject to written request addressed to the Compliance Committee, the General Secretary, the Economic and Financial Directorate or the board of directors, describing and justifying the Personal Transaction which needs to be carried out and that the specific operation can not be carried out at a different time other than within the limited period:

a) In exceptional circumstances, such as severe financial difficulties which require the immediate sale of Affected Securities, due to the Person Affected having to deal with a claim or legally enforceable financial commitment or due to having to deal with a situation involving a payment to third party, including tax debts.

b) In the case of Personal Transactions on Affected Securities in the framework of or in relation to share incentive schemes, preferential subscription rights, free allotment of shares or other employee schemes that meet legal requirements.

c) In the case of Personal Transactions on Affected Securities, in which there is no change in ownership of the security in question.

The General Secretary shall report at least once a year to the Audit and Control Committee of the company on any authorisations that were requested.
Article 7. Portfolio management

When Persons Affected have signed a discretionary portfolio management agreement in order to comply with reporting obligations regarding Personal Transactions on Affected Securities, as referred to in Article 5 of this Regulation, the obligation of the manager to inform them immediately regarding transactions on Affected Securities must be provided for in any such agreement.

TITLE III.- CODE OF CONDUCT REGARDING PRIVILEGED INFORMATION

Article 8. List of Insiders

1. The management or department that specifically takes on the responsibility of spearheading an operation that may generate Privileged Information will appoint a person responsible for creating and maintaining updated a Register of Insiders (the "Executive Manager"). The Executive Manager in charge of the Register of Insiders shall send a copy thereof to the General Secretary of the Company.

2. Insiders must be included in a List of Insiders, the content and format of which shall comply with the applicable regulations\(^1\) and, in any event, shall contain the following:

   a) Identity and contact details of Insiders.
   b) Reason for which these persons are included on the List of Insiders.
   c) Date and time when Insiders had access to Privileged Information.
   d) Date and time when the List of Insiders was created and updated.

3. The List of Insiders shall be divided into separate sections that correspond to different Privileged Information that must be identified. Each section shall include details of persons who have access to the Privileged Information to which this section relates. The company may insert a supplementary section into its List of Insiders containing the details of persons who have permanent access to Privileged Information. Insiders recorded in that section will not have to be entered in the section that corresponds to each piece of Privileged Information.

The List of Insiders must be updated by the Executive Manager responsible for the Register, indicating the date and time in the following cases:

   a) When there is a change in the reasons why a person has been included in the List of Insiders.
   b) When it is necessary to add a new Insider.

\(^1\) Currently, the format is governed by Implementing Regulation (EU) 2016/347.
c) When an Insider no longer has access to Privileged Information.

4. When, during the study and negotiation stages referred to in section 1 of this article of the Regulation, the Company ceases to have an interest in this transaction or process, or an Insider ceases taking part in the study or negotiation and no longer has access to Privileged Information, the cessation of access to Privileged Information by the Insider(s) shall be recorded in the appropriate section of the List of Insiders. Persons who stop having access to Privileged Information, even though the Privileged Information continues to exist within the company, must refrain from carrying out transactions on the Affected Securities on their own behalf or on the behalf of a third party, either directly or indirectly, for thirty (30) calendar days following the date of cessation of access. This is without prejudice to the obligations and prohibitions on Privileged Information incumbent upon both the Company and Insiders.

5. The details of the List of Insiders shall be kept in computer-readable form available to the competent authorities for five (5) years from the date of creation or update.

6. Insiders must be informed of their inclusion on the List of Insiders, subject to this Regulation, rights and other criteria provided for in the regulations regarding the protection of personal data, as well as their obligation to inform the person responsible for the Register of the identity of any person to whom, in the normal course of their work, profession or position, they have provided Privileged Information, so that these Insiders can be included on the List of Insiders. If these are External Advisors, they will be required to sign a confidentiality agreement, unless, due to a professional statute, they are subject to a duty of professional secrecy, and will be covered by the provisions of Article 10.4 of this Regulation.

7. Insiders must express, in writing, their acknowledgement of their legal and regulatory obligations regarding Privileged Information, the prohibition of its use and the offences and penalties which, if applicable, result from carrying out transactions with Privileged Information or its unlawful communication.

Article 9. Obligations Regarding Privileged Information

1. All persons subject to this Regulation that have access to Privileged Information are required to safeguard it and to take the appropriate measures to prevent this information from abusive or unfair use and, where appropriate, they shall immediately take the measures necessary to correct the consequences that result therefrom, without prejudice to their duty of collaboration or notification to the judicial and administrative authorities under the terms provided for in the Securities Market Act and other applicable legislation.
Without prejudice to the obligations under this Title III regarding Privileged Information, additional rules regarding the use and treatment of Privileged Information, which form an integral part of this Regulation, are attached as Annex No. 3. In the event of contradiction between the regulations set out in Title III and the provisions of the aforementioned Annex, the regulations in Title III shall prevail.

2. Meetings in general with analysts, investors or the media must be planned beforehand so that the people participating in them do not reveal Privileged Information that not has been previously disseminated to the market, in accordance with the stipulations of article 12 of this Regulation.

The persons covered by this Regulation must notify the Compliance Committee, the General Secretary or the Economic and Financial Directorate of the existence of signs of abusive or unfair use of Privileged Information and comply with the instructions given to them where appropriate.

**Article 10. Measures for safeguarding and treating Privileged Information**

1. Only those persons, internal or external to the Group, that are strictly necessary may access Privileged Information.

2. The persons covered by this Regulation that possess Privileged Information must follow the measures required to ensure the confidentiality of Privileged Information and the correct treatment of Confidential Documents.

3. The General Economic and Financial Directorate shall monitor the evolution of quoted prices and trading volumes of Affected Securities, as well as any rumours and news that professional disseminators of economic information and the media issue regarding them. If there is an abnormal swing in these prices or volumes and there are rational signs that this swing is as a result of a premature, partial or distorted disclosure of Privileged Information, it will immediately inform the Compliance Committee or General Secretary.

4. In addition to the provisions of articles 8 and 9, the treatment of Privileged Information shall conform to the following standards:

   a) Marking: Confidential Documents shall be marked as “confidential”.

   b) In those cases deemed especially sensitive by the Executive Director, it may even be possible to set an ID for each copy of the Confidential Document, or an
access code if they are documents held electronically.

c) Reproduction: The reproduction of Confidential Documents shall require the prior authorisation of the Executive Manager or a member of the Steering Committee of the Company, who shall inform him/her. In any event, the recipient of copies of Confidential Documents will be warned of the prohibition of making second copies.

d) Custody and access: While their use or consultation is required, the security measures that are appropriate for preventing indiscriminate access to Confidential Documents shall be applied.

e) Distribution: The means to ensure that Confidential Documents are received directly by the intended recipient will be used to distribute them. If the document is electronically held, efforts shall be made to distribute it using technical means to ensure exclusive access for its recipients. In any event, documents sent by email or fax will include a warning about the confidential nature of the item sent and sending it to a specific recipient.

f) Filing: after Privileged Information has been divulged to the market or is no longer privileged for whatever reason, copies of Confidential Documents which have been sent or, failing that, declarations of their destruction by recipients will be compiled. They will be filed at appropriate locations to prevent access to them by persons not duly authorised.

5.  Prior to sending, External Advisors must also sign a confidentiality agreement, which demonstrates that they recognise the privileged nature of the information being sent to them and the specific conditions under which they must keep its
confidentiality.

a) External Advisors may not transmit information to other persons or persons outside their organisation.
b) If applicable, External Advisors shall appoint a person or internal body, which shall be responsible for advising and enforcing compliance on appropriate measures and procedures to maintain the confidentiality of information.
c) External Advisors will continue to have an obligation of confidentiality until privileged Information ceases to be so.

Article 11. Prohibitions Regarding Privileged Information

1. None of the persons included in Article 2 of this Regulation may:
   
a) carry out or attempt to carry out Insider Trading;
b) recommend that another person carries Insider Trading or induce them to do so, or
c) unlawfully communicate Privileged Information.

2. For the purposes of the preceding section, Insider Trading is a transaction carried out by a person who has this information and uses it:

   a) to directly or indirectly acquire, transfer or dispose of Affected Securities on their own behalf or on behalf of third parties;
b) to cancel or modify an order given prior to the verification or knowledge of Privileged Information;
c) to follow a recommendation or inducement, when the person following it knows or should know that these are based on Privileged Information.

3. For the purposes of the preceding sections, recommending that a person carries out Insider Trading or inducing a person to carry out Insider Trading occurs when a person who has this information:

   a) recommends, based on this information, another person to acquire, transfer or dispose of Affected Securities to which the information relates, or induces that person to make an acquisition, transfer or disposal, or
   b) recommends, based on this information, another person to cancel or modify an order relating to Affected Securities to which the information relates, or induces that person to make a cancellation or modification.
2. For the purposes of the above provisions, unless the CNMV determines that there is no legitimate reason for carrying it out, a person subject to this Regulation, who has Privileged Information, will not be considered to have carried out a transaction using it in the following cases:

   a) Provided that this person enters into a transaction to acquire, transfer or dispose of Affected Securities and this transaction is carried out in good faith in compliance with an expired obligation and not to circumvent the ban on Insider Trading, and:

      i) this obligation is derived from an order given or an agreement concluded before the person concerned had knowledge of the Privileged Information, or

      ii) the aim of that transaction was to comply with a law or regulation prior to the date on which the person concerned was aware of the Privileged Information.

   b) In general, those made in accordance with applicable regulations.

**Article 12. Public Disclosure of Privileged Information**

1. Without prejudice to the obligations regarding Privileged Information and the duty to safeguard it as regulated in Articles 9 and 10 of the Regulation, the company shall publish Privileged Information that directly concerns it as soon as possible, in order to allow quick access and a comprehensive, correct and timely assessment of the information by the public. The content of the communication shall be true, clear, complete and, when required by the nature of the information, quantified, so that does not cause confusion or deception. The public disclosure of Privileged Information may not be combined with marketing its activities.

2. For the purpose of meeting the obligations outlined in the previous section, the Company shall send Privileged Information to the CNMV for its disclosure and incorporation in the official register regulated by the Securities Market Act.

3. Privileged Information shall also be disclosed through its inclusion on the Company’s website, keeping it there for at least five (5) years.

4. When there is a significant change in the Privileged Information that was communicated previously, it must be disclosed to the market in the same way immediately.
5. In any event, the content and disclosure of Privileged Information shall comply with the provisions of the Securities Market Act, which is applicable at all times.


1. The company, under its responsibility, may delay the public disclosure of Privileged Information, provided that all of the following conditions are met:

   a) That the immediate disclosure could prejudice the legitimate interests of the Company;
   b) That the delay in disclosure is unlikely to lead the public to confusion or deception;
   c) That the company is in a position to be able to ensure the confidentiality of Privileged Information.

2. During lengthy processes that are carried out in various stages with the intention of generating or that result in certain circumstances or a specific event, the company may delay the public disclosure of Privileged Information regarding this process, subject to the conditions set out in the preceding section.

3. In the event that the public disclosure of Privileged Information is delayed in accordance with the preceding sections, the Company shall inform the CNMV of the decision to delay its disclosure, under the terms established in the regulations which apply at all times.

4. Likewise, in the event that the disclosure of Privileged Information is delayed and its confidentiality is no longer guaranteed (e.g. in cases where a rumour refers expressly to this information, when the degree of accuracy of the rumour is sufficient to indicate that its confidentiality is no longer guaranteed), the Company must make information public as soon as possible.

Article 14. Market Investigation and Privileged Information

1. When the company decides to carry out Market Investigation, it will establish the internal procedures to do so.

2. Before starting Market Investigation, it will assess whether it involves communicating Privileged Information, recording its conclusion in writing and the reasons for it.

3. Prior to communicating Privileged Information within the framework of Market Investigation, it will be necessary to meet the following requirements:
a) Obtain the consent of the recipient of the market investigation for the receipt of Privileged Information.

b) Inform the recipient that using this information, attempting to use it or carrying out any transaction with the Affected Securities to which this Privileged Information relates is prohibited.

c) Inform the recipient that, by accepting the receipt of the Privileged Information, they are obliged to maintain its confidentiality.

4. When the information communicated to a person in the course of a market investigation ceases to be Privileged Information in the opinion of the company, it will inform the recipient of this fact as soon as possible.

5. The company shall keep a record of the information provided in the context of Market Investigation that must conform to the provisions of the regulations applicable at all times. The data recorded must be kept for at least five (5) years and shall be communicated to the CNMV on request.

TITL**E IV. CODE OF CONDUCT TO AVOID MARKET MANIPULATION**

**Article 15. Market manipulation**

1. Persons Affected and Insiders shall refrain from preparing or carrying out any type of practice that may involve market manipulation, in accordance with the regulations applicable at all times. They shall also refrain from the mere attempt to carry out any of these practices.

2. For these purposes, market manipulation shall include the following activities, without prejudice to any others that may be established by the applicable regulations at any time:

   a) Completing a transaction, giving an order to trade or any other behaviour that:

      i) transmits or may convey false or misleading signals regarding the offer, demand or price of an Affected Security or

      ii) sets or may set at an abnormal or artificial price level for one or more Affected Securities,

      unless the person who completed the transaction gave the order to trade or carried out any other behaviour shows that this transaction, order or
behaviour was done for legitimate reasons and in accordance with market practices accepted by the CNMV.

b) Completing a transaction, giving an order to trade or any other activity or behaviour that affects or may affect the price of one or more Affected Securities, through fictitious mechanisms or any other form of deception or contrivance.

c) Disclosing information through the media, including the Internet, or by any other means, thus transmitting or maybe transmitting false or misleading signals regarding the offer, demand or price of an Affected Security, or maybe setting an abnormal or artificial price level for one or more Affected Securities, including spreading rumours, when the person spreading the rumour knows or should have known that the information was false or misleading.

Also considered market manipulation is behaviour consisting of taking advantage of occasional or regular access to traditional or electronic media, in order to present an opinion on the Affected Securities (or, indirectly, on the Company), after having taken positions on these securities, and then taking advantage of the effects that the views expressed have on their price, without having simultaneously revealed the conflict of interest to the public in an adequate and effective manner.

d) Transmitting false or misleading information or providing false information relating to a benchmark index, when the person transmitting or providing the information knew or should have known that it was false or misleading, or any other behaviour involving manipulating the calculation of a benchmark index.

e) The intervention of a person, or several in concert, to secure a dominant position on the offer or demand of Affected Securities, which directly or indirectly affects or may affect the fixing of purchase or sale prices or that creates or may create other unfair trading conditions.

f) The formulation of orders, including the cancellation or modification thereof, through any trading methods available, including electronic means, such as high frequency algorithmic trading strategies that produce one of the effects referred to in paragraphs a) and b) above.

g) The purchase or sale of Affected Securities, at the time the market opens or closes, which has or may have the effect of misleading or deceiving investors who operate based on the prices shown, including opening or closing prices.

3. The following operations or orders shall not be considered market manipulation:
a) Those originating in the execution by the Company of programmes to buy back shares or stabilise securities, provided that they meet the conditions legally established for them; and

b) In general, those made in accordance with applicable regulations at all times.

**TITLE V. CODE OF CONDUCT REGARDING CONFLICTS OF INTEREST**

**Article 16. Conflicts of Interest**

1. A conflict of interest is considered to be any situation in which the personal interest of the Person Affected or persons related to them, due to their activities outside the Company, family relationships, personal property or any other reason, directly or indirectly comes or may come into conflict with the interests of the Company.

2. Affected Persons who are affected by conflicts of interest shall act in accordance with the following general principles:

   a) Independence. They must act with freedom of judgement, with loyalty to the Company and its shareholders and regardless of their own or other interests.
   
   b) Abstention. They should abstain from intervening in or influencing decisions that could affect persons or entities with which there is a conflict and from accessing confidential information that affects this conflict.
   
   c) Notification. They should notify the Compliance Committee or General Secretary and keep the information about those conflicts of interest to which they are subject updated.

3. In the notification to the Compliance Committee or General Secretary, the Person Affected must indicate whether the conflict of interest affects them directly or through a person related to them, who must be identified. They shall also specify the circumstances that led to the conflict, detailing, where appropriate, the purpose and main conditions of the planned transaction or decision, its amount or approximate economic evaluation. This notification must always be made before the corresponding decision-making or completion of the transaction.

4. If there is any doubt about the existence of a conflict of interest, following a principle of prudence, the Person Affected shall submit it for consideration by the General Secretary.
5. The company has a procedure for conflicts of interest and related party transactions with major shareholders, Board Members and Senior Managers which regulates the provisions of the preceding sections in detail.

TITLE VI. POLICY REGARDING TREASURY STOCK

Article 17. Treasury stock transactions on Company shares

1. For the purposes of this Regulation, treasury stock transactions shall be considered to be those carried out directly or indirectly, by the Company, the objective of which is its shares and financial instruments or agreements of any kind, whether traded or not on the Stock exchange or other organised secondary markets, which confer the right to acquire, or whose underlying elements are, shares of the company.

2. Treasury stock transactions shall always be for legitimate purposes, such as, among other things, providing investors with sufficient liquidity and volume in the trading of the Company’s shares, implementing share buyback programmes, agreed by the General Shareholders’ Meeting of the Company or the Board of Directors, fulfilling previous legitimate commitments, or any other acceptable purposes in accordance with the regulations applicable at all times. In no case shall treasury stock transactions be aimed at intervening in the free process of price formation in the market or favouring specific shareholders.

3. The Economic and Financial Directorate, who is responsible for carrying out treasury stock transactions, shall carry out the following functions:

   a) Manage treasury stock in accordance with the provisions of this Regulation and the regulations applicable at all times.
   b) Monitor the evolution of the Company’s shares in the markets.
   c) Make official notifications regarding treasury stock transactions and liquidity agreements, as required by the regulations in force at all times.
   d) Maintain proper control and records of treasury stock transactions ordered and completed.
   e) Inform the Audit and Control Committee of the Company about the evolution of the price of the Company’s shares on the markets and about treasury stock transactions completed and the liquidity agreements that the Company has signed or will sign.
   f) Report periodically to the Audit and Control Committee on treasury stock transactions.
TITLE VII. The Compliance Committee.

Article 19. Composition and functions of the Compliance Committee

1. The body known as the Compliance Committee answers directly to the Audit and Control Committee and shall be made up of the following:

   1. the General Secretary, who shall be its Chairperson;
   2. the Chief Economic and Financial Officer, who shall be its Vice chairperson;
   3. the Chief Media Officer;
   4. the Senior Manager of the Legal Department

The Compliance Committee shall ensure, among other things, the fulfilment of this Regulation and has functions assigned to it that are expressly set in this Regulation, together with others that may be entrusted to it by the Board of Directors or Audit Committee.

3. To fulfil its functions, the Compliance Committee may request information, documentation or records that it considers necessary from persons covered by the Regulation. It may also request the assistance of any employees of the Company.

TITLE VIII. NON-COMPLIANCE

Article 20. Effects of non-compliance

1. Failure to comply with the provisions of this Internal Code of Conduct, insofar as it was developed from the Securities Market Act, may give rise to both criminal and administrative penalties and liabilities that are relevant under this legislation.

2. In the event of non-compliance with the Regulation by persons who have an employment relationship with the Company, any non-compliance will be considered a labour violation under the terms of the applicable legislation and shall be punished in accordance with the provisions of this legislation.

TITLE IX. VALIDITY

Article 21. Entry into force

1. This Regulation shall enter into force on the day after its approval by the Board of Directors of the Company.
2. When this Internal Code of Conduct in the sphere of the securities markets comes into force, the Regulation that was in force until that date shall be repealed.