



## **REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES S.A. REGARDING THE AMENDMENT OF THE BOARD OF DIRECTORS REGULATIONS**

### **1. Purpose of the report**

The Board of Directors of Promotora de Informaciones, S.A. (“**PRISA**” or the “**Company**”), following favorable reports of the Nominations, Compensation and Corporate Governance Commission and of the Audit, Risks and Compliance Commission, according to the subject, and pursuant to articles 528 of the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July 2 (*Real Decreto Legislativo 1/2010, de 2 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the “**Spanish Companies Act**”) and 3 of the Board of Directors Regulations, has resolved, at its meeting held on June 30, 2020 and on November 16, 2020, to approve the amendment of certain articles of the Board of Directors Regulations.

Pursuant to the provisions of article 528 of the Spanish Companies Act, the amendments of the Board of Directors Regulations will be notified at the Extraordinary General Shareholders’ Meeting which is expected to be held on December 18, 2020, on first call, or on December 19, 2020, on second call. Also, this report will also be made available to the shareholders for the General Meeting.

For information purposes, this report includes as **Annex** the full text of the Company’s Board of Directors Regulations updated with the approved amendments.

### **2. Amendments to the Board of Directors Regulations**

The amendments of the Board of Directors Regulations are part of the continuous updating and review process of the Company’s corporate governance system and internal regulations, to align them with the best corporate governance practices. This updating project also comprises reviewing the Bylaws as well as certain internal policies of the Company.

The amendments made to the Board of Directors regulations aim to:

- (i) adjust the Board of Directors Regulations to the amendment of the Bylaws approved by the Ordinary General Shareholders’ Meeting held on June 29, 2020, for the purpose of shortening the term of directorships from four to three years;
- (ii) introduce certain basic provisions of Technical Guide 1/2019 of the Spanish National Securities Market Commission on Appointments and Remunerations Committees (*Guía Técnica 1/2019 de la Comisión Nacional del Mercado de Valores sobre Comisiones de Nombramientos y Retribuciones*);
- (iii) introduce certain recommendations provided for in the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020. Particularly, and among others, the approved amendments are related with:

- a) giving greater relevance to non-financial information and sustainability, and the closer attention to be given to reputational and, generally, non-financial risks.
- b) the clarifications that must be given by directors removed from their positions before the period for which they were appointed has elapsed, as well as their obligations to the Company when situations arise that affect them and which may damage the Company's credibility and reputation.
- c) the composition of the Delegated Commission, that shall include at least two non-executive directors, at least one of whom shall be independent.
- d) the functioning, competences and activities of the Audit, Risks and Compliance Commission.
- e) the functioning, competences and activities of the Nominations, Compensation and Corporate Governance Commission.

Likewise, the name of the following policies has been modified in the Board of Directors Regulations: (i) the corporate social responsibility policy, which will be named sustainability policy; (ii) the directors selection policy, which will be named board of directors diversity and members selection policy; and (iii) the policy of communication and contact with shareholders, institutional investors and proxy advisers, which will be named policy of information, communication and contact with shareholders, institutional investors and proxy advisers.

- (iv) include the novelties introduced in the Spanish Companies Act introduced by Law 11/2018, of December 28, amending the Spanish Commercial Code, the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity, in relation to non-financial information, diversity in the composition of the Board of Directors and the non-delegable powers of this body.

Likewise, certain references to the non-financial information report provided for in the aforementioned Law 11/2018 are included.

- (v) Also, other technical adjustments have been included to improve the drafting and interpretation of the Regulations and to complete its content. Among them, the wording of article 228 of the Spanish Companies Act is included, which will ease the interpretation of article 24 of the Board of Directors Regulations when deliberating and voting a resolution or decision that affects the directors in their capacity as such, namely their appointment or removal from offices in the administrative body or others of similar significance.

Based on the above, the Board of Directors justifies the amendments carried out as they are considered appropriate and in the best interest of the Company.

### **3. Full text of the informative point of the agenda of the General Shareholders' Meeting**

#### ***“Information to the General Shareholders’ Meeting regarding the amendment of the Board of Directors Regulations***

*In accordance with article 528 of the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July 2, the General Meeting is hereby informed that during the meetings held on June 30, 2020 and on November 16, 2020, the Board of Directors has resolved to amend the Board of Directors Regulations as detailed in the report that the Board of Directors has made available to the shareholders as from the date of publication of the call notice for this General Meeting.*

*These amendments are aimed to (i) adjust the Board of Directors Regulations to the amendment of the Bylaws approved by the Ordinary General Shareholders’ Meeting held on June 29, 2020, for the purpose of shortening the term of directorships from four to three years; (ii) introduce certain basic provisions of Technical Guide 1/2019 of the Spanish National Securities Market Commission on Appointments and Remunerations Committees (Guía Técnica 1/2019 de la Comisión Nacional del Mercado de Valores sobre Comisiones de Nombramientos y Retribuciones); (iii) introduce certain recommendations provided for in the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020; (iv) to include the novelties introduced in the Spanish Companies Act introduced by Law 11/2018, of December 28, amending the Spanish Commercial Code, the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity, in relation to non-financial information, diversity in the composition of the Board and the non-delegable powers of this body; and (v) include technical adjustments to improve the drafting and interpretation of the Regulations and to complete its content.”*

In Madrid, on November 16, 2020

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## **ANNEX**

### **FULL TEXT OF THE BOARD OF DIRECTORS REGULATIONS**

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**Board of Directors Regulations of  
Promotora de Informaciones, S.A.**

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**BOARD OF DIRECTORS REGULATIONS OF PROMOTORA DE INFORMACIONES, S.A.**

**Section I.- PRELIMINAR**

**Article 1. Purpose**

1. The purpose of these Regulations is to establish the operating principles of the Board of Directors of Promotora de Informaciones, S.A. (hereinafter the "**Company**"), the basic rules for its organization and functioning and the rules of conduct for its members.
2. Insofar as they are compatible with their specific status, the code of conduct established in these internal Regulations for the directors shall apply to the Secretary and the senior managers of the Company and, if they exist, to the Honorary Chairman and the Deputy Secretary of the Board. For purposes of these Regulations senior managers shall be those individuals who perform senior management duties and report directly to the Board or to any of its members, and are members of the Management Committee, and any other persons designated as such by the Board of Directors upon the recommendation of the Chief Executive Officer and, in any case, the Director of Internal Auditing.

**Article 2. Interpretation**

These Regulations shall be interpreted in accordance with the applicable legal regulations and bylaws, and with the principles and recommendations approved or issued by Spanish authorities on the corporate governance of listed companies, taking into account their spirit and purpose. The Board of Directors shall have the power to resolve any disputes related to interpretation that may arise in terms of their enforcement after receiving a report from or consulting with the Nominations, Compensation and Corporate Governance Committee.

**Article 3. Amendment**

1. These Regulations may only be amended at the instance of the Nominations, Compensation and Corporate Governance Committee or of one third of the number of directors serving on the board, and their proposal shall be accompanied by a supporting statement on the reasons for and scope of the proposed change. The Committee shall consider the suggestions that any Director serving on the Board makes in this regard.
2. Proposed amendments shall be accompanied by a report from the Nominations, Compensation and Corporate Governance Committee, unless the initiative comes from the Committee itself.
3. The text of the proposed change, the supporting statement of those submitting the proposal, and the report of the Nominations, Compensation and Corporate Governance Committee, if applicable, shall be attached to the notice of the Board meeting at which it will be considered.
4. To be effective, the Regulations amendment shall require a resolution approved by the absolute majority of the Board members.



#### **Article 4. Dissemination**

1. The directors and senior managers of the Company and the companies of its Group are obliged to know, comply with and enforce these Regulations. For this purpose, the Board Secretary shall provide a copy to each of them when they accept their respective appointments, their contracts take effect or the Regulations are amended, as the case may be. For purposes of these Regulations, companies of the Group shall be defined as those that at any time fall within the scope of Article 42 of the Spanish Commercial Code.
2. Notwithstanding the obligation to comply with the applicable regulations in effect at any time, the Company's Board of Directors shall adopt the appropriate measures so that the Regulations are distributed to the shareholders and investors in general, and, in particular, that the Regulations are notified to the Spanish National Securities Market Commission. Once notification is complete, they shall be registered with the Commercial Registry pursuant to the general regulations.

#### **Section II.- MISSION OF THE BOARD**

#### **Article 5. Duties**

1. Except for matters reserved for the authority of the General Meeting of Shareholders, the Board of Directors is the highest decision-making body of the Company.

The management, administration and representation of the Company, both in and out of court, and in respect of all actions comprised in the corporate purpose, correspond to the Board of Directors, which shall act collectively, without prejudice to the delegations and proxies it may grant.

2. Powers that cannot be delegated under the law or the Bylaws, or those that the General Meeting grants without express powers of delegation, or others necessary for the responsible exercise of general supervision or control, may not be delegated.
3. The Board of Directors shall not delegate the following powers under any circumstances:
  - (i) To determine the Company's general strategies and policies, particularly:
    - (a) To approve the strategic or business plan, management objectives and annual budgets, investment and financial policy, the sustainability policy regarding environmental and social issues, and the shareholder dividend and shareholder remuneration policy;
    - (b) To define the financial and non-financial risk management policy, including tax risks, and to supervise internal information and control systems;
    - (c) To define the corporate governance policy of the Company and the Group of which it is the parent company;
    - (d) To define the structure of the Corporate Group of which it is the parent company;

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- (e) To determine the Company's tax strategy.
- (f) To establish the policy related to treasury shares;
- (g) To define a specific and verifiable board of directors diversity and members selection policy that ensures appointments or re-elections are based on an prior evaluation of the competences required by the Board of Directors and promotes diversity in terms of knowledge, experience, age and gender; and
- (h) To define the information, communication and contacts with shareholders, institutional investors and proxy advisors policy.
- (ii) To supervise the Committees it creates and ensure their effectiveness, as well as the activities of the delegated bodies and managers it designates.
- (iii) To draft the annual accounts, the management report (including the non-financial information report), the proposal for the application the results —and to decide the amounts to be paid as interim dividends—, and draft the consolidated accounts and management report for submission to the General Meeting of Shareholders.
- (iv) To approve the financial information that it must periodically disclose as a listed company, and other especially important information that the Company makes public.
- (v) To appoint and dismiss the Company's Chief Executive Officers, delegate powers, and give prior approval to the contracts to be concluded between the Company and the directors who are assigned executive functions, which include all areas in which they may be remunerated for performing these functions, with the majority required by law for these purposes.
- (vi) To appoint and dismiss the managers who report directly to the Board or any of its members, and establish the terms of their contracts, including salary.
- (vii) To adopt resolutions relative to the remuneration of directors within the framework of the bylaws and the remuneration policy approved by the General Meeting of Shareholders.
- (viii) To convene the General Meeting of Shareholders and draw up the agenda and the proposed resolutions.
- (ix) To approve investments or transactions of any kind which are of a strategic nature or of a special tax risk due to their significant amount or special characteristics, unless their approval corresponds to the General Meeting.
- (x) To approve the creation or acquisition of shares in special purpose vehicles or entities domiciled in countries or territories considered tax havens, or any other transactions or operations of a similar nature which, due to its complexity, could undermine the transparency of the Company or its Group.

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- (xi) To approve, following a report from the Audit, Risks and Compliance Committee, related party transactions as defined by currently applicable legislation.
  - (xii) To authorize or waive obligations arising from the duty of loyalty in the manner established under current legislation.
  - (xiii) To oversee the organization and operation of these Regulations, particularly their approval and amendment.
  - (xiv) To draw up any kind of report required from the Board of Directors by law, provided that the operation to which the report refers cannot be delegated.
  - (xv) To ensure that an adequate and effective internal control system for financial information exists and is maintained (Spanish: SCIIF).
  - (xvi) To conduct the annual evaluation of the functions of the Board of Directors and its Committees, and approve, based on the results, the appropriate actions aimed at remedying the problems identified, under the terms established in Article 8 of these Regulations.
  - (xvii) To exercise the powers that the General Meeting delegates to the Board of Directors, unless it has been expressly authorized to sub-delegate them.
  - (xviii) Any other matter that the Internal Regulations of the Board of Director reserves for the full Board to consider.
4. Notwithstanding the above, when duly justified urgent circumstances arise and the law permits it, the Delegated Committee, or any other authorized committee, may adopt resolutions related to the matters referred to in the previous sections, which shall be confirmed in the first meeting of the Board of Directors held after they are adopted.
5. The Board of Directors shall be authorized to approve the issue and the admission to trading of bonds, and to approve the granting of guarantees for bond issues.

#### **Article 6. Objectives**

1. The criteria that governs the actions of the Board of Directors at all times are: fulfilment of the corporate purpose, the long-term viability of the business and the development of its potential value, safeguarding the identity and the professional and ethical principles of the publishers and news media of the Group.
2. With respect to the corporate organization, the Board shall take the necessary steps to ensure:
  - (i) That company managers pursue the creation of long-term sustainable value for the shareholders and receive the appropriate incentives to do so;
  - (ii) That the company managers are under the effective supervision of the Board;
  - (iii) That no shareholder receives preferential treatment over others;

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- (iv) That no individual or group of individuals has decision-making powers not subject to checks and balances; and
- (v) That the framework for the editorial governance of the Group's media is adequate, establishing the bodies deemed relevant for this purpose, as well as the necessary composition and functions.

#### **Article 7. Social responsibility**

Creating value for the company in the interest of the shareholders necessarily falls to the Board of Directors, meeting the requirements imposed by law, fulfilling in good faith the explicit and implicit contracts concluded with employees, suppliers, financiers and customer, and meeting the ethical obligations for the responsible management of the Company.

#### **Article 8. Annual evaluation**

1. Each year, the Board of Directors shall hold specific meetings to evaluate:
  - (i) The quality and efficiency of the Board's function and the quality of the work, as well as diversity in its composition and skills, based on a report submitted by the Nominations, Compensation and Corporate Governance Committee;
  - (ii) The performance of the duties of the Chairman of the Board of Directors and the CEO of the Company (at the same or in separate meetings), based on a report submitted by the Nominations, Compensation and Corporate Governance Committee;
  - (iii) The function and composition of the Committees, based on the report that each of the latter submits to it; and
  - (iv) The performance and contribution of the directors, paying special attention to the directors chairing the various Board Committees.
2. The Chairman of the Board of Directors shall organize and coordinate the aforementioned evaluation process, except as it applies to him, along with the chairmen of the Audit, Risks and Compliance and the Nominations, Compensation and Corporate Governance Committees, as well as the Coordinating Director, if one is appointed. The evaluation of the Chairman shall be organized by the Coordinating Director or, in the absence thereof, the Chairman of the Nominations, Compensation and Corporate Governance Committee.
3. The Chairman of the Board and the Chief Executive Officer will be absent during the debates corresponding to their respective evaluations. In the Chairman's absence, the Board —and, where appropriate, the respective Committee— shall be chaired by the Vice-Chairman, and in the latter's absences, by the Coordinating Director; and in his absence, by the Chairman of the Nominations, Compensation and Corporate Governance Committee.
4. To perform the evaluation, the Board shall have the support of external consultants and any internal resources it deems necessary in each case.

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5. Based on the results of the annual evaluation, the Board of Directors shall propose the appropriate actions to remedy the problems identified and promote improvements.

### **Section III.- COMPOSICION OF THE BOARD**

#### **Article 9. Qualitative composition**

1. In exercising its powers to submit proposals to the General Meeting of Shareholders and co-opt to fill vacancies, the Board of Directors shall ensure that the Board's composition is such that the external directors represent a large majority of the Board, and that the number of independent directors represent at least half of the total Board members and, in any case, a third. The number of the executive directors shall be the minimum necessary, taking into account the complexity of the corporate Group and the share of the executive directors in the Company's capital.
2. To establish a reasonable balance between the proprietary directors and the independent directors, the Board shall take into account Company shareholder structure, considering the importance of the shareholdings, in absolute and comparative terms, as well as the degree of permanence and strategic connection with the Company of those shareholders.
3. In any case, the Board shall ensure that the percentage of non-executive directors who are proprietary directors does not exceed the percentage of the Company's capital represented by those proprietary directors.
4. For purposes of the provisions of this article, the Company shall adapt the classification of the directors to the definitions and criteria contained in the applicable regulations in effect at any time.
5. The Board of Directors shall explain the nature of each director to the General Shareholders Meeting, which shall make or approve the appointment, which shall be confirmed or, as the case may be, reviewed annually in the Annual Corporate Governance Report after verification by the Nominations, Compensation and Corporate Governance Committee.
6. The provisions of this article are notwithstanding the legally recognized right of proportional representation of the shareholders.
7. Likewise, the Board of Directors shall ensure that the selection procedures for its members promote diversity regarding knowledge, experiences, background, age and gender, and do not contain implicit biases that may involve discrimination of any kind.

#### **Article 10. Quantitative composition**

1. The number of members of the Board of Directors shall be determined by the General Shareholders Meeting within the limits established by the Company Bylaws.
2. Based on a proposal submitted by the Nominations, Compensation and Corporate Governance Committee, the Board shall propose to the General Meeting the number it considers most appropriate in accordance with the changing circumstances of the Company, to ensure that it is duly representative and functions efficiently.

**Article 11. Commitment and limits on the activities of the director**

1. Directors shall dedicate the time and effort necessary to satisfactorily perform their duties. Therefore, directors shall inform the Board of other activities that may significantly affect their commitment as Company directors.
2. Regarding the number of other boards of which they may be members, the general rule shall be that directors may not be members of so many other boards that it prevents or hinders them from dedicating the proper amount of time to their position as Company director. In this regard, the Company directors shall comply with the following restrictions:
  - (i) Executive directors may hold administrative posts at other companies, provided that they do not perform executive duties at any of them.
  - (ii) Non-executive directors may hold administrative posts at six other companies, provided they do not perform executive duties at any of them. However, they may only hold administrative posts at two other companies if they perform executive functions in one of them. Those who perform executive functions at two or more companies may not be non-executive directors of the Company.
3. For purposes of paragraphs 2(i) and 2(ii) above, (a) only companies whose shares are admitted to trading on stock exchanges or alternative markets, domestic or foreign, and others that require an equal commitment, shall be taken into account; and (b) all the management bodies of companies that belong to the same group shall be treated as a single administrative body, as well as those that partly consist of proprietary directors proposed by any company of the group, although a stake in the capital or degree of control of the company does not allow it to be considered a member of the group.
4. Notwithstanding these restrictions, the Board shall assess the personal and professional circumstances of the director in each case, particularly the case of proprietary directors. As an exception in duly justified cases, the Board of Directors may exempt the director from these restrictions.
5. A breach of the above restrictions shall result in the enforcement of the provisions of section 3 of Article 23 of these Regulations.

**Section IV.- STRUCTURE OF THE BOARD OF DIRECTORS**

**Article 12. Chairman of the Board**

1. The Board of Directors shall appoint one of its members Chairman at the proposal of the Nominations, Compensation and Corporate Governance Committee, with the active participation of the Coordinating Director, if one has been named.
2. The Chairman bears overall responsibility for the efficient functioning of the Board of Directors. In addition to those established by law, the corporate bylaws and these Regulations, the Chairman shall have the following powers:
  - (i) To act as the top corporate representative of the Group;

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- (ii) To convene and chair the meetings of the Board of Directors, setting the meeting agenda and leading the debates and deliberations;
- (iii) In the absence of a specific declaration from the Board of Directors, to chair the General Shareholders Meeting;
- (iv) To ensure that the directors receive the appropriate information sufficiently in advance to deliberate the agenda items;
- (v) To stimulate debate and active participation of the directors during the meetings, safeguarding their freedom to take a position;
- (vi) To prepare a schedule of dates and matters to be discussed and submitting it to the Board of Directors;
- (vii) To organize and coordinate the periodic evaluation of the Board in the terms established in Article 8 of these Regulations, and promote and supervise the programmes to update information for the directors;
- (viii) To assume the responsibility for the direction of the Board and the effectiveness of its work;
- (ix) To ensure that enough time is devoted to discuss strategic questions; and
- (x) To ensure compliance with the corporate Bylaws and other internal rules of the Company in general, and the faithful application of the resolutions of the General Shareholders Meeting, the Board of Directors and the Delegated Committee.

### **Article 13. Vice-Chairman or Vice-Chairmen**

1. At the proposal of the Nominations, Compensation and Corporate Governance Committee, the Board may appoint one or more Vice-Chairmen, who shall substitute the Chairman in case of temporary absence, momentary incapacity, or the specific delegation of the latter, regarding to the functioning of the Board of Directors, and shall have the other powers established in the internal rules of the Company.

If there are several Vice Chairmen, unless otherwise provided for in these Regulations, the order in which they have been appointed will apply. In the absence of all of the Vice Chairmen, the Chairman shall be substituted by the Coordinating Director and, in his absence, by the director designated by the Board of Directors.

2. Should the Board decide to designate a Vice Chairman, provided that the Chairman of the Board is not considered an independent director, the first or sole Vice Chairman, as the case may be, shall be appointed from among the independent directors, with the abstention of the executive directors, assuming the duties of the Coordinating Director established in Article 14 of these Regulations or designating him to assume the aforementioned post if he has already been appointed.

#### **Article 14. Coordinating Director**

1. If the Chairman is not considered an independent director, the Board, on the proposal of the Nominations, Compensation and Corporate Governance Committee, shall appoint, with the abstention of the executive directors, a Coordinating Director from among the independent directors.
2. The Coordinating Director shall have the following powers: (i) Regarding the functioning of the Board of Directors, and with the powers provided for in the Bylaws, to replace the Chairman – or the Vice-Chairman or Vice-Chairmen, if any – in case of temporary absence, temporary incapacity or the express delegation of the latter; (ii) request that the Chairman convene a meeting of the Board of Directors or include new items on the agenda of a meeting already convened; (iii) coordinate and assemble the non-executive directors, particularly the independent directors, and inform the Chairman about the matters discussed and the directors' concerns; (iv) participate in the evaluation of the Board under the terms established in Article 8 of these Regulations; (v) echo the concerns of the non-executive directors, particularly the independent directors; (vi) maintain contacts with investors and shareholders to learn their points of view and form an opinion about their concerns regarding the corporate governance of the Company; (vii) coordinate the Chairman's succession plan; and (viii) the remaining powers established by law, the Bylaws or these Regulations.
3. If a Vice Chairman has been appointed who is considered an independent director and the Chairman of the Board is not, the Vice Chairman shall assume the duties of the Coordinating Director, and if the latter has already been appointed, he shall be designated to the post of Vice Chairman, pursuant to the provisions in Article 13 of these Regulations.

#### **Article 15. The Chief Executive Officer**

1. With the favourable vote of two-thirds of its members, and at the proposal of the Nominations, Compensation and Corporate Governance Committee, the Board of Directors shall appoint a Chief Executive Officer (CEO), giving the latter all of the powers of the Board that are not considered non-delegable powers under the law and the Bylaws.
2. The CEO shall be considered the chief executive of the Company, shall have overall responsibility for its management and have the following duties:
  - (i) To lead the management and operation of the Group's business transactions and lead its senior management;
  - (ii) To supervise the ordinary management of the Company;
  - (iii) To propose the qualification of senior management personnel, as well as their appointment, termination, remuneration and other conditions of their contractual relationship with the Company;
  - (iv) To inform the Board and the Delegated Committee about compliance with the targets set by the Board of Directors and, in general, about the progress of business; and



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(v) To chair the Delegated Committee should the Board of Directors so decide.

**Article 16. Honourable Chairman**

1. The Board of Directors may grant the title of Honorary Chairman to any person or persons who have held the post of Chairman of the Board of Directors and have earned the distinction because of their accomplishments and extraordinary dedication to the Company, after they have left the Board.
2. The resolution adopted by the Board of Directors to name an Honorary Chairman shall be based on a proposal from the Nominations, Compensation and Corporate Governance Committee.
3. Since the title is honorary, the Honorary Chairman is not a member of the Board of Directors. However, the Honorary Chairman shall comply with the obligations arising from the duty of loyalty imposed by law on the directors.
4. The title of Honorary Chairman may be revoked by the Board, depending on the circumstances in each case.
5. The Honorary Chairman may attend all meetings of the Board of Directors in an advisory capacity but without the right to vote, and shall be summoned to the meeting in due form by the Chairman of the Board.

**Article 17. Board Secretary**

1. The Board of Directors shall appoint a Secretary proposed by the Chairman who shall be a lawyer but need not be a director.
2. The Secretary shall assist the Chairman, the Vice Chairmen of the Board, and the Coordinating Director, if any, as well as the Chairmen of the Committees, in their respective tasks, and shall provide for the proper functioning of the Board and its Committees. In particular, the Secretary shall maintain the company documents, duly recording the minutes of the meeting, certifying their content and the resolutions adopted, and assisting the Chairmen of the Board and the Committees so that the directors receive the relevant information sufficiently in advance and in proper form so that they may perform their duties.
3. The Secretary shall ensure in all cases that the actions of the Board are in compliance with applicable regulations and the Bylaws, standards and other internal rules, and ensure that the Board, in its actions and decisions, takes into account the good governance recommendations applicable to the Company, and assist the Chairman and other members of the Board with any relevant matters.
4. Upon a proposal by the Secretary, the Board of Directors may appoint a Deputy Secretary, who need not be a director, to help the Secretary perform the tasks related to the post.
5. The appointment, remuneration and other conditions governing the Company's relationship with the Secretary and Deputy Secretary shall be made following a report from the Nominations, Compensation and Corporate Governance Committee.

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6. In the absence of the Secretary, the Deputy Secretary, if any, shall perform the latter's duties. In the absence of the latter, the duties shall be performed by the director designated for this purpose by the Board.

## **Section V.- FUNCTIONING OF THE BOARD**

### **Article 18. Meetings of the Board of Directors**

1. The Board of Directors shall meet as often as its Chairman deems necessary, holding at least one meeting each quarter of the financial year, and will seek to ensure that at least eight meetings are held per year.
2. The schedule of ordinary meetings shall be established by the Board of Directors itself before the start of each financial year, based on a proposal by the Chairman. The schedule may be amended by resolution of the Board of Directors itself, or by decision of the Chairman if necessary, who shall inform the directors of the change as soon as it is known and at least five business days prior to the date on which the meeting is initially scheduled or prior to the new date, if the latter is earlier.
3. Following the same procedure, the meetings of the Board of Directors may be cancelled or suspended, or the date, agenda or venue of the meeting may be changed.
4. Furthermore, the Board of Directors may hold an extraordinary meeting if it is convened by the Chairman, or by one third of the directors, the First Vice-Chairman or the Coordinating Director. In the case of the latter three, the Chairman of the Board of Directors shall convene the meeting within five business days of receiving the request in order to hold the meeting no later than three calendar days after it is convened. This shall be four calendar days if a weekend falls between the date on which the meeting is convened and the date set for holding it.
5. The Chairman of the Board of Directors shall have the right to convene the Board's meetings. However, the meetings of the Board of Directors may be convened by the Secretary of the Board of Directors, or whoever performs the latter's duties, with the Chairman's authorization. The meeting shall be convened by any means that permits the receipt of its notification. The meeting may also be convened by directors representing at least one third of the members of the Board, indicating the agenda and holding it at the company's registered address, if the Chairman of the Board of Directors fails to convene it without justification within one month after receiving a request.
6. The scheduled meetings shall be formally convened sufficiently in advance, and not later than three calendar days before the meeting, except in the case of urgent meetings, and shall include the agenda, unless there is a justified reason not to. The meeting shall be convened at least four calendar days in advance if a weekend falls between the date on which the meeting is convened and the date set for holding it.
7. Unless the Board meets or has been exceptionally convened for urgent reasons, the notification of the meeting shall include the information necessary for the directors to properly prepare for and deliberate the items on the agenda, and should be accompanied by proposed resolutions related to the items on the agenda requiring a decision of the Board.

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8. Extraordinary and urgent sessions of the Board of Directors may be convened by any means that permit the receipt of notification thereof, and the requirements and formalities set forth in the previous sections shall not apply in these cases, if the circumstances justify this in the opinion of the Chairman.
9. The Chairman of the Board of Directors shall decide the agenda for the meeting. The First Vice-Chairman, the Coordinating Director or a third of the directors, may ask the Chairman of the Board of Directors to include items on the agenda and the latter shall be obliged to include them if the request is submitted at least four calendar days prior to the scheduled date of the meeting, or five calendar days if a weekend falls within this period.

If the Chairman, on an exceptional basis for reasons of urgency, wants to submit decisions or resolutions not included in the agenda for approval by the Board of Directors, the prior express consent of the majority of directors attending the meeting in person shall be required, which consent must be recorded in the minutes.

10. Notwithstanding the above, the Board of Directors meeting shall be considered to be validly constituted when all of the directors are present or represented and unanimously agree to the meeting and the agenda items to be deliberated.
11. The Board of Directors may vote in writing without holding a meeting provided that no director objects to it. In this case, the directors may send their votes and the remarks they would wish to have recorded in the minutes by the same means foreseen in convening the meeting to the Secretary of the Board of Directors, who shall act on behalf of the Chairman. The resolutions adopted during this procedure shall be recorded in the minutes, pursuant to the law.
12. At the request of the Chairman or the Coordinating Director, the non-executive directors shall meet at the end of the Board meeting to share concerns and opinions on any matters. The Coordinating Director may also organize these meetings with the independent directors.

#### **Article 19. Conducting the meetings**

1. The Board meeting shall be considered to have a valid quorum when at least the majority of the members of the Board are present or represented.
2. Directors are obliged to attend meetings, preferably in person. However, if their attendance is impossible, directors shall authorize another director in writing to represent them specifically for each meeting, instructing the representative about the criteria of the represented party. Non-executive directors may only delegate other non-executive directors to represent them. They may not delegate a director to represent them in matters in which that director has a conflict of interest.
3. The Board meeting may be held by video conference or any other similar means that ensures the identity of those attending.
4. The Chairman may invite anyone to the meetings of the Board of Directors who may help to better inform the directors.

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5. Unless a supermajority is required by laws, resolutions shall be adopted by a straight majority of the directors present or duly represented, with a tie vote being decided by the Chairman.
6. The Chairman shall organize the debate, encouraging the participation of all directors in the board's deliberations and submitting the matters to a vote when the Chairman considers them to have been sufficiently debated.
7. Each director present or duly represented shall have one vote.

## **Section VI.- SELECTION AND TERMINATION OF DIRECTORS**

### **Article 20. Appointment of Directors**

1. Directors shall be selected by the General Shareholders Meeting or provisionally by the Board of Directors pursuant to the provisions of applicable regulations and the Corporate Bylaws.
2. Nominations of directors that the Board of Directors submits to the General Meeting for consideration and the resolutions to appoint them that are adopted by the aforementioned body by virtue of its powers of co-optation under the law, shall comply with the provisions of these Regulations, with the Company's board of directors diversity and members selection policy, and shall be preceded by the corresponding proposal in the case of independent directors, or report for other directors, of the Nominations, Compensation and Corporate Governance Committee.
3. Nominations of directors shall always be accompanied by a supporting statement from the Board of Directors. For these purposes, the Board can use the supporting statement already submitted by the Nominations, Compensation and Corporate Governance Committee.
4. All of the proposals and statements for the appointment of directors, both those submitted by the Board and by the Nominations, Compensation and Corporate Governance Committee shall assess the suitability of the proposed candidates for the position of director, with special attention to their expertise, experience and accomplishments, as well as their ability to commit to the duties that correspond to the position. These reports shall be attached to the minutes of the General Meeting or those of the Board itself.

### **Article 21. Reappointment of Directors**

1. Proposals for the reappointment of directors that the Board of Directors decides to submit to the General Meeting shall be subject to a formal process, which requires:
  - (i) In the case of independent directors, a proposal from the Nominations, Compensation and Corporate Governance Committee; and
  - (ii) In the case of other directors, a report from the Nominations, Compensation and Corporate Governance Committee.

2. The proposal or report of the Committee shall evaluate the performance and the commitment to the position of the proposed directors during their previous term, and to determine whether the profile of the proposed directors continues to be suitable and their commitment continues.

**Article 22. Term of the position**

1. Directors shall serve a term of three years, and may be reappointed.
2. Directors selected by co-optation may be confirmed to the post by resolution of the next General Meeting following their selection.

If a vacancy occurs after the General Meeting is convened but before it is held, the Board of Directors may appoint a director until the next General Meeting.

**Article 23. Termination of directors**

1. Directors shall cease to hold office when the term for which they were appointed expires, or when the General Meeting resolves their termination with the powers conferred on it by law or the Bylaws.
2. Directors who leave the post before their term expires because they resign or due to a resolution of the General Shareholders Meeting, shall send a letter to all members of the Board of Directors to explain sufficiently the reasons for his or her resignation or, in the case of non-executive directors, his or her opinion of the reasons for the termination resolved by the General Meeting. Without prejudice to the information disclosed in the Annual Report of Corporate Governance, to the extent that it is relevant for investors, the Company shall publish the dismissal as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.
3. Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the following cases:
  - (i) If, due to unforeseen circumstances, they have incurred in any of the situations of incompatibility or prohibition or grounds for termination, as defined in the law.
  - (ii) If, events or conduct attributable to the director result in – or in the Board’s judgement could result in – serious harm to the equity or reputation of the Company, or there is a risk of criminal liability for the Company or one of the companies of the Group.
  - (iii) If they consider themselves to have been significantly harmed in terms of the reputation, suitability, solvency, competency, availability or commitment necessary to be a director of the Company. Particularly when the activities of the director or the companies it controls, directly or indirectly, or the individuals or legal entities who are shareholders or associated with any of them, or the person representing a director that is a legal entity, could compromise their suitability.
  - (iv) If they are seriously reprimanded by a resolution adopted by two-thirds of the Board of Directors for having breached their obligations as directors.

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- (v) When the reasons for which they were appointed disappear, particularly in the case of proprietary directors, when the shareholder or shareholders that proposed, required or designated their appointment, sell or transfer all or part of their stake so that it is no longer significant or sufficient enough to justify the appointment.
  - (vi) If an independent director incurs in any of the circumstances that prevent the latter from being considered as such, pursuant to the provisions of the law.
  - (vii) If the Board considers that the number of times that the director has missed meetings of the Board, and the Committees on which the latter serves, to be high.
4. In all events, the director shall inform the Board and, if necessary, resign when situations arise that affect him, related or not to their actions within the Company, provided that they may harm its credit and reputation.

In particular, all directors shall inform the Board of Directors, via the Secretary of the Board of Directors, in the event they are under investigation, will be prosecuted or indicted in a criminal proceeding for any offence, and about any important milestones in such proceedings.

The Board of Directors, once informed or been aware otherwise of any of the aforementioned circumstances, shall review the case as soon as possible and, attending to the particular circumstances, shall resolve, following a report by the Nominations, Compensation and Corporate Governance Committee, whether or not to adopt any measures it deems to be in the Company's interest, such as opening an internal investigation, calling on the director to resign or proposing his or her dismissal. The Board of Directors shall disclose this in the Annual Report of Corporate Governance, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the Company shall disclose, if appropriate, at the time it adopts the corresponding measures.

5. In the cases described in paragraphs 3 and 4 above, the Board of Directors may require the resignation of the director and recommend the latter's termination to the General Shareholders Meeting.
6. If, in the cases described in paragraphs 3 v) and vi) above, after a report from the Nominations, Compensation and Corporate Governance Committee, the Board of Directors considers that there are justified grounds for the director to stay, it shall review the latter's classification, taking into account the new circumstances that have arisen.
7. The cases described in paragraphs 3 to 5 above shall also apply to the person representing a director who is a legal entity.
8. The Board of Directors shall not propose the termination of any independent director before the statutory term for which the latter was appointed expires, unless the Board determines that there is just cause after a report from the Nominations, Compensation and Corporate Governance Committee. In particular, just cause is deemed to exist if the director has breached the obligations inherent in the post or has incurred in any of the situations described in paragraph 3 of this Article. Termination may also be proposed

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as a result of a takeover bid, merger or other similar corporate operations that cause a significant change to the Company's shareholder structure.

**Article 24. Objectivity, voting secrecy and duty to abstain**

1. All votes of the Board of Directors concerning the appointment, reappointment or termination of directors shall be secret if any of the members request this, notwithstanding the right of all directors to have their vote recorded in the minutes.
2. Directors affected by proposed appointments, reappointments, termination, reprimands or approval of the contract with the Company that governs their remuneration and the rest of the rights and obligations in the case of executive directors, shall be absent during the deliberations and votes on the respective resolutions.

However, the director who, for the aforementioned reasons, is absent from a meeting during the deliberation and voting of a resolution, may cast his or her vote provided that such resolution or decision affects him or her in its capacity as a director, such as his or her appointment or removal from offices in the administrative body or others of similar significance, and provided that it is allowed by the regulation then in force.

**Section VII.- COMMITTEES OF THE BOARD OF DIRECTORS**

**Article 25. Committees of the Board**

1. The Board may set up a Delegated Committee which shall have the powers of the Board of Directors except for those that cannot be delegated under the law or the bylaws, notwithstanding the provisions of Article 5.4 of these Regulations.
2. The Board of Directors shall establish an Audit, Risks and Compliance Committee and a Nominations, Compensation and Corporate Governance Committee. The powers of such Committees are specified in the Law and developed in these Regulations.
3. The Committees shall meet after being convened by the Chairman. For cases that are not specifically foreseen, the procedures established in these Regulations for the Board shall apply, insofar as they are compatible with the nature and function of the Committees.
4. Regarding the composition of the Committees, the criteria of diversity referred to in Article 9.7 of these Regulations shall apply.
5. Likewise, the Board may establish, at the request of the Chairman or the Chief Executive Officer, other committees or specific working groups with consulting or advisory functions, and may also give them specific decision-making powers. The Chairman, the Secretary and the other members of such committees or working groups—who may be non-directors— shall be appointed by a straight majority of the Board of Directors.
6. All of the Board's Committees shall draw up minutes of their meetings in the terms established for the Board of Directors. The Board of Directors shall always have knowledge of the matters discussed and the decisions taken by the Committees and the members of the Board of Directors shall have access to a copy of the minutes of the

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meetings. The Chairmen of the Committees shall give report on their activities and address the work performed at the next meeting of the full Board of Directors.

7. The Secretary of the Board shall generally act as the Secretary of the Committees, and in the latter's absence, the Deputy Secretary, and in the latter's absence, a member designated by the Committee, pursuant to the provisions of Article 17 of these Regulations.
8. To improve the results of their work, the Committees may seek the advice of external experts, pursuant to the provisions of Article 30 of these Regulations.

#### **Article 26. Delegated Committee**

1. The Board of Directors may establish a Delegated Committee with the powers described in Article 25.1 above and consisting of at least one third of the members of the Board. The Delegated Committee shall be chaired by the Chairman of the Board of Directors, unless the Board decides that the CEO should chair it. In case of the temporary absence or momentary incapacity of the person acting as Chairman, the latter shall be substituted by the Chairman of the Board or by the CEO, as the case may be, and in their absence, by the Coordinating Director or, in the latter's absence, by another external director designated by the Committee.

The Board of Directors shall appoint the members of the Delegated Committee at the proposal of the Nominations, Compensation and Corporate Governance Committee, with a favourable vote of two-thirds of the directors. The Chairman of the Board and the CEO shall be members of the Delegated Committee and, if there is one, the Coordinating Director.

The Delegated Committee shall be composed by at least two non-executive directors, at least one of whom shall be independent.

Members of the Delegated Committee shall resign their position on the Delegated Committee when they do so as directors and when the Board of Directors resolves it.

2. The Delegated Committee shall meet whenever this is deemed to be in the interests of the Company in the judgement of the Chairman, who shall convene the meetings sufficiently in advance and when requested by two or more members of the Delegated Committee or the CEO.

For the Committee to have a quorum, at least a majority of the directors who are members must be present or represented, and those not attending may authorize another director on the Committee to represent them as an exception —ensuring that they provide them with specific voting instructions—. Members of the Committee who are non-executive directors may only authorize other non-executive directors.

Resolutions shall be adopted by a straight majority of the directors on the Delegated Committee who are attending in person or represented. The Chairman of the Committee has the casting vote in the case of a tie.

If they are summoned by the Chairman of the Committee, other directors who are not members of the Committee, and managers whose reports are necessary or advisable



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for the work of the Committee, may attend the meetings in an advisory capacity but without the right to vote.

The Delegated Committee shall keep minutes of its meetings in the terms established for the Board of Directors.

The Chairmen of the Committee shall give an account of its activities and address the work performed at the next meeting of the full Board of Directors. The Board of Directors shall always have knowledge of the matters discussed and the decisions taken by the Committee. All members of the Board of Directors shall have access to the information provided at the meetings of the Delegated Committee and a copy of the minutes of the meetings or pro-forma document before the next meeting of the Board after each meeting of the Delegated Committee.

#### **Article 27. The Audit, Risks and Compliance Committee**

1. The Audit, Risks and Compliance Committee shall be formed by a number of directors that is determined by the Board of Directors at any time, with a minimum of three and a maximum of five. All members of the Audit, Risks and Compliance Committee shall be non-executive directors and the majority of them shall be independent directors.

Members of the Audit, Risks and Compliance Committee together, and especially its Chairman, shall be selected according to their knowledge and experience on matters of accounting, audits and risk management, both financial and non-financial.

2. Members of the Committee are appointed or terminated by the Board of Directors based on a recommendation of the Nominations, Compensation and Corporate Governance Committee.

Members of the Committee shall resign their position when they do so as directors and when the Board of Directors resolves it.

The Chairman of the Committee shall be chosen by the Board of Directors, on the recommendation of the Nominations, Compensation and Corporate Governance Committee, from among the members of the Committee who are independent directors. The Chairman of the Committee shall be replaced every four years, and may be reappointed one year after termination. In the absence of its Chairman, the meeting shall be chaired by the independent director designated by the Committee.

3. For the Audit, Risks and Compliance Committee to have a quorum, at least a majority of the directors who are members must be present or represented, and those not attending may authorize another director on the Committee to represent them —and they provide them with specific voting instructions, if possible—.

The resolutions shall be adopted by a straight majority of the member directors attending in person or represented. The Chairman of the Committee shall have the casting vote in case of a tie.

4. In addition to the duties assigned to it by law, the Audit, Risks and Compliance Committee also has the following responsibilities:

- (i) To ensure that the annual accounts that the Board of Directors submits to the General Shareholders Meeting are drawn up in accordance to accounting legislation. In those cases where the auditor includes any qualification in its audit report, the Chairman of the Audit, Risks and Compliance Committee shall clearly explain at the general meeting the opinion of the Audit, Risks and Compliance Committee regarding its scope and content, and a summary of that opinion shall be made available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.
- (ii) To supervise the Internal Audit division so that it ensures the proper operation of the information and internal control systems. The Internal Audit division shall depend on the Audit, Risks and Compliance Committee for its work. The Committee shall evaluate the Internal Audit division and its managers, approving each year its duties, action plans and resources, and shall recommend, where appropriate, the recruitment, appointment or termination of its manager, as well as the latter's salary conditions and contractual relationship with the Company, which shall require a favourable report of the Nominations, Compensation and Corporate Governance Committee. The head of the Internal Audit division shall present its annual work plan to the Audit, Risks and Compliance Committee for its approval, and shall inform of its execution, including any possible incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations. Furthermore, it shall inform the Committee about incidents that occur during the Internal Auditing work, and shall submit a report on its activities to the Committee at the end of each financial year.
- (iii) Regarding the information and internal control systems and the divisions responsible for them: (i) to supervise and assess the preparation process and the integrity of the financial and non-financial information, as well as the financial and non-financial risk and management systems related to the Company and the Group —including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption— checking for compliance with regulations, adequate delimitation of the consolidation perimeter and proper application of accounting criteria; (ii) to ensure the independence of the division that assumes the Internal Auditing duties; (iii) approve the orientation and the internal audit annual work plan, ensuring that the activity focusses mainly on the significant risks for the Company (including reputational); (iv) to receive regular information on its activities; and (v) to verify that senior management takes the conclusions and recommendations of its reports into account.
- (iv) To channel the contact with the external auditor and, in particular: (i) should the external auditor resign, to examine the circumstances that led to the resignation; (ii) to ensure that the remuneration of the external auditor does not compromise the auditor's quality or independence; (iii) ensure that the Companies reports the change of auditor to the National Securities Market Commission and includes a statement on the existence of any disputes with the outgoing auditor, and their substance, if they exist; (iv) maintain fluid communication with the external auditor and ensure that the latter holds an annual meeting with the full Board of Directors to inform it about the work performed and about developments with the accounting situation, assets and financial situation, and the risks to the Company; and (v) ensure that the

Company and the external auditor comply with the applicable regulations on the provision of non-auditing services, restrictions on the concentration of the auditing business and, other general regulations on the independence of auditors.

The Audit, Risks and Compliance Committee shall be responsible for the procedure for proposing the auditor, which shall take into account factors such as the scope of the works to perform, the training, experience and resources of the auditing team, and the auditor's signature, the fees, and its independence, and the effectiveness and quality of the services it provides, among other things, and notwithstanding the provisions of applicable regulations.

- (v) To verify compliance with the policies and rules of the Company in the environmental, social and corporate governance areas, as well as the internal rules of conduct of the Company, also ensuring that the corporate culture is aligned with its purpose and value.
  - (vi) To evaluate the non-financial risks of the Group, including, among others, operational, technological, legal, social, environmental, political and reputational risks, including those relating to corruption.
5. The Audit, Risks and Compliance Committee shall establish an annual work plan that includes at least the following activities:
- (i) Establish specific objectives in relation to each of the functions of the Audit, Risks and Compliance Committee, especially for those that may be novel or refer to the most significant matters.
  - (ii) Create an annual schedule of meetings. It should include the schedule of meetings of the Board of Directors and the Shareholders Meeting with the objective of preparing, where applicable, reports to be submitted on the matters they will be discussing, and the report on the activities carried out by the Committee.
  - (iii) Systematically organize the information and meeting agendas, identifying and planning the issues that should be regularly addressed and others that should be discussed during specific meetings.
  - (iv) Supplement, in appropriate cases, the formal meetings with the Audit, Risks and Compliance Committee with the scheduling of work sessions or meetings to prepare specific topics.
  - (v) Plan meetings or other ways of communicating with the managers of the company, internal auditing and external auditing.
  - (vi) Prevent to the extent possible the need to rely on external experts that advise on how to perform certain tasks.
  - (vii) Plan appropriate training for its members on how to properly perform their duties.

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6. The Audit, Risks and Compliance Committee shall establish and oversee a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors to notify about potentially significant irregularities, including those of financial and accounting nature or otherwise, related to the Company, that may be discovered at the Company or its group. This mechanism must guarantee confidentiality and, in all cases, envisage events where communications may be made anonymously, protecting the rights of both the complainant and the accused party.
7. The Audit, Risks and Compliance Committee shall periodically evaluate the control function and its duly independent management of risks, verifying that appropriate procedures have been introduced so that management, the Committee itself, and the Board can be sure that the control and risk management systems have worked in accordance with the policies and criteria approved by the Board. The divisions responsible for this function or, in their absence, the Committee shall have the following duties: a) to ensure that the control and risk management systems are working properly and, in particular, that all of the significant risks to the company are properly identified, managed and quantified; b) to actively participate in the preparation of a risk strategy and the important decisions on managing it; and c) ensure that the control and risk management systems sufficiently mitigate the risks within the policy defined by the Board of Directors. In general, the Audit, Risks and Compliance Committee will ensure that the internal control policies and systems established are applied effectively in practice.
8. The Audit, Risks and Compliance Committee shall meet periodically, according to need, and at least four times a year. Other directors, executive or otherwise, managers or any other third-party may only be present in the meetings of the Audit, Risks and Compliance Committee by prior invitation of the Chairman of the Committee and strictly for the agenda items for which they were summoned.

The Audit, Risks and Compliance Committee shall have the power to seek and obtain advice, legal opinions or expert reports when it deems it necessary.

9. When required to do so, all members of the management team or employees of the Company shall attend the meetings of the Committee to provide assistance and access to the information they have. The Committee may also require the auditors to attend its meetings.
10. The Audit, Risks and Compliance Committee shall prepare an annual report on its activities, noting the main incidents that have arisen, if any, in relation to its work, and shall propose its publication to the Board for the General Shareholders Meeting. Furthermore, the Committee may specifically evaluate its own performance to strengthen its operation and improve planning for the next financial year. For these purposes, it may seek the opinion of the other directors and, if it deems it appropriate, the advice of an external consultant. Irrespective of the procedure it chooses, it must inform the Board about the matters analysed and the results of the analysis, so that it is included in the annual evaluation of the Board. The annual report on the activities of the Committee shall note the extent to which the analysis led to significant changes in its internal organization and procedures.
11. The Board may approve rules for the Audit, Risks and Compliance Committee to implement the foregoing provisions in relation to its composition, the requirements for

appointing its members, procedural rules, responsibilities and assigned duties, the resources it must have, rules about the interaction of the Committee with the Board of Directors and the shareholders, rules about communicating with the auditors and the Internal Auditing divisions, evaluations of the Committee, and reports to issue. If approved, these rules shall be made public on the Company's website.

**Article 28. The Nominations, Compensation and Corporate Governance Committee**

1. The Nominations, Compensation and Corporate Governance Committee shall be formed by a minimum of three to a maximum of five non-executive directors, the majority of them independent directors. Members of the Committee shall be appointed, ensuring that they have adequate knowledge, qualifications and experience for the duties they will be expected to perform and, particularly, in corporate governance issues, strategic analysis and evaluation of human resource, recruitment of directors and managers, performance of senior management functions and design of remuneration policies and plans for directors and senior managers.
2. The Board of Directors shall appoint and terminate members of the Committee pursuant to a recommendation by the Nominations, Compensation and Corporate Governance Committee.

Members of the Nominations, Compensation and Corporate Governance Committee shall resign their position on the Delegated Committee when they do so as directors or when the Board of Directors resolves it.

The Chairman of the Committee shall be chosen by the Board of Directors, on the recommendation of the Nominations, Compensation and Corporate Governance Committee, from among the members of the Committee who are independent directors. In the Chairman's absence, the meeting shall be chaired by the independent director designated by the Committee.

3. For the Nominations, Compensation and Corporate Governance Committee to have a quorum, at least a majority of the directors who are members must be present or represented, and those not attending may authorize another director on the Committee to represent them —and provide them with specific voting instructions, if possible—.

The resolutions shall be adopted by a straight majority of the member directors attending in person or represented. The Chairman of the Committee shall have the casting vote in case of a tie.

4. In addition to the duties it is assigned by law, the Nominations, Compensation and Corporate Governance Committee has the following responsibilities:
  - (i) Regarding the composition of the Board of Directors and the Committees of the Company Board and the management bodies of the other companies of the Group:
    - (a) Verify compliance annually with the board of directors diversity and members selection policy approved by the Board of Directors.

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- (b) Analyse the competencies, knowledge and experience required in the board of directors. In this regard, it will prepare a board competency matrix, and define the functions and skills the candidates must have in order to fill the vacancies and evaluate the time and dedication necessary for the directors to be able to perform their duties effectively.
- (c) Make proposals, in the case of independent directors, and inform about the proposals submitted to the Board in the case of other directors, for the appointment of directors for their designation by co-optation or for their submission for consideration to the General Shareholders Meeting, taking into account the criteria referred to in Article 20.4 of these Regulations, and take equivalent actions in relation to their reappointment or termination by the General Shareholders Meeting, or when there is just cause if the director has breached his obligations inherent in the position, and disciplinary proceedings have begun which might involve the termination of the director.
- (d) Make recommendations for classifying directors as executive, proprietary, independent or other external director, when the Board or the General Meeting is going to appoint or confirm the appointment of the directors.
- (e) Annually verify that the traits with which each director was appointed are still maintained, an account of which shall be included in the Annual Report of Corporate Governance.
- (f) Report on the proposals for appointing the individual representatives of legal entities who are directors.
- (g) Make recommendations and report, together with the Chairman of the Board — except for what specifically refers to the latter — on the appointments of the Chairmen, the Vice-Chairmen, the Coordinating Director, the CEO, the members of the Delegated Committee, and the other Committees of the Board of Directors, as well as their respective Chairmen.
- (h) Report on the proposals for the appointment of the Secretary and the Vice Secretary.
- (i) Make recommendations and report, together with the Chairman of the Board — except for what specifically refers to the latter — on proposals for severance, termination or replacement of any post on the Board and its Committees other than the Secretary and Vice-Secretary.
- (j) Report on the proposals for appointing representatives of the Company on the management bodies of the Companies of the Group.
- (k) Elaborate the succession plan of the Chairman of the board and of the chief executive officer, together with the coordinating director, if applicable, and with the Chairman of the Board and the chief executive for the succession plan of the latter.
- (l) Make appropriate recommendations for the Board to conduct proper planning for the orderly renewal and succession of its members,

particularly the independent directors, taking their seniority into account and the profiles that it would be advisable for the Board as a whole to have at all times.

- (ii) Regarding the senior management of the Group:
  - (a) Report on the appointment and severance of senior managers, the remuneration and contractual conditions of their relationship with the Company, receive information and, if applicable, issue reports on disciplinary measures in relation to senior managers of the Company prior to their enforcement.
  - (b) Supervise the succession plan of senior managers that the Company should keep up to date under the responsibility of the CEO.
- (iii) Regarding the remuneration policy for the directors and senior managers:
  - (a) Propose to the Board of Directors a policy for the remuneration of the directors and senior managers, and for the individual remuneration and other contractual conditions of the executive directors.
  - (b) Verify compliance and periodically review the remunerations policy for directors and senior managers, including the system of remuneration with shares and its implementation, and guarantee that their individual remuneration is proportional to their level of responsibility and dedication, as well as that of the other directors and senior managers of the Company.
  - (c) Inform the Board about the proposals related to the variable terms of remuneration for executive directors and senior managers of the Company, and about the other incentive plans aimed at them and, if applicable, verify the degree of meeting the targets to which they are subject.
  - (d) Verify the information in the various corporate documents about the remuneration of the directors and senior managers and, in particular, prepare the Annual Report on the Remuneration of the directors for its approval by the Board.
- (iv) Regarding the corporate governance system:
  - (a) Promote the Company's corporate governance policies.
  - (b) Propose the approval of the Annual Report on Corporate Governance by the Board of Directors.
  - (c) Prepare a preliminary report on which the Board can base the annual evaluation of its activities in the terms established in Article 8 of these Regulations.
  - (d) Ensure that the external advice that the Committee and the Board receive on this matter is provided with due independence.

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- (e) Promote and orientate the policy, internal rules and procedures related to sustainability regarding environmental and social issues, as well as its degree of adaptation to the rules, recommendations and domestic and international best practices in these areas, and report on these issues to the Board of Directors and the Delegated Committee, as appropriate.
- (f) Ensure the Company's environmental and social practices are in accordance with the established strategy and policy.
- (g) Periodically evaluate and review the Company's corporate governance system and sustainability policy, in order to fulfill its mission of promoting the corporate interest and cater, as appropriate, the legitimate interests of its stakeholders, and propose to the Board the changes deemed appropriate to the policies, rules, practices and procedures of the Company, stating the reasons that justify them. In particular, report on the proposals to amend the Corporate Bylaws, the Regulations of the Board, the Regulations of the General Meeting, the Operating Rules of the Electronic Shareholders Forum, the Internal Rules of Conduct, the Ethics Code, and any other governance rules of the Company.
- (h) Propose to the Board of Directors the approval of the annual report on sustainability and, in general, issue the reports and take the additionally appropriate actions on matters of sustainability in accordance with the corporate governance of the Company, or that is requested by the Board of Directors or its chairman.
- (i) Supervise the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.
- (j) Supervise and evaluate the communication process with the various stakeholders.
- (k) Review the policy of regulatory compliance and propose all of the steps necessary to reinforce them.
- (v) Other responsibilities:
  - (a) Annually approve a report on the activities of the Committee and propose its publication to the Board of Directors for the General Shareholders Meeting.
  - (b) Fulfil other responsibilities assigned to the Committee in these Regulations.
  - (c) The Committee shall establish an annual work plan that includes at least the following activities:



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- Establish specific objectives in relation to each of the functions of the Committee, especially for those that may be novel or refer to the most significant matters.
  - Create an annual schedule of meetings. It should include the schedule of meetings of the Board of Directors and the General Shareholders' Meeting in order to prepare, where applicable, reports to be submitted on the matters they will be discussing, and the report on the activities carried out by the Committee.
  - Systematically organize the information and meeting agendas, identifying and planning the issues that should be regularly addressed and others that should be discussed during specific meetings.
  - Supplement, in appropriate cases, the formal meetings with the Committee with the scheduling of work sessions or meetings to prepare specific topics.
  - Plan meetings or other ways of communicating with the managers of the Company.
  - Prevent to the extent possible the need to rely on external experts that advise on how to perform certain tasks.
  - Plan appropriate training for its members on how to properly perform their duties.
5. The Committee shall meet on a regular basis according to its needs and, at least, three times per year. In any case, the Committee shall meet whenever the Board of Directors of the Company or the Delegated Committee requests a report of the approval of proposals within its authority, provided that, in the judgement of the Committee Chairman, this is advisable for its proper performance of its duties.

The Committee may request and obtain advise, legal opinions or expert reports when considered appropriate.

6. To perform its duties, the Committee may seek the assistance for its meetings of any member of the management team or employee of the Company, and any collaborator of the Company or any of the Companies of the Group, and shall have access to all information it deems necessary. The presence of other directors, whether executive or not, senior managers or any third party at the meetings of the Committee shall only occur following an invitation from the Committee's Chairman and be limited to those items on the agenda for which they have been invited.
7. The Board may approve regulations for the Committee to implement the foregoing provisions in relation to its composition, the requirements for appointing its members, procedural rules, responsibilities and assigned duties, the resources it must have, rules about the interaction of the Committee with the Board of Directors, assessment of the Committee, and reports to issue. If approved, these rules shall be made public at the Company's website.

## **Section VIII.- INFORMATION OF THE DIRECTORS**

### **Article 29. Right to information and inspection**

1. Directors shall have the duty to demand and the right to seek, with the broadest of powers, the information and advice they need about any aspect of the Company, provided it is necessary for the performance of their duties. In this regard, the directors shall have the broadest powers to be informed about any aspect of the Company, to examine its books, files, documents and other records of the Company's operations, to inspect all of its facilities, and communicate with and request information from the Company's senior managers. The right to information extends to the Companies of the Group, whether domestic or foreign, and is channelled through the Chairman, who shall respond to requests from directors, directly facilitating the information for them, providing them with the appropriate contact persons or making all the arrangements necessary for the requested inspection.

Furthermore, the Chairman of the Board shall ensure, with the Secretary's assistance, that all documents distributed in the meetings of the various Committees is accessible to all of the directors.

2. In exceptional cases, the Chairman may temporarily restrict access to certain information, informing the Board of Directors of this decision at its next meeting.
3. The directors shall be regularly informed about changes in shareholders, and about the opinions that the major shareholders and the rating agencies have about the Company and the Group.

### **Article 30. Assistance of experts**

1. For help in carrying out their duties, any of the directors may seek to hire, at the Company's expense, legal, accounting, technical, financial, business or other experts.

The mandate must involve specific problems of certain relevance and complexity that arise during the performance of the director's duties.

2. The request to hire an expert shall be channelled through the Chairman of the Board or, as they case may be, the Chairmen of the Committees within the scope of their powers, and the latter may seek the prior authorization of the Board of Directors, which may be denied if there is just cause to do so, including in the following cases:
  - (i) it is not necessary for the proper performance of the duties assigned to the directors;
  - (ii) the cost is unreasonable considering the significance of the matter and the Company's financial situation;
  - (iii) the assistance or advice being sought may be adequately provided by the Company's own experts and technicians; or
  - (iv) the particularly confidentiality of the matter may be put at risk.

## **Section IX.- REMUNERATION OF THE DIRECTORS**

### **Article 31. Remuneration of the Directors**

1. Directors shall be entitled to receive the remuneration established by the Board of Directors pursuant to the provisions of the Bylaws.
2. The Board shall ensure that the remuneration of the director is reasonably proportional to the relevance of the Company, its financial situation at any time, and the market standards for comparable companies. Likewise, for executive directors, (i) the established remuneration system shall be aimed at promoting the long-term profitability and sustainability of the Company and include the necessary precautions to avoid excessive risk taking and unfavourable results; and (ii) remunerations linked to the Company's performance shall take into account any qualifications in the audit report that reduce the results.
3. Remuneration of the directors shall be transparent. The Annual Report, as an integral part of the Financial Statements, as well as the Annual Report on Remuneration of directors shall contain both the information required by law and additional information that is considered necessary to adequately reflect the remuneration received by members of the Board of Directors.
4. The remuneration of external directors shall correspond to the level of commitment required of them and, in the case of independent directors, shall be determined in such a way as to provide incentives for their commitment but does not constitute an obstacle to their independence.

### **Article 32. Remuneration of executive directors**

1. Directors assigned executive functions shall be entitled to receive compensation for performing these duties, and this compensation shall be determined by the Board of Directors, adapting it to the provisions of the remuneration policy for directors approved by the General Meeting, and it shall include a contract concluded between the director and the Company.
2. This contract shall contain all of the salary items the director is entitled to receive for the performance of the executive functions, as well as the conditions of cessation and termination, and it shall be subject to the prior approval of the Board of Directors, based on the recommendation of the Nominations, Compensation and Corporate Governance Committee, with a favourable vote of two-thirds of the Board members, and the minutes of the meeting shall be attached as an annex. The director in question shall abstain from attending the deliberations and participating in the vote. The contract shall contain all of the notices required by law and conform to the Company's remuneration policy.
3. The remuneration of executive directors may include, but is not limited to, the following: fixed remuneration; variable remuneration based on the achievement of business, financial, strategic or personal performance objectives; pension systems and deferred remuneration items; insurance plans; savings plans; severance payments; awarding of shares in the company and a right of option over them or other remuneration items based on the share value — subject to a resolution of the General

Shareholders Meeting for that purpose — and exclusivity, non-compete or minimum employment clauses.

## **Section X.- OBLIGATIONS OF THE DIRECTORS**

### **Article 33. General obligations of the directors and general duty of care**

1. In performing their duties, the directors shall fulfil the obligations imposed by law and the Bylaws with the diligence of a reasonable businessman, taking into account the nature of the post and the duties assigned to it, acting in good faith and protecting the company's interests.
2. When making strategic business decisions subject to corporate discretion, the standard of the diligence of a reasonable businessman is deemed to have been met if the director has acted in good faith with no personal interest in the matter to be decided, with sufficient information and in accordance with an appropriate decision-making process.
3. Specifically, the directors are obliged to:
  - (i) Be informed and properly prepare for the meetings of the Board and of the Committees of which they are members (and, if applicable, the Delegated Committee) and, in this regard they shall be obliged to require and the right to receive from the Company the appropriate information necessary for them to fulfil their obligations.
  - (ii) Attend the meetings of the Committees of which they are members and actively take part in the deliberations to effectively contribute their point of view to the decision-making process.
  - (iii) Make an appropriate commitment and take the steps necessary for proper management and control of the Company.
  - (iv) Carry out the specific tasks assigned by the Board of Directors that reasonably form part of their obligations with the commitment necessary.
  - (v) Promote the investigation of any irregularity in the management of the Company of which they are notified and monitor any situation of risk.
  - (vi) Comply with the Ethics Code, the Internal Rules of Conduct and these Regulations.
  - (vii) Urge those with the power to convene a meeting to call an extraordinary meeting of the Board of Directors or to include new items on the agenda of the initial meeting held to discuss the items they deem appropriate.
  - (viii) Oppose resolutions that are contrary to the law, to the corporate government principles or to the company's interests, and ask that their objections be duly noted for the record. The directors shall clearly state their objections if they consider that any proposal for a resolutions submitted to the Board of Directors may be contrary to the company's interests. In particular, independent directors and other directors not affected by the potential conflict of interest shall state their objections to resolutions that may harm shareholders whose

interests are not represented on the Board of Directors. In the event that the Board of Directors passes significant or repeated resolutions to which a director has stated serious objections, the latter shall draw the appropriate conclusions and, if the director decides to resign, shall explain the reasons in the corresponding letter of resignation. The provisions of this clause also apply to the Secretary and, if applicable, the Deputy Secretary of the Board, even if they are not directors.

(ix) Fulfil the other duties and obligations established by law.

4. In all cases, the directors shall dedicate the necessary time and effort to their duties to perform them efficiently, therefore the directors shall inform the Nominations, Compensation and Corporate Governance Committee of its other professional obligations in case they might interfere with the level of commitment required as a director.

#### **Article 34. Confidentiality**

1. Directors shall maintain secrecy over the deliberations and resolutions of the Board of Directors and the Committees of which they are members and, generally refrain from disclosing information, data, reports or records to which they have had access when performing their duties, and not to exploit them for their own benefit, or that of the shareholder that it proposed or appointed them, or of any other third party, notwithstanding the transparency and disclosure obligations imposed by applicable laws.
2. The obligation established in the previous paragraph shall not prevent the disclosure of confidential information to third parties in fulfilment of the director's own duties or those specifically delegated to the latter by the Board of Directors or the corresponding Committee, providing that the duty of confidentiality of the recipient of the information is duly guaranteed, for which the director is responsible under the terms established by law.
3. The duty of confidentiality of directors continues even after leaving the post.

#### **Article 35. Non-compete obligation**

1. Directors may not engage in activities on their own or for other companies that entail significantly effective competition, whether current or potential, with the Company or that in any other way puts them in permanent conflict with the interests of the latter. The provisions of this paragraph also apply in the event that the beneficiary of this banned activity is a person associated with the director.
2. The exception are duties performed or posts held in other companies of the Group and companies at which the director is representing the Group's interests, unless the Board of Directors determines, based on a report by the Nominations, Compensation and Corporate Governance Committee, that it puts the company's interests at risk.
3. The obligation to not compete with the Company may only be waived in cases in which no harm is expected or in which it can be reasonably expected that it will be offset by the benefits that are anticipated with the waiver. The waiver shall be granted by means of a specific and special resolution of the General Meeting.

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4. In all cases, at the instance of any shareholder, the General Meeting shall decide on the dismissal of the director performing the competing activities if the risk of harm to the Company has become significant.

### **Article 36. Conflicts of interest and their exemption**

1. The directors shall take the necessary steps to avoid incurring in situations in which their interests, whether for their own account or that of others, may come into conflict with the interests of the company and with their obligations to the Company.

The exceptions are cases in which the Company has given its consent under the terms established in paragraph 6 of this Article.

2. A conflict of interests is deemed to exist in cases in which there is a directly or indirect clash between the interests of the Company, or the companies of the Group, and the personal interests of the director. A personal interest of the director is deemed to exist when the matter concerns him or a person associated with him.

For purposes of these Regulations, persons associated with the director are those defined as such in the applicable legislation at any time.

3. In particular, in a conflict of interests situation, directors shall refrain from the following:
  - (i) conducting transactions with the Company, except for ordinary transactions standard for customers or suppliers and of little importance, under the terms established by law;
  - (ii) exploiting the Company's name or invoking the director's status as administrator to unduly influence private transactions;
  - (iii) using the corporate assets, including the Company's confidential information, for personal ends, under the terms established in Article 37 of these Regulations;
  - (iv) taking advantage of the Company's business opportunities, terms established in Article 39 of these Regulations; and
  - (v) receiving benefits or payments from sources other than the Company and the Group in connection with the performance of their duties, unless these involve simple acts of courtesy.
4. The provisions of paragraph 3 above shall also apply in the event that the beneficiary of the banned acts or activities is a person associated with the director.
5. In cases in which the conflict of interest is, or can reasonably be expected to be, of such a nature that it constitutes a structural and permanent conflict between the director (or a person related to the latter or, in the case of a the proprietary director, the shareholder or shareholders the latter proposed or appointed, or persons directly or indirectly associated with them) and the Company or the companies included in their Group, it will be understood that the director is not, or has ceased to be suitable to hold the post pursuant to the requirements of Article 23 of these Regulations.

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6. The directors shall notify the Board about any direct or indirect conflict that they may have with the interest of the Company. In particular, they shall disclose situations that may involve conflicts of interest pursuant to the provisions of the "Internal Rules of Conduct Concerning Matters Related to the Securities Markets of Promotora de Informaciones, S.A. and its Group of Companies."
7. Likewise, they shall also disclose: (i) the positions they hold on other boards of directors of which they are members, whether listed companies or not, and other paid activities of any nature they are engaged in; and (ii) the shares of the Company they directly or indirectly own and the rights of options over them.
8. Notwithstanding the provisions of paragraph 3 above, the Company may waive the prohibitions contained therein in individual cases, authorizing: (i) a director or associated person to conduct a specific transaction with the Company (in accordance with the provisions of these Regulations); (ii) the use of certain corporate assets; (iii) the exploitation of a specific business opportunity; (iv) the attainment of an advantage; or (v) payment from a third party.

This authorization shall require a resolution of the General Meeting if the purpose is a waiver of the prohibition of attaining an advantage or payment from third parties, or concerns a transaction with a value of more than 10% of the corporate assets.

In other cases, authorization the Board of Directors may also grant this authorization, provided that the independence of the members who grant it is ensured with respect to the director who receives the waiver, also ensuring that the authorized transaction poses no harm to the corporate assets or, if applicable, their realization in market conditions, and that the process is transparent.

9. In the cases foreseen in paragraph 2 above, the Board, following a report from the Nominations, Compensation and Corporate Governance Committee, shall require the adoption of measures which, in its judgement alone, are necessary to protect the Company's interests.
10. The Company shall publically disclose the conflicts of interest of the directors under the terms established in the applicable legislation at any time.

#### **Article 37. Use of corporate assets**

1. Directors may not make use of the Company's assets nor benefit from their position at the Company to obtain an economic advantage, unless they have pay a consideration at market prices and for a standard service.
2. In exceptional cases, the Board of Directors, following a report by the Nominations, Compensation and Corporate Governance Committee, may exempt the director from the obligation to pay consideration but, in this case the economic advantage shall be considered a payment in kind and must be adapted to the remuneration policy for directors.

#### **Article 38. Non-public information**

1. The use by directors of non-public information for private purposes is only permissible if the following conditions are met:

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- (i) The information is not used in relation to operations for the acquisition or sale of securities or financial instruments in which the information refers directly or indirectly to the issuer;
  - (ii) That there is no advantage involved for the director with respect to third parties in a sale situation, including suppliers and customers;
  - (iii) There use dos not cause an harm to the Company; and
  - (iv) The Company does not have an exclusive right or a legal position of similar significance with respect to the information the director wishes to use.
2. Furthermore, the director shall comply with the rules of conduct established in securities market and other applicable regulations.

### **Article 39. Business opportunities**

1. The director may not take advantage for his own benefit or that of related parties of a business opportunity of the Company, unless the investment or transaction has been previously offered to the Company, which ceased to exploit it without any influence from the director and that the exploitation of the operation by the director was authorized by the Board of Directors, following a report from the Nominations, Compensation and Corporate Governance Committee.
2. A business opportunity is defined as any possibility of making an investment or conducting a commercial operation that arises in connection with the performance of the director's duties or by utilizing the resources or information of the Company, or under circumstances in which it is reasonable to assume that the third-party offer is in reality aimed at the Company.
3. Likewise, directors shall refrain from using the Company's name and invoking their position as directors to conduct transactions on its own behalf or related parties.

### **Article 40. Transactions with directors and major shareholders**

1. Any transaction conducted by the Company with directors and shareholders who are considered major shareholders under securities market regulations applicable at any time or that have proposed the appointment of any of the Company's directors, or with related parties, defined as any of the persons described in applicable regulations, shall require the authorization of the Board of Directors – or the Delegated Committee with the subsequent confirmation of the Board of Directors if it constitutes an emergency, as long as the emergency exists – in all events following a report by Audit, Risks and Compliance Committee.
2. The Audit, Risks and Compliance Committee and the Board of Directors or the Delegated Committee, before disclosing or authorizing transactions conducted by the Company of this nature, shall asses the operation from a perspective of equal treatment of shareholders and considering market conditions.
3. Notwithstanding the provisions of the previous paragraph, authorization corresponds to the General Meeting if the transaction exceeds a value of 10% of the corporate assets.



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4. For transactions of a recurring nature conducted during the ordinary course of the Company's business under standard market conditions for customers or suppliers, and of minor importance, defined in this case as being those transactions with information that is not necessary to provide a true picture of the assets, the financial situation and the results of the company, the prior authorization of the Board for the generic line of transactions is sufficient.
5. The authorization provided for in the previous paragraphs shall not be required, however, if the related transactions involved meets all of the following conditions simultaneously:
  - (i) they are conducted under contracts with standard terms and are applied en masse to a significant number of customers or suppliers;
  - (ii) they are conducted at prices or rates generally established by the party acting as supplier of the product or service involved; and
  - (iii) the amount of the transaction does not exceed 1% of the Company's annual income.
6. For the Company to be able to identify potential related transactions in advance, the directors shall keep the Board informed about direct or indirect interests or significant influenced in companies or entities that maintain commercial or business relationships with the Company.
7. The directors who are affected by the associated transactions or who represent or are associated with the affected shareholders, in addition to not casting or delegating their vote, shall not attend the meeting while the Board or the relevant Committee deliberate and vote on them.
8. The Board of Directors shall include in its annual public information a summary of the transactions conducted by the company with its directors and major shareholders. The aim of the information shall be the total volume of the transactions and the nature of the most significant ones.

## **Section XI. RELATIONSHIPS OF THE BOARD**

### **Article 41. Relationships with the shareholders**

1. The Board shall favour and promote a policy of information, communication and regular contact with the Company, its shareholders, institutional investors, financial intermediaries, voting advisors and the market in general, that fully respects the rules against market abuse and the principle of equal treatment of shareholders who are in the same position, and will navigate the appropriate channels to learn about the proposals that they can develop with respect to the management of the Company, ensuring the continuity and integrity of the communications carried out.
2. The Board of Directors shall navigate the appropriate channels to learn about the proposals that the shareholders can develop with respect to the management of the Company.

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3. Public requests for the delegation of votes conducted by the Board of Directors or any of its members shall provide a detailed justification of the way in which the representative will vote in the event the shareholder does not give instructions and, where appropriate, disclose existing conflicts of interest.
4. The Board of Directors shall ensure that adequate mechanisms for the exchange of regular information with institutional investors who are shareholders of the Company are also established. The Board, through the CEO, and with the collaboration of the senior managers that it deems appropriate, may organize informational meetings on the progress of the Company and its Group for shareholders residing in the most important financial centres of Spain and other countries.
5. In no case, may the relationships between the Board of Directors and the institutional shareholders result in the latter receiving information that could put them in a privileged or advantageous position with respect to the other shareholders.
6. The Board of Directors shall encourage the informed participation of the shareholders in the General Meetings and adopt as many measures as necessary to ensure that the General Shareholders Meeting effectively exercises its inherent functions in accordance with the law and the Corporate Bylaws. In particular, the Board of Directors shall adopt the following measures:
  - (i) it shall endeavour to make available to shareholders prior to the General Shareholders Meeting all information required under applicable legislations and other information that may be of interest, though not required, and may be reasonably supplied;
  - (ii) it shall respond with great diligence to requests for information they receive from shareholders prior to the General Shareholders Meeting; and
  - (iii) it shall respond with equal diligence to the questions of shareholders directed to it on the occasion of the General Shareholders Meeting.

#### **Article 42. Relationships with the markets**

1. The Board of Directors shall ensure timely compliance with the instructions in effect regarding the disclosure of privileged information, pursuant to the provisions of the Company's Internal Code of Conduct.
2. The Board of Directors shall adopt the necessary measures to ensure that quarterly, semi-annual, annual, and any other financial information that prudence requires be made available to the markets, is prepared in accordance with the same principles, criteria and professional practices with which the annual financial statements are drawn up. For this purpose, this information shall be reviewed by the Audit, Risks and Compliance Committee.

#### **Article 43. Relationship with the auditors**

1. The Board's relationship with the Company's external auditors shall be channelled through the Audit, Risks and Compliance Committee, as established in these Regulations.

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However, the auditors must attend a Board meeting at least once a year in which the corresponding audit report of the annual financial statements is presented so that all directors have direct access to them as the content and conclusions of the report are submitted.

Moreover, the Chairman of the Board may ask the external auditors to attend the Board meeting when the former considers it appropriate or when it is requested by the Coordinating Director or one-third of the directors.

2. The Board shall do its best to submit the annual financial statements to the General Meeting without reservations or qualifications in the audit report. If these exist, the Board shall ask the external auditors to clearly explain them to the shareholders at the Ordinary General Meeting.
3. The Board shall not award the contract to audit the annual accounts to firms at which there are circumstances that could compromise their independence, pursuant to the criteria defined at any time by applicable legislation.
4. With the regularly and content defined by the applicable regulations at any time, the Board shall publically disclose the total fees that the Company has paid to the auditing firm for auditing services, and for non-auditing services, providing a breakdown of the fees paid to the external auditors and payments to any other company of their group.
5. The auditing firm and/or the professional auditor responsible for the work and the members of the external auditing team shall be periodically rotated in accordance with the legally established deadlines at any time and in cases and with the criteria defined, where applicable, by the Board in accordance with a proposal by the Audit, Risks and Compliance Committee.

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