



Cox ABG Group, S.A.

Rules of Procedure of the Board of Directors

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TITLE I, PRELIMINARY

Article 1. Purpose and term

1. The purpose of the rules of procedure of the Board of Cox ABG Group, S.A. (the "**Company**") is to determine the principles of action for the Board, as well as the basic rules of its organisation and operation and the rules of conduct of its members to achieve the greatest transparency, efficiency and control in its functions (the "**Rules**").
2. The rules of conduct set out in these Rules will apply to the Board, its delegated bodies and its internal committees and commissions, as well as to their members. Furthermore, the rules of conduct under these Rules will also apply to the Company's senior managers to the extent that they are compatible with their specific nature and the activities they carry out. For the purposes of these Rules, "managers" will be understood to mean those executives who report directly to the Board or to the CEO, if any, and, in any case, the person responsible for the internal audit of the Company, if one exists.

Article 2. Interpretation

1. The Rules implement and complete the regulatory regime applicable to the Board, established in the current law and in the Company's Articles of Association, which, in the event of a contradiction, will prevail over the Rules. The Rules should be interpreted in accordance with the applicable law and the Articles of Association, and with the principles and recommendations on corporate governance of listed companies approved or issued by the Spanish authorities and those of neighbouring countries in force at any given time, or by special commissions or working groups established by virtue of the mandate of those authorities.
2. The Board is responsible for resolving any doubts that may arise from the application and interpretation of these Rules in accordance with the general criteria for interpreting legal rules and in accordance with the Articles of Association.



Article 3. Approval and amendment

1. These Rules have been approved by the Board, with a report to the General Meeting and at the proposal of the Chair of the Board, in compliance with section 528 of the revised text of the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*] enacted by Royal Legislative Decree 1/2010, of 2 July.
2. These Rules will enter into force on the date when the Company's shares are admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Stock Exchange Interconnection System (Continuous Market). They will remain in force indefinitely and will therefore apply to all of the Company's Boards convened after their entry into force.
3. These Rules may be amended only at the request of the Chair or of one third of the directors, who must in any case accompany their proposed amendment with a statement of reasons.
4. The text of the proposal and the authors' statement of reasons must be attached to the notice of call to the Board meeting that will deliberate on the proposal.
5. To be valid, any amendments to the Rules must be passed in a resolution adopted by two-thirds of the members of the Board attending in person or by proxy.
6. If the proposed amendment might affect the composition, duties or powers of any of the board committees, a prior report will be requested from the committee in question.
7. The Board will report any amendments to the Rules to the first General Meeting.
8. These Rules must be updated whenever necessary to adapt their content to the applicable provisions in force.



Article 4. Dissemination and registration

1. Directors and senior managers are obliged to know, comply with and enforce these Rules. To this end, the Secretary of the Board will provide all of them with a copy of these Rules when they accept their respective appointments or when they are hired, as the case may be, and they must provide the Secretary a signed statement confirming that they are aware of and accept the contents of these Rules, undertaking to comply with any obligations that may be required of them under them.
2. These Rules, and any subsequent amendments to them, must be notified to the Spanish National Securities Market Commission (CNMV), together with a copy of the document in which they are recorded, and they must be registered with the Commercial Registry, and they will be available on the Company's corporate website and on the CNMV's website in accordance with current legislation and these Rules.
3. In addition, the Board will take any measures that may be necessary to ensure they are disseminated among the shareholders.

TITLE II, FUNCTIONING OF THE BOARD

Article 5. Competences of the Board

1. The Board has competence over all matters not attributed to the General Meeting by law or the Articles of Association.
2. The Board, which has the broadest powers and authority to manage, direct, administer and represent the Company, will, as a general rule, delegate the day-to-day management of the Company to its Chair, the delegated management bodies and the management team, establishing the content, limits and modalities of the delegation, and it will concentrate its activity on its general supervisory duties and on considering any matters of particular importance for the Company.
3. Any powers reserved by law or by the Articles of Association to the direct competence of the Board and any other powers necessary for the responsible exercise of its general supervisory duties may not be delegated.



4. Without prejudice to the statutory powers of delegation for implementing resolutions, the Board may not delegate the following competences and powers:
- i. Supervision of the effective functioning of any committees it may have set up and of the performance of the delegated bodies and of the executives it may have appointed;
 - ii. Determining the Company's general policies and strategies;
 - iii. Authorising and waiving directors' duty of loyalty obligations in accordance with the law;
 - iv. Preparing the Company's annual financial statements, directors report and proposal for allocation profits or losses, as well as the consolidated financial statements and directors report for submission to the General Meeting;
 - v. Formulation of any kind of report required by law from the Board provided that the operations to which the report refers cannot be delegated;
 - vi. Directing the Company's provision of information to its shareholders in accordance with the criteria of equality, transparency and truthfulness;
 - vii. Appointment and removal of the Company's managing directors, as well as establishing the terms of their contracts;
 - viii. Drawing up the structure of general powers of attorney to be granted by the Board or its delegated bodies;
 - ix. Decisions on directors' remuneration, within the framework of the Articles of Association and, where appropriate, the remuneration policy approved by the General Meeting;
 - x. Calling the General Meeting, and publishing any announcements related to it, and drawing up the agenda and the proposed resolutions;



- xi. Proposing that the General Meeting amend the Articles of Association and the Rules of Procedure of the General Meeting;
- xii. Approval of the strategic or business plan, the annual management objectives and budget, the investment and financing policy, the corporate social responsibility policy and the dividend policy;
- xiii. Determination of the risk control and management policy, including tax risks, and supervision of internal reporting and control systems;
- xiv. Setting the corporate governance policy for the Company and the Group in which it is the controlling entity, and their organisation and operation;
- xv. Approval of the financial information that, as a listed company, the Company must periodically publish;
- xvi. Defining the structure of the Group in which the Company is the controlling entity;
- xvii. Approval of investments or transactions of all kinds that, due to their high amount or special characteristics, are of a strategic nature or have a special tax risk, unless the General Meeting must approve them;
- xviii. Approval of the creation or acquisition of shares in special purpose vehicles or entities domiciled in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, could undermine the transparency of the Company and its group;
- xix. The approval, subject to a report from the Audit Committee, of related-party transactions when this competence corresponds to the Board by law and as defined by the relevant legislation in force from time to time. Where appropriate by law, delegating the approval of related-party transactions in accordance with the legislation in force;
- xx. Approval of any intra-group transactions that the Company enters into with its parent company or other companies in the same group that are



subject to a conflict of interest, when this competence corresponds to the management body in accordance with the law and as defined by the relevant legislation in force at any given time. Where appropriate by law, delegating the approval of any intra-group transactions that the Company enters into with its parent company or other companies in the same group that are subject to conflicts of interest under the terms established in the legislation in force;

- xxi. Setting the Company's tax strategy;
- xxii. Appointing directors by co-option and submitting proposals to the General Meeting regarding the appointment, ratification and re-election of directors who are not independent directors, subject to a report from the Appointments and Remuneration Committee, or removing directors, as well as accepting the resignation of directors;
- xxiii. Approving, where appropriate, a specific and verifiable director selection policy that ensures that proposals for appointment or re-election are based on a prior analysis of the Board's needs, and that favours diversity of knowledge, experience, age and gender and is geared toward achieving the objective that the number of directors of the under-represented sex should not be less than 40% of the members of the Board;
- xxiv. Approval of the remuneration of each director, following a proposal by the Appointments and Remuneration Committee, in accordance with the remuneration policy approved by the General Meeting;
- xxv. Appointment, removal and approval of resolutions to dismiss managing directors, as well as prior approval of the contracts to be entered into between the Company and directors assigned executive duties;
- xxvi. Appointing and renewing the internal positions on the Board and of the members and the internal positions of its committees;
- xxvii. Following a report from the Appointments and Remuneration Committee, appointing and dismissing executives and officers who



- report directly to the Board or any of its members, and setting the basic terms of their contracts, including their remuneration;
- xxviii. Approval of the remuneration policy for the Company's senior management, as well as the basic terms of their contracts and severance pay at the proposal, if any, of the chief executive officer, following a report from the Appointments and Remuneration Committee;
 - xxix. Approving the succession plan and transitional replacement of the Chair of the Board;
 - xxx. A decision on any takeover bid for securities issued by the Company;
 - xxxi. Preparation of the annual corporate governance report and the annual report on the remuneration policy of the Company's directors, as well as the statement of non-financial information and the appointment of the independent audit service provider responsible for verifying the information included in them;
 - xxxii. The annual evaluation of the functioning of the Board and its committees and the proposal of an action plan to correct any shortcomings identified;
 - xxxiii. Approval and amendment of these Rules;
 - xxxiv. Any powers delegated by the General Meeting to the Board, unless it has expressly authorised the Board to sub-delegate them and has exercised this right;
 - xxxv. Approving the establishment, investment and supervision of the management of staff pension plans and any other commitments to staff that involve long-term financial liabilities for the Company;
 - xxxvi. Approving: (a) the investment and financing policy; (b) the corporate governance policy of the Company and its group; (c) the corporate social responsibility policy; (d) the shareholder remuneration policy; and (e) the establishment, investment and supervision of the



management of staff pension plans and any other commitments to staff that involve long-term financial liabilities for the Company.

xxxvii. In relation to the group to which the Company belongs: (a) approval of the group's general policies and strategies; and (b) approval of the group's strategic or business plan and management objectives;

xxxviii. Any other matters that the Board's Rules reserve to the full Board.

5. Under no circumstances may the Board delegate powers that, in accordance with the regulations applicable at any given time, may not be delegated. When there are duly justified circumstances of urgency, decisions on the above matters may be adopted by delegated bodies or persons, which must be ratified at the first Board meeting held after the decision is adopted.

6. With respect to any subsidiaries in the Company's group, the Board may, within the limits provided by law, establish the basis for an efficient and appropriate co-ordination between the Company and the companies in its group. In any case, the Board will respect the autonomy of the administrative and management bodies of the companies belonging to the group, taking into account the interests of the Company and those of the companies belonging to the group.

Article 6. Interests of the company

1. The Board must perform its functions with unity of purpose and with independence of judgement, treating all shareholders that are in the same position equally, and acting in the company's interest, which is understood as achieving profitable and sustainable long-term business, that promotes its continuity and maximises its economic value.

2. Likewise, the Board will, without prejudice to safeguarding corporate discretion, endeavour to reconcile its own corporate interests with the legitimate interests of stakeholders that may be affected, adhering to current legislation, complying in good faith with its obligations and contracts, respecting the customs and good practices of the sectors and territories where it operates, and observing any additional principles of social responsibility that it has voluntarily accepted.



Article 7. Position of the Board in the organic framework of the Company

1. The board will take any measures it considers appropriate to ensure that the general meeting exercises its functions. To this end, before the General Shareholders' Meeting, it will provide the shareholders all the information that is legally required or, even if not legally required, is of interest to them and can be reasonably provided. The information provided by the Company to its shareholders will be complete, correct, equitable, symmetrical and timely.
2. To achieve greater transparency and immediacy in the information dissemination process, the Company will employ the necessary procedures and technologies in general use.
3. The Board will take the necessary measures to ensure that the directors, professionals and suppliers of the Group's companies comply with its Code of Ethics.

TITLE III, COMPOSITION OF THE BOARD

Article 8. Quantitative composition

1. The Board will consist of a number of members of not less than five and not more than fifteen, to be determined by the General Meeting.
2. Within the limits set by the articles of association, the Board will propose to the general meeting the number of directors it considers appropriate from time to time in consideration of the Company's interests to ensure due representation and to achieve an efficient and participatory operation.
3. This is without prejudice to the system of proportional representation that corresponds to the shareholders by law.
4. The Board must approve a policy aimed at promoting a Board composition that is specific and verifiable, ensures that proposals for appointment or re-election are based on a prior analysis of the powers required by the Board, and promotes diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant



number of female senior managers are considered to be conducive to gender diversity.

5. The position of director is compatible with any other position or duties within the Company or the companies of its group.
6. Directors are not required to be shareholders. Anyone who is incompatible or ineligible by law may not hold or exercise the office of director.

Article 9. Qualitative composition

1. The definitions of the different classes of directors will be those established in the legislation in force or, failing that, in the recommendations of good corporate governance applicable to the Company at any time.
2. The Board must provide proof of each director's character to the General Meeting responsible for appointing or confirming the director, and this will be confirmed or, the case being, modified, in the annual corporate governance report, following verification by the Appointment and Remuneration Committee. If there is an external director who cannot be considered either a shareholder-nominated or independent director, the company will explain this circumstance and the director's links, either with the company or its management or with its shareholders.
3. The general meeting and the Board will endeavour to ensure that the Board is composed in such a way that external or non-executive directors represent a broad majority over executive directors and that there is a reasonable number of independent directors among the executive directors. They will also ensure that the number of independent directors represents at least half of the total number of directors, that the number of executive directors is the minimum necessary and that the percentage of shareholder-nominated directors out of the total number of non-executive directors does not exceed the proportion between the capital of the company represented by those directors and the rest of the capital.
4. Where applicable, the Company will explain, in its annual corporate governance report, the reasons for the appointment of directors nominated by shareholders controlling less than 3% of the capital, and explaining any



rejection of a formal requests for a Board place from shareholders whose ownership stake is equal to or greater than that of others applying successfully for nominee director positions.

5. The General Meeting and the Board will endeavour to ensure that the number of female directors accounts for at least forty per cent of its members.
6. The Board and the Appointments and Remuneration Committee will ensure, within the scope of their powers, that the proposals of candidates they submit to the General Meeting for appointment or re-election as directors, and the appointments they make directly to fill vacancies in the exercise of their powers of co-option, are for candidates who are honourable, suitable and of recognised solvency, competence, experience, qualifications, training, availability and commitment to their duties. Consideration will also be given, on a purely indicative basis, to the desirability of having directors no older, as a general rule, than age 70.
7. The preceding paragraphs do not affect the sovereignty of the General Meeting, nor do they diminish the effectiveness of the proportional system, which will be mandatory when shares are grouped together in accordance with the Corporate Enterprises Act.

TITLE IV, MINUTES OF BOARD OF MEETINGS

Article 10. The Chair

1. The Board will appoint, after a report from the Appointments and Remuneration Committee, its Chair
2. The Chair will have the ordinary power to convene and chair the Board, to draw up the agenda for its meetings, to chair the General Meeting, to ensure that the directors receive sufficient information in advance to deliberate on the items on the agenda, and to direct and stimulate debate and active participation.
3. The Chair must, however, call the Board to meet at the request of at least one third of the members of the Board or at the request of the coordinating director if one has been appointed. In that case the Board will be called by the



Chair to meet within 15 calendar days from the date of the request. If the Chair fails to convene the Board within 15 calendar days of the receipt of the request, it may be convened by the Deputy Chair or by the Coordinating Director, if one has been designated. The right of these directors to convene the Board directly, under the terms provided for by law, remains unaffected.

4. As the person responsible for the efficient functioning of the Board, and in addition to performing the duties required by law and the articles of association, the Chair will also:
 - i. Prepare and submit a schedule of dates and matters to be discussed by the Board;
 - ii. Organise and coordinate the regular evaluation of the Board;
 - iii. Be responsible for the management of the Board and the effectiveness of its functioning;
 - iv. Ensure that sufficient time is devoted to strategic issues; and
 - v. Resolve on and review the introductory and knowledge reinforcement processes for each director, where circumstances so dictate.

5. The office of Chair may be held by an executive director. This will require a favourable vote of two thirds of the Board members. In this case, the Board must, with the abstention of the executive directors, necessarily appoint a coordinating director from among the independent directors, who will be specially empowered to:
 - i. Request the Chair of the Board convene this body when it considers appropriate;
 - ii. Request the inclusion of items on the agenda of Board meetings;
 - iii. Coordinate, bring together and echo the concerns of non-executive directors;
 - iv. Chair the Board in the absence of the Chair and the Deputy-Chairs, if applicable;



- v. Direct the periodic evaluation of the Chair of the Board and coordinate the succession plan for the Chair; and
- vi. Keep in contact with investors and shareholders to know their opinions, especially regarding the corporate governance of the Company.

Article 11. Deputy Chair

The Board, following a report from the Appointments and Remuneration Committee, will appoint one or more Deputy Chairs. If there are several Deputy Chairs, each one will be numbered. The Deputy Chair will replace the Chair in the event of vacancy, absence or illness and when so determined by the Chair. If there are more than one Deputy Chairs, priority in number will determine the order in which the Deputy Chairs will replace the Chair.

Article 12. The Secretary and Assistant Secretary of the Board

1. The Board will appoint, following a report from the Appointments and Remuneration Committee, a Secretary and, optionally, a Deputy Secretary, who may be non-directors, in which case they will have the right to speak but not to vote. The Deputy Secretary will replace the Secretary in cases of absence, incapacity, removal or vacancy.
2. The Secretary will assist the Chair in the Chair's duties and will ensure the proper functioning of the Board, especially by providing the directors with the necessary advice and information, assisting the Chair to ensure that the directors receive the relevant information to fulfil their duties sufficiently in advance and in the appropriate format, keeping the corporate documentation, duly recording the proceedings of the meetings in the minute books and attesting to the Board's resolutions. The Secretary will also record in the minutes of the meetings of the Board any concerns not resolved by the Board that were expressed by the directors about the Company's performance, as well as any concerns expressed by the Secretary or the directors about a proposal, at the request of the person expressing them.
3. The Secretary will take special care to ensure that the actions and decisions of the Board:



- i. Comply with applicable laws and regulations;
 - ii. Comply with the Articles of Association and other internal regulations; and
 - iii. Take into account any governance recommendations applicable to the Company.
4. The Board will have a legal adviser to the Board, who will have the duties assigned by law. The Secretary or, as the case may be, the Deputy Secretary, may act as legal adviser to the Board when they have the status of legal adviser and meet the other requirements provided for in the legislation in force.

Article 13. Deputy Secretary to the Board

1. The Board may appoint a Deputy Secretary, who need not be a director, to assist the Secretary of the Board or to replace the Secretary in the event of absence in performing the required duties, as well as any other internal duties or offices held by the Secretary of the Board within the Board, including any internal committees or commissions that may be set up within the Board.
2. Unless otherwise decided by the Board, the Deputy Secretary may attend meetings of the Board to assist the Secretary in the drafting of the minutes of the meeting and in the other advisory functions set out in these Rules.

Article 14. Delegated and advisory bodies

1. Without prejudice to the powers of attorney it may grant to any person, the Board may set up an executive committee or appoint one or more managing directors, and may delegate to them, in whole or in part, on a temporary or permanent basis, all powers that may be delegated by law. The delegation and appointment of the members of the Board to hold these offices will require the affirmative vote of two-thirds of the members of the Board to be valid and will not take effect until they have been entered at the Commercial Registry.
2. At least two members of the executive committee will be non-executive directors, at least one of whom will be an independent director. The Chair and



the Secretary of the executive committee will be the Chair and the Secretary of the Board, respectively.

3. The Chair of the executive committee will inform the Board of the matters dealt with and of the resolutions adopted at its meetings, which must be recorded in minutes, and a copy must be sent to all Board members.
4. The Board must also create an Audit Committee, and an Appointments and Remuneration Committee, with the powers of information, supervision, advisory and proposal in the matters within their competence specified in these Rules.
5. The Board may also establish other committees with consulting or advisory functions, without prejudice to the fact that they are exceptionally granted any power of decision. The Chair, the Secretary and the other members of these committees will be appointed by the Board by a simple majority.
6. Where applicable, the Committees the Board creates will be governed by these Rules and, the case being, by their respective internal rules.

Article 15. Audit Committee

1. The Board will permanently establish an Audit Committee, as an internal advisory and informational body, without executive functions, with powers of information, advisory and proposal within its scope of action indicated in this article.
2. The Audit Committee will be composed of a minimum of three and a maximum of five non-executive and mostly independent directors, appointed by the Board itself. The members of the audit committee as a whole, and particularly its Chair, must be appointed taking into account their knowledge and experience in accounting, auditing and risk management, for financial and non-financial risks.
3. The Board will appoint the Chair of the Audit Committee from among the independent directors who are part of that committee. Furthermore, the Board may appoint a deputy chair if it considers it appropriate, and the rules on appointing the chair will apply to the deputy chair.



4. The office of Secretary of the Audit Committee will be held by a person appointed by the Board, who need not be a member of the committee or a director. The office of Secretary of the Audit Committee may be held by the Secretary of the Board or by a different person.

Directors on the Audit Committee will hold office for as long as their appointment as Board members remains in force, unless the Board resolves otherwise. The renewal, re-election and removal of the directors on the committee will be governed by that resolved by the Board. The position of Chair will be held for a maximum of four years, at the end of which the Chair may not be re-elected as such until one year after being removed, without prejudice to continuity or re-election as a member of the committee.

5. Without prejudice to any other duties that may be assigned to it at any given time by the Board, the Audit Committee will perform the following basic functions:
 - i. Informing the General Meeting regarding issues raised in relation to matters for which the committee is responsible and, in particular, regarding the results of the audit, explaining how it has contributed to the integrity of the financial information and the function that the Audit Committee has carried out in that process;
 - ii. Overseeing the effectiveness of the Company's and the Group's internal control, internal audit and management systems for financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational or corruption-related risks), ensuring that the established internal control policies and systems are effectively implemented in practice, and discussing with the statutory auditor any significant weaknesses in the internal control system identified in the course of the audit, without compromising the auditor's independence. For this purpose, and if major weaknesses are identified, recommendations or proposals and the corresponding period for follow-up may be submitted to the managing body;



- iii. Supervising the process of preparing and presenting the mandatory financial and non-financial information and submitting recommendations or proposals to the Board, aimed at safeguarding its integrity;
- iv. Proposing to the Board, for submission to the General Meeting, the selection, appointment, re-election or replacement of the auditors, in accordance with the applicable legislation, as well as the terms and conditions of their engagement, and regularly obtaining information from them on the audit plan and its implementation, and preserving their independence in performing their duties;
- v. Establishing the appropriate relationships with the statutory auditor for the purpose of receiving information on any matter that may jeopardise the respective independence, for the examination of the Audit Committee, and any other matter relating to the development process of the financial auditing, and when applicable authorising any services other than those that are prohibited under the applicable legislation, in addition to any other notification provided for under Spanish laws regarding financial auditing and other technical auditing standards. In any case, the Audit Committee must receive a statement from the statutory auditors each year attesting to their independence from the Company and the entities directly or indirectly related to it, and detailed and individualised information on the additional services of any kind rendered and the corresponding fees received from these entities by the statutory auditor or by the persons or entities related to it in accordance with auditing legislation;
- vi. Issuing an annual report, before the auditor's report, expressing an opinion on whether the independence of the auditors or audit firms is compromised. This report must in any case address the reasoned assessment of the provision of the services referred to in the preceding paragraph, considered both individually and as a whole, and the system in place to assure auditor independence and compliance with prevailing audit legislation;



- vii. Reporting on any related-party transactions that must be approved by the General Meeting or the Board in accordance with the law and supervising the internal procedure established by the Company for transactions whose approval has been delegated, issuing the mandatory report, when required, to assess whether the related-party transaction is fair and reasonable from the point of view of the Company and, if applicable, of the shareholders other than the related party, and reporting on the assumptions underlying the assessment and the methods used;
- viii. Reporting to the Board on all matters where so required by law, the Articles of Association and the Board's Rules of Procedure, in particular with regard to: (a) financial reporting and the directors report, which must include any mandatory non-financial information that the company must publish periodically; and (b) creating or buying shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens;
- ix. Supervising the Company's internal audit activity, supervising the internal audit plan and verifying that the main financial and non-financial risk areas of the business have been considered in this plan;
- x. In relation to information systems and internal control: (a) supervising the preparation process and the integrity of the financial information relating to the Company and, where appropriate, the group, reviewing compliance with regulatory requirements, the proper delimitation of the scope of consolidation and the correct application of accounting criteria; (b) if one exists, ensuring the independence of the unit in charge of internal audit, proposing the selection, appointment, reappointment and removal of the head of the internal audit service, proposing the budget for that service, approving, or proposing the board approve, the annual internal audit focus and work plan, ensuring that its activity is primarily focused on the relevant risks (including reputational risks); receiving regular information on the implementation of the annual work plan, including possible incidents and scope limitations, and an annual activity report and verifying that



senior management takes into account the findings and recommendations of its reports, if any; and (c) establishing and overseeing a mechanism to enable employees or others associated with the company, such as directors, shareholders, suppliers, contractors or subcontractors, to confidentially or anonymously report potentially significant irregularities, including financial, accounting or any other irregularities relating to the company that they may detect within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for the possibility of submitting reports anonymously, respecting the rights of the both the whistleblower and the accused;

- xi. In relation to the external auditor: (a) if the auditor resigns, examining the circumstances that led to its resignation; (b) ensuring that its remuneration does not compromise its quality or independence; (c) ensuring that the Company notifies the Spanish National Securities Market Commission (CNMV) of the change of auditor and accompanies this notice, if appropriate, with a statement on the possible existence of disagreements with the outgoing auditor and their content; (d) ensuring that the external auditor meets annually with the full Board to report to it on the work performed and the evolution of the Company's situation; (e) ensuring that the Company and the external auditor follow the rules in force on providing non-audit services, the limits on the concentration of the auditor's business and, in general, the other rules on auditor independence;
- xii. Ensuring that the Annual Financial Statements that the Board submits to the General Meeting are drawn up in accordance with accounting regulations and that, in cases where the auditor has indicated a reservation in its report, the Chair of the Audit Committee explains its content and scope with clarity in the General Meeting in the opinion of the Audit Committee, placing a summary of their opinion at the shareholders' disposal when the meeting call is published, and together with the other proposals and reports by the Board, a summary of that opinion;



- xiii. Summoning any employee or executive of the company, including the power to demand attendance without the presence of any other executive;
 - xiv. Checking that the financial and non-financial information published on the Company's corporate website is permanently updated and coincides with the information formulated by the directors;
 - xv. Regularly assessing the need for an independent area for risk control and management;
 - xvi. Defining the procedure for selecting the statutory auditor, taking into account, without limitation, factors such as the scope of the audit, the qualifications, experience and resources of the auditor or audit firm, the fees, as well as the auditor's independence and the effectiveness and quality of the audit services to be provided;
 - xvii. Staying informed of any fundamental changes or corporate transactions the Company is planning, to be able to analyse the transaction and report to the Board beforehand on its economic terms and accounting impact and, when applicable, the proposed swap rate; and
 - xviii. Any others attributed to it by the Board.
6. The Audit Committee will also be responsible for performing all those functions specifically attributed to it in the internal regulations of the Audit Committee, if any, approved by the Board.
7. The Audit Committee will meet: (i) when its meeting schedule so determines; (ii) as often as it is called by resolution of the committee itself or its Chair; (iii) whenever requested by any of its members; and (iv) at least once a quarter to review the information to be submitted by the Company to the stock exchange authorities, as well as the information that the Board must approve and include in its annual public documentation. Its Chair must convene the Audit Committee whenever the Board or its Chair requests a report or the adoption of a proposal and, in any case, whenever appropriate for the proper performance of its duties.



8. The Audit Committee will be validly constituted when the majority of its members are in attendance, present or represented, and its resolutions will be passed by an absolute majority of those in attendance. The Chair of the Audit Committee will cast the tie-breaking vote in case of tie.
9. The Audit Committee will draw up minutes of its meetings, from which copies will be sent to all the Board members and the Secretary of the Board.
10. To best carry out its duties, the Audit Committee may obtain the advice of external experts when it considers it necessary, ensuring that possible conflicts of interest do not harm the independence of the external advice provided to the Audit Committee.

Article 16. Appointments and Remuneration Committee

1. The Board will permanently establish an Appointments and Remuneration Committee, as an internal advisory and informational body, without executive functions, with powers of information, advisory and proposal within its scope of action indicated in this article. The Appointments and Remuneration Committee will be composed of a minimum of three and a maximum of five non-executive and mostly independent directors, appointed by the Board itself, taking into account their expertise, aptitudes and experience.
2. The Board will appoint the Chair of the Appointments and Remuneration Committee from among the independent directors who are part of that committee. Furthermore, the Board may appoint a deputy chair if it considers it appropriate, and the rules on appointing the chair will apply to the deputy chair.
3. The office of Secretary of the Appointments and Remuneration Committee will be held by a person appointed by the Board, who need not be a member of the committee or a director. The office of Secretary of the Appointments and Remuneration Committee may be held by the Secretary of the Board or by a different person.
4. Directors on the Appointments and Remuneration Committee will hold office for as long as their appointment as Board members remains in force, unless



the Board resolves otherwise. The renewal, re-election and removal of the directors on the committee will be governed by that resolved by the Board.

5. Without prejudice to any other duties that may be assigned to it at any given time by the Board, the Appointments and Remuneration Committee will perform the following basic functions independently:
 - i. Evaluating the capabilities, expertise and experience required by the Board. To this end, it will define the roles and skills required of the candidates to fill each vacancy and assess the time and dedication necessary for them to perform their duties effectively, taking into account a pre-developed competency matrix defining the most appropriate roles, competencies, knowledge and experience for the position;
 - ii. Analysing the other occupations of each director of the Company, ensuring that the directors devote sufficient time in practice, or conversely proposing the appropriate measures;
 - iii. Establishing a representation objective for the under-represented gender on the Board and developing guidelines on how to achieve this objective;
 - iv. Submitting proposals to the Board for the appointment of independent directors for their designation by co-option or for their submission to the decision of the General Meeting, including proposals for re-election or the discharge of these directors by the General Meeting;
 - v. Reporting on appointment proposals of the remaining directors for their designation by co-option or for their submission to the decision of the General Meeting, as well as proposals for their re-election or discharge by the General Meeting;
 - vi. Reporting on proposals to appoint, re-elect and remove senior managers and the basic terms of their contracts;



- vii. Examining and organising the succession of the Chair of the Board and the CEO of the Company and, if appropriate, making proposals to the Board to ensure that this succession takes place in an orderly and planned manner, in consultation with the Chair of the Company, and involving the coordinating director, if any, provided that that director is not a member of the Appointments and Remuneration Committee;
 - viii. Proposing to the Board the remuneration policy for directors and general managers, or those who perform the functions of managers under the direct supervision of the Board, of executive committees or of CEOs, including individual remuneration and other contractual terms of the executive directors, verifying and ensuring its compliance;
 - ix. Verifying compliance with the Company's remuneration policy;
 - x. Periodically reviewing the remuneration policy applied to directors and senior managers, including remuneration systems with shares and their application, ensuring that their individual remuneration is proportionate to that paid to the other directors and senior managers;
 - xi. Proposing to the Board a policy for selecting directors and, where appropriate, senior managers, which should include measures to promote the Company having a significant number of senior managers;
 - xii. Ensuring that any conflicts of interest do not undermine the independence of the external advice provided to the committee;
 - xiii. Verifying information on the remuneration of directors and senior managers contained in the various corporate documents, including the annual report on remuneration; and
 - xiv. Participating in possible updates of these Rules in relation to the matters within its competence.
6. The Appointments and Remuneration Committee will also be responsible for performing all those duties specifically attributed to it in the internal



regulations of the Appointments and Remuneration Committee, if any, approved by the Board.

7. The Appointments and Remuneration Committee will meet: (i) when its schedule of meetings so determines; (ii) as often as it is convened by decision of the committee itself or its chair; (iii) when requested by any of its members; and (iv) at least twice a year. Its Chair will convene the Appointments and Remuneration Committee whenever the Board or its Chair requests a report or the adoption of a proposal and, in any case, whenever appropriate for the proper performance of its duties.
8. The Appointments and Remuneration Committee will be validly constituted when the majority of its members are in attendance, present or represented, and its resolutions will be passed by an absolute majority of those in attendance. The Chair of the Appointment and Remuneration Committee will cast the tie-breaking vote in case of tie.
9. The Appointments and Remuneration Committee will draw up minutes of its meetings, from which copies will be sent to all members of the Board.
10. The Appointments and Remuneration Committee must consult the Chair and the first executive of the company, especially when it comes to matters relating to executive directors and senior executives.
11. To better perform its functions, the Appointments and Remuneration Committee may obtain the advice of external experts when it considers it necessary, ensuring that possible conflicts of interest do not harm the independence of the external advice provided to the Appointments and Remuneration Committee.

Article 17. Sustainability and Compliance Committee

1. The Board will permanently establish a Sustainability and Compliance Committee, as an internal advisory and informational body, without executive functions, with powers of information, advisory and proposal within its scope of action.



2. The Sustainability and Compliance Committee will be composed of a minimum of three and a maximum of five non-executive and mostly independent directors, appointed by the Board itself.
3. The Board will appoint the Chair of the Sustainability and Compliance Committee from among the directors forming part of it, and its Secretary, who need not be a member of the committee or a director. The office of Secretary of the Sustainability and Compliance Committee may be held by the Secretary of the Board or by a different person.
4. Directors on the Sustainability and Compliance Committee will hold office for as long as their appointment as Board members remains in force, unless the Board resolves otherwise. The renewal, re-election and removal of the directors on the committee will be governed by that resolved by the Board.
5. Without prejudice to any other duties that may be assigned to it at any given time by the Board, the Sustainability and Compliance Committee will perform the following basic functions independently:
 - i. Supervision of compliance with corporate governance rules and the Company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values;
 - ii. Supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, voting advisers and other stakeholders. The way in which the Company communicates and relates to small and medium-sized shareholders will also be monitored;
 - iii. Regular evaluation of the suitability of the Company's system of corporate governance to ensure that it fulfils its mission of promoting the corporate interest and takes the legitimate interests of the remaining stakeholders into account in an appropriate manner;
 - iv. Supervision to ensure that the Company's environmental and social practices comply with the defined strategy and policy;



- v. Supervision and evaluation of processes affecting the various stakeholder groups;
- vi. Monitoring the Company's performance in the area of corporate reputation and reporting on it to the Board as appropriate;
- vii. Reporting, prior to its approval, on the Company's annual corporate governance report and statement of non-financial information, requesting the necessary reports from the Audit Committee and the Appointments and Remuneration Committee in relation to the sections of the report under its purview;
- viii. Reporting on proposals to amend the Board's Rules of Procedure and the Code of Ethics;
- ix. Issuing the reports and carrying out the actions that, within its sphere of competence, may additionally correspond to it in accordance with the corporate governance system or that are requested by the Board or its Chair;
- x. Carrying out the duties attributed to it in the code of ethics;
- xi. Reporting on the proposals of the appointments and remuneration committee for appointing compliance officers;
- xii. Regularly assessing the functioning of the Company's compliance programme, the governance rules, the compliance department, making the necessary proposals for improvement, and, on an annual basis, the disuse of those responsible for compliance, which will be reported to the Appointments and Remuneration Committee and the Board;
- xiii. Ensuring that those in charge of compliance have the necessary material and human resources to carry out their work;
- xiv. Overseeing and monitoring the operation, implementation and compliance with the criminal risk prevention policy, as well as any other



- compliance policies (including, but not limited to, policies on money laundering and labour risks) approved by the Board;
- xv. Receiving regular information on compliance activities and gathering any information it considers appropriate and summoning any manager or employee, including, in particular, those responsible for compliance and the different committees that may exist in this area, to assess their performance;
 - xvi. Supervising the internal rules and procedures that ensure compliance with the rules of conduct and regulatory compliance in the different spheres of the Company's activities and specifically the Company's code of ethics and its Internal Code of Conduct for the Securities Markets, ensuring that they are constantly updated;
 - xvii. Guaranteeing, as a monitoring and supervisory body, that the Company, its directors, executives and other personnel comply with the code of ethics established by the Company and/or that must be complied with according to the Securities Market legislation applicable from time to time, and staying informed of any irregularity or insufficiency that may be detected. It will also approve or, as the case may be, propose to the Board any measures and/or modifications to the internal rules of conduct and internal control systems it may consider necessary for their improvement and/or adaptation to the applicable legislation; and
 - xviii. Examining compliance with the Company's Internal Code of Conduct, Code of Ethics, Board Rules of Procedure, these Rules and, in general, its rules of governance, and making the necessary proposals for their improvement, including periodically evaluating the Company's corporate governance system, to ensure that it fulfils its mission of promoting the Company's best interests.
6. Likewise, the Sustainability and Compliance Committee will meet at the request of any of its members and whenever it is called by its chair or the Chief Compliance Officer, who must do so if the Board or its chair requests the issue



of a report or the adoption of proposals and, in any case, if it is suitable for the proper performance of its duties.

7. The Sustainability and Compliance Committee will be quorate when the majority of its members are in attendance, present or represented, and its resolutions will be passed by an absolute majority of those in attendance. The Chair of the Sustainability and Compliance Committee will cast the tie-breaking vote in case of tie.
8. The Sustainability and Compliance Committee will draw up minutes of its meetings, from which copies will be sent to all members of the Board.
9. To best carry out its duties, the Sustainability and Compliance Committee may obtain the advice of external experts when it considers it necessary, ensuring that possible conflicts of interest do not harm the independence of the external advice provided to the committee.

TITLE V, —RULES FOR BOARD MEETINGS

Article 18. Board meetings

1. The Board will meet as often as is convenient for the proper performance of its functions, and at least eight times a year, in accordance with a schedule of dates and business to be established at the beginning of the year.
2. The Board will also meet, at the initiative of the Chair, as often as the Chair considers appropriate for the proper functioning of the Company and also when requested under the terms set out in Article 18.1 above.
3. Notice of meetings of the Board will be given by the Secretary of the Board or whoever acts as Secretary, with the authorisation of the Chair of the Board, by any means capable of being received by each of the members of the Board and recorded in the Company's files. Notice will be given at least three days before the date and time of the meeting. The meeting notice will always include the agenda for the meeting and will be accompanied by the duly prepared and summarised relevant information.



4. The agenda for Board meetings should clearly indicate the points on which the Board is required to adopt a decision or resolution, so that the directors can examine or obtain the necessary information in advance. Before the meeting is convened, any director may individually propose to include other items on the agenda that they believe should be dealt with by the Board. Including them will be compulsory if the request is made not less than 48 hours before the date when the meeting is scheduled to be held.
5. If, exceptionally, the Chair wishes, for reasons of urgency, to propose decisions or resolutions that are not included on the agenda for approval by the board, the express prior consent of the majority of the board members present will be required and must be recorded in the minutes.
6. The Chair of the Board may call special sessions of the Board when the Chair decides the circumstances so warrant, without the notice period and the other requirements indicated above applying in these cases. Nevertheless, the documentation, if any, to be provided to the directors must be delivered sufficiently in advance, unless the Board has been constituted or has been exceptionally convened for reasons of urgency.
7. However, the Board will be considered validly constituted without the need for a call if all of its members are present personally or by proxy and unanimously agree to hold the meeting and on the items on the agenda. Likewise, if no director objects, votes of the Board may be cast in writing with no need for a meeting. Votes may be cast in writing or by email, provided that the identity of the director casting the vote is assured.
8. At the beginning of each year, the Board will draw up an annual calendar of its regular meetings.
9. The Board will hold its meetings at the registered office unless the notice indicates another venue.
10. Nevertheless, Board meetings may be held in several locations connected by systems that allow for those attending to be recognised and identified and for them to remain in constant communication with each other regardless of where they are, and that allows them to speak and vote in real time, including



attendance by phone and video conferencing. Subject to the above, Board meetings may be held by telephone conference call, videoconference or any other similar system.

11. The meeting attendees will be considered, for all purposes related to the Board, as attendees of the same unique meeting. The meeting will be considered to be held where the largest number of directors is present and, in the event of a tie, where the Chair of the Board or the person chairing the meeting in the Chair's absence is present.
12. The Board must meet at least once a year:
 - i. The quality and effectiveness of the board's functioning;
 - ii. The functioning and membership of its committees;
 - iii. The diversity of the Board's membership and competences;
 - iv. The performance of their duties by the Chair and the chief executive of the Company; and
 - v. The performance and contribution of each director, focusing in particular upon the directors responsible for each of the board committees.
13. Every three years, the Board will be assisted in its evaluation by an external consultant, whose independence will be verified by the Appointments and Remuneration Committee. The relations maintained by the company or any group company with the consultant or any company forming part of the consultant's group must be duly broken down in the annual corporate governance report. The processes and areas evaluated must also be described in the annual corporate governance report.

Article 19. Rules of order for meetings

1. The Board will be duly convened when at least half of its members plus one from time to time are present or represented.



2. Directors must make every effort to attend Board meetings and, if they are unable to do so in person, they will grant their proxy in writing and on an ad hoc basis for each meeting to another member of the Board, including appropriate instructions, and inform the Chair of the Board. In the case of non-executive directors, they may only be represented by another member of the Board with the same status. Directors' absences from board meetings will be quantified in the annual corporate governance report.
3. Non-executive directors may only delegate their votes to other non-executive directors. Representation may not be delegated in relation to matters with regard to which the Director is in any conflict of interest. The proxy will be granted on an ad hoc basis for each meeting of the Board, and may be communicated to the Chair or the Secretary of the Board by any of the means provided for convening meetings.
4. The Chair will organise and stimulate debate by seeking and promoting the active participation of all directors during Board meetings, safeguarding their freedom of position and expression of opinion.
5. Except in cases where the law or the Articles of Association specifically establish other voting quorums, resolutions will be adopted by an absolute majority of the directors attending the meeting. The Chair will cast the deciding vote in the event of tie.
6. Board meeting minutes must be drawn up and signed by at least the Chair (or Deputy Chair, as the case may be) and Secretary (or Deputy-Secretary, as the case may be), and will be transcribed or recorded, as required by law, in a special book of minutes of the Board.
7. The minutes will be approved by the Board itself at the end of the meeting or at the next meeting.

TITLE VI, APPOINTMENT AND REMOVAL OF DIRECTORS

Article 20. Appointment and re-election of board members

1. Directors will be appointed by the General Shareholders' Meeting or by the Board by co-option, following a report from the Appointments and



Remuneration Committee or, in the case of independent directors, at the proposal of the Appointments and Remuneration Committee, in accordance with the applicable legislation, the Articles of Association and these Rules.

2. New directors should acquire a rapid and sufficient knowledge of the Company and its corporate governance rules.
3. The members of the Board will be subject, insofar as applicable, to the state and autonomous region legislation in force from time to time regarding incompatibilities and prohibitions for holding the office of director.
4. The Board will endeavour to ensure that candidates are chosen from among persons of recognised solvency, competence and experience, and will exercise the utmost rigour with regard to those called upon to fill the posts of independent director.
5. The Board will evaluate, before proposing re-election of directors to the General Meeting and with the abstention of the directors concerned, the quality of the work and the dedication to the position of the candidates proposed during the previous term.

Article 21. Term of the position

1. Directors will hold their position for four years, and after that may be re-elected one or more times for terms of equal duration.
2. The appointment of the Board members will expire when their term has ended and the next General Meeting has been held, or following the legal period within which the General Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year.
3. Directors appointed by co-option will hold office until the first General Shareholders' Meeting held after their appointment, and will leave office if the above General Shareholders' Meeting does not ratify their appointment. If any vacancy arises after the General Meeting has been called but before it is held, the Board may appoint Board members until the following General Meeting is held, with no need for them to be shareholders.



Article 22. Removal of directors

1. Directors will cease to hold office when the term for which they were appointed has elapsed or when decided by the General Meeting in use of the powers granted to it by law or the Articles of Association.
2. Board members must tender their resignation to the Board and resign if the Board considers it appropriate, in the following cases:
 - i. When they cease to hold the executive position with which their appointment as Board members is associated;
 - ii. When they become subject to any incompatibility or prohibition provided for by law or the Articles of Association;
 - iii. When they have been seriously reprimanded by the Board for having breached any of their obligations as directors;
 - iv. When their continuance on the Board may jeopardise or damage the interests, credit or reputation of the Company or when the reasons for which they were appointed cease to exist, including, without limitation, when there are significant changes in their professional situation or in the conditions by virtue of which they were appointed as directors;
 - v. When they are indicted for any purported offences or disciplinary proceedings are brought against them by the supervisory bodies for serious or gross misconduct;
 - vi. In the case of shareholder-nominated directors (a) when the shareholder they represent fully sells its stake in the Company or significantly reduces it; and, (b) when the shareholder reduces its stake to a level that requires a reduction in the number of shareholder-nominated directors;
 - vii. When, due to events attributable to the director, their remaining on the Board would, in the Board's opinion, cause serious harm to the Company's assets or reputation;



- viii. When they sit on more than four Boards of other listed companies (other than the Company).
3. Directors who leave office due to resignation, by resolution of the General Meeting or for any other reason before the end of their term of office must sufficiently explain, in a letter sent to all Board members, the reasons for their resignation or, in the case of non-executive directors, their opinion on the reasons for their removal by the General Meeting. Even though this is reported in the annual corporate governance report, to the extent relevant to investors, the Company should publish the dismissal as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Article 23. Objectivity and secrecy of voting

Directors affected by proposals for appointment, re-election or removal must abstain from taking part in deliberations and voting on those proposals. All votes of the Board concerning the appointment, re-election or removal of directors will be public unless a director requests that the vote be taken by secret ballot.

TITLE VII, DIRECTOR INFORMATION

Article 24. Information and inspection powers

1. Directors are responsible for duly informing themselves about the Company's performance. Directors may therefore request information on any matter within the competence of the Board and, in this regard, examine its books, records, documents and other documentation. This right of information extends to subsidiary companies in any case, and to investees, whenever possible.
2. The request for information should be addressed to the Secretary of the Board, who will send it to the Chair of the Board and to the appropriate contact person in the Company.



3. The Secretary will notify the director of the confidentiality of the information he requests and receives and of his duty of confidentiality in accordance with these Rules.
4. The Chair may refuse the information if the Chair considers: (a) it is not essential for the full performance of the duties entrusted to the director; or (b) that its cost is unreasonable in view of the importance of the problem and the Company's assets and income.
5. Board members should be periodically informed of changes in the shareholder structure and of the opinions on the Company held by significant shareholders, investors and rating agencies.
6. Irrespective of the expertise required of board members for the discharge of their duties, the Company will offer its board members training programmes to refresh their knowledge and skills, where circumstances so require.

Article 25. Help from experts

1. To help them discharge their duties, all directors may obtain the necessary advice from the Company. To this end, the Company will provide the appropriate channels which, in special circumstances, may include external advice at the Company's expense.
2. These advisers must be hired for specific problems with relevance and complexity that arise in performance of the position.
3. The decision to engage external advisers at the Company's expense must be communicated to the Chair of the Company's Board and may be vetoed by the Board if it proves:
 - i. That it is not necessary for the full performance of the duties entrusted to external directors;
 - ii. That its cost is unreasonable in view of the importance of the problem and the Company's assets and income; or
 - iii. That the technical assistance sought can be adequately provided by the Company's experts and technicians.



TITLE VIII, BOARD REMUNERATION

Article 26. Board remuneration

1. Directors will be entitled to receive the remuneration established in the Articles of Association. The total amount of remuneration that may be paid by the Company to all its directors for the items provided for in the Articles of Association will not exceed the amount determined for this purpose in the remuneration policy approved by the General Shareholders' Meeting.
2. The specific determination of the amount corresponding to each of the above items for each of the directors will be made by the Board in accordance with the framework under the articles of association and the directors' remuneration policy, which will be approved at least every three years by the General Meeting. For this purpose, it will take into account the positions held by each director on the board itself and their membership of and attendance at the various committees, and will take into account the duties and responsibilities attributed to each of them.
3. The remuneration of the directors must be in reasonable proportion to the Company's importance, its economic situation at any given time, the standards that are met in the market in companies of similar size or activity and taking into account the amount of time they dedicate to the Company. The remuneration system established must be aimed at promoting the Company's long-term profitability and sustainability and include the necessary safeguards to avoid excessive risks and adverse results. Specifically, the remuneration system must, if it includes variable remuneration mechanisms, establish the necessary limits and safeguards to ensure that the variable remuneration is related to the professional performance of the beneficiaries, the evolution of the share price, non-financial objectives such as the sustainability of the Company and does not derive solely from the general evolution of the markets or the sector.
4. Likewise, the Board will ensure that the amount of remuneration of external directors is such that it provides incentives to reward their dedication,



qualifications and responsibility, but does not compromise their independence.

5. Any remuneration linked to company earnings will take into account any qualifications stated in the statutory auditor's report.
6. Remuneration derived from membership on the Board will be compatible with any other remuneration (fixed salaries; variable remuneration based on the achievement of business, corporate and/or personal performance targets; severance payments for termination of directors for reasons other than breach of their duties; pension schemes; and deferred remuneration items). In addition, directors may be paid in shares or share options or in remuneration indexed to the share price, provided that the application of any of these remuneration systems is previously resolved by the General Meeting. In that resolution, the General Meeting will determine the maximum number of shares that may be allocated each year to this remuneration system, the exercise price or system for calculating the exercise price of the stock options, the value of the shares that, as appropriate, may be used as an index, and the duration of the plan.
7. The Board will ensure that variable remuneration provides for the deferral of payment of a relevant part of its components to enable it to carry out sufficient verification that the performance or other terms previously established have been effectively met and, if it becomes apparent that a correction of the annual accounts or of the parameters on which the remuneration was based needs to be made, or the infringement by the beneficiaries of legal norms or rules of the internal corporate governance system, including the code of ethics, the variable remuneration will include the necessary mechanisms to cancel all or part of the settlement of the outstanding payments and, if applicable, to recover the amounts previously paid to the beneficiaries.
8. The Board will draw up an annual report on director remuneration in accordance with the terms established in the applicable legislation. This report will be made available to shareholders when the ordinary General Meeting is



convened and will be put to an advisory vote as a separate item on the agenda.

TITLE IX, DUTIES OF DIRECTORS

Article 27. General obligations of directors

1. In carrying out their duties, directors must employ the due skill and care expected of a professional and loyal representative, taking into account the nature of the position and the duties assigned to each of them. Their actions must be guided solely by good faith and the interests of the Company, seeking the best defence and protection of the interests of the shareholders as a whole, from whom they derive their mandate and to whom they are accountable. In particular, directors must:
 - i. Stay informed and prepare adequately for Board meetings and, where appropriate, of the delegated bodies they sit on;
 - ii. Attend Board meetings and actively participate in the deliberations so that their judgement contributes effectively to decision-making. If, for justified reasons, they cannot attend the meetings to which they have been summoned, they must instruct the director acting as their proxy;
 - iii. Contribute (and, to a greater extent, independent directors) their strategic vision, as well as concepts, criteria and innovative measures for the optimum development and evolution of the Company's business;
 - iv. Perform their duties under the principle of personal responsibility with freedom of judgement and independence with respect to instructions and links with third parties;
 - v. Perform any specific task entrusted to them by the Board or any of its delegated and/or consultative bodies and reasonably included in their commitment of dedication;



- vi. Promote the investigation of any irregularity in the management of the Company brought to their attention and immediately report it to the Board and monitor any risk situation;
- vii. Urge the persons empowered to convene special Board meetings or to include they items they considerate on the agenda of the first meeting to be held;
- viii. Oppose any resolutions that are contrary to the law, the Articles of Association or the interests of the Company and request that their position be recorded in the minutes when they consider it most appropriate to safeguard the company's interests. Independent directors and other directors who are not affected by a potential conflict of interest must, in particular, clearly express their opposition in the case of decisions that may be detrimental to shareholders not represented on the Board.

If the Board takes significant or reiterated decisions about which a director has expressed serious reservations, the director must draw the appropriate conclusions and, if necessary, tender their resignation.

This section will apply to the Secretary and, where appropriate, the Deputy Secretary of the Board, even if they are not directors.

- ix. When, either by resignation or by resolution of the General Meeting, directors resign before the end of their term of office, they should sufficiently explain the reasons for their resignation or, in the case of non-executive directors, their opinion on the reasons for their removal by the meeting, in a letter to be sent to all the board members.
2. In any event, directors must devote to their duties the time and effort necessary to perform them effectively and, consequently, directors must inform the Appointments and Remuneration Committee of their other professional obligations, if they might interfere with the dedication required.



3. The Board may only propose the removal of any independent board members before the expiry of the statutory term for which they were appointed, as mandated by the articles of association, if just cause is found by the Board based on a report from the Appointments and Remuneration Committee. In particular, just cause will be presumed when a board member takes up any new posts or contracts new obligations such as might prevent them from dedicating the necessary time to the discharge of the duties proper to the office of director, is found to be in breach of the duties inherent in their position or comes under one of the grounds leading to disqualification as independent, in accordance with the applicable legislation.
4. The removal of independent board members may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's capital structure and those changes in the structure of the Board are a consequence of the proportionality criterion set out in these Rules.

Article 28. Duty of confidentiality of directors

1. Directors must keep secret the deliberations of the Board and of the delegated bodies of which they are members and, in general, must refrain from disclosing any information to which they have had access in the course of their duties.
2. This obligation of confidentiality will subsist even when they no longer hold office, and they must keep secret any confidential information and any information, data, reports or background information that they may become aware of as a result of the exercise of their office, without communicating this information to third parties or disclosing it if it could have harmful consequences for the Company's interests. Exceptions to the duties referred to in this paragraph are those cases in which the law permits their communication or disclosure to third parties or that, as the case may be, if the information is ordered or must be sent to the respective supervisory authorities, in which case, the transfer of information must comply with the law.



Article 29. Non-competition obligation

1. Directors must refrain from taking any activities either personally or on behalf of any third party that might result in effective competition, whether actual or potential, with the Company, which might otherwise give rise to any permanent conflict of interests with the Company.
2. The obligation not to compete with the Company may only be waived if harm cannot be expected for the Company or if the profits expected to be obtained from the waiver could foreseeably offset that harm. The waiver will be granted by a separate express resolution by the General Meeting.
3. In any event, at the request of any shareholder, the General Meeting will decide on the removal of a director who engages in competitive activities when the risk of damage to the Company has become significant.

Article 30. Conflicts of interest

1. A conflict of interest will be considered to exist in those situations in which the interest of the Company or the companies in its group and the director's personal interest come into direct or indirect conflict. There will be an interest of the director when, without limitation, the matter affects them or a person connected with them or, in the case of shareholder-nominee directors, in addition, the shareholder or shareholders who nominated or appointed them or persons related directly or indirectly to them.
2. For the purposes of these Rules, persons related to the director will be understood to be natural persons who are:
 - i. A director's spouse or persons with a like affective relationship;
 - ii. The ascendants, descendants and siblings of the director or the director's spouse (or person with a similar affective relationship);
 - iii. The spouses (or persons in a similar relationship) of the director's ascendants, descendants and siblings;
 - iv. The Companies or entities in which the director directly or indirectly:
 - (a) holds, including through an interposed person, a shareholding that



confers a significant influence; or (b) holds a position in them or their parent company on the management body or in senior management.

For these purposes, any shareholdings equal to or greater than 10% of the share capital or voting rights in relation to which it has been possible to obtain, in fact or in law, a proxy in the company's management body is assumed to have significant influence; and

- v. In addition to the case of shareholder nominee directors, the shareholders who proposed their nomination.
3. The director must notify the Board of the existence of conflicts of interest, whether direct or indirect, and refrain from acting as a representative of the Company in the transaction to which the conflict relates, with the exceptions established in the applicable law. Furthermore, the Company will report, where appropriate in accordance with the Law, on any conflict of interest situation in which the directors (or persons connected to them) have incurred during the year in question and that is recorded by virtue of the communication from the affected party or by any other means. The conflicts of interest in which the directors are involved will be reported in the Company's financial statements.

Article 31. Use of the Company's assets

Directors may not make use of the Company's assets, including its confidential information, or use their position in the Company to obtain a pecuniary advantage unless they have paid adequate consideration.

Directors may only make use of the Company's assets with the authorisation of the Board, as provided for in the Rules, and provided that adequate consideration has been paid. If this consideration is waived, the monetary advantage thus obtained, if any, will be treated as indirect remuneration and must be authorised by the Board after a report from the Appointments and Remuneration Committee.



Article 32. Non-public Information

Directors must adhere to the rules of conduct established in securities market legislation and, in particular, those enshrined in the Company's Internal Code of Conduct in the Securities Markets in relation to the treatment of inside information.

Article 33. Business opportunities

1. Directors may not take advantage, for their own benefit or for the benefit of anyone related to them within the meaning of Article 30 of these Rules, any business opportunity of the Company, unless it is previously offered to the Company and the Company desists from making use of it.
2. For the purposes of the preceding paragraph, a business opportunity means any possibility of making an investment or commercial transaction that arose or was discovered in connection with the director's performance of their duties, or through the use of the Company's means and information, or under such circumstances that it is reasonable to believe that the third party's offer was in fact addressed to the Company.

Article 34. Indirect transactions

Directors will be in breach of their duty of loyalty to the Company if, knowing in advance, they allows or fail to disclose the existence of transactions carried out by the Related Parties indicated in Article 30 these Rules have not been subject to the terms and controls stipulated above.

Article 35. Duties of information of directors

1. Directors must inform the Board of the shares that they own directly or indirectly through Related Parties referred to in Article 30 of these Rules, in accordance with the Company's Internal Rules of Conduct for Securities Markets.
2. Directors must also inform the Company of the positions they hold on the governing bodies of other companies and, in general, of any facts,



circumstances or situations that may be relevant to their performance as a director of the Company in accordance with these Rules.

3. Likewise, all directors must inform the Company of any situations that may damage the Company's credit and reputation and, in particular, they must inform the Board of any criminal cases in which they are under investigation, whether or not they are related to their actions in the Company itself, as well as of the subsequent procedural events.
4. If a director is summoned as a person under investigation or is brought to trial, the Board will examine the case as soon as possible and, in view of the specific circumstances, decide, after a report from the Appointments and Remuneration Committee, whether to take any action, such as opening an internal investigation, requesting the director's resignation or proposing the director's removal. These circumstances must be reasonably reported in the annual corporate governance report, unless special circumstances justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the Company must disseminate, if appropriate, when the corresponding measures are adopted.

Article 36. Related Party transactions

1. Without prejudice to section 2 below, it will be the responsibility of the Board or, if one was created and the matter is urgent, of the executive committee or the chief executive officer, with the subsequent ratification of the Board, to approve the execution by the Company of any related-party transaction as that term is defined in the relevant legislation in force from time to time (except in those cases in which it is appropriate under the law to delegate the approval of related-party transactions on the terms stipulated by law).
2. The authorisation must necessarily be approved by the General Meeting when it concerns a related-party transaction whose amount or value is equal to or exceeds 10% of the company's assets according to the latest annual balance sheet approved by the Company.
3. Approval by the Board or the General Meeting of a related-party transaction must be subject to a prior report by the Audit Committee in the cases and



under the terms established in the relevant legislation in force from time to time.

TITLE X, INFORMATION POLICY AND RELATIONS OF THE BOARD

Article 37. Website

1. The Company will publish a corporate website to enable shareholders to exercise their right to information and to disseminate the information required by stock market legislation, which will include the documents and information provided for by the applicable legislation, including information and documentation concerning calls for General Meetings as well as any other documentation or information that the Board considers appropriate to make available to shareholders.
2. The Company will make the following information about its Board members public on its corporate website, and will keep it up-to-date:
 - i. Professional and biographical profile;
 - ii. Board memberships held at other companies, listed or otherwise, and any other remunerated activities of any kind that the board member may be engaged in;
 - iii. An indication of the board member's classification as executive, in the case of shareholder-nominee board members stating the shareholder they represent or have links with;
 - iv. The date of their first and subsequent appointments or reselection as a company board member; and
 - v. Shares held in the Company and any options on them.
3. The Board is responsible for releasing the information that should be incorporated into the corporate website of the Company in compliance with the obligations imposed by prevailing legislation, and will be responsible updating that information under the terms laid down by legislation in force.



Article 38. Shareholder relations

1. The Board will establish mechanisms to hear proposals from shareholders regarding the management of the Company.
2. The Board may, through some of its directors and with the collaboration of any members of senior management it considers appropriate, organise information meetings on the progress of the Company and its group for shareholders residing in the most important financial centres in Spain and other countries.
3. The Board will also establish appropriate mechanisms for the regular exchange of information with institutional investors who are shareholders of the Company. Under no circumstances may relations between the Board and institutional shareholders result in it providing them any information that could give them a privileged position or an advantage over other shareholders.
4. The Board will define and promote a policy on communication and contact with shareholders and institutional investors in the context of their engagement with the Company and with proxy advisers that fully respects insider trading rules and accords equal treatment to all shareholders who are in the same position. The Company will publish this policy on its website, including information regarding the ways in which it is put into practice and identifying interlocutors and the officers responsible for implementation.
5. Public proxy requests made by the Board or by any of its members must indicate the way the proxy will vote if the shareholder does not give express instructions.
6. The Board will encourage the informed participation of the shareholders at the General Meetings and will adopt any measures considered advisable to facilitate the exercise of their functions pursuant to the law and the Articles of Association.
7. In particular, the Board will:



- i. Endeavour to make available, before any General Meeting, any information that may be required by law and any information that, even if not required, may be of interest and reasonably provided;
- ii. Handle, with the greatest care and parity of treatment, the information requests made by shareholders prior to the General Meeting;
- iii. Handle, with equal care and treatment, the questions posed to it by shareholders when the General Meeting is held.

Article 39. Relations with markets

1. The Board will immediately inform the public of all relevant or inside information through communications of other relevant information or, as the case may be, inside information, to the National Securities Market Commission and on the corporate website, in accordance with the terms established in the applicable legislation in force from time to time.
2. The Board will appoint one or several persons to act as authorised interlocutors before the National Securities Market Commission and will notify it of the appointment in accordance with current law.
3. The Board will adopt the necessary measures to ensure that quarterly, half-yearly, and any other financial information dictated by prudence and provided to the markets is prepared in accordance with the same professional principles, criteria and practices with which the financial statements are prepared and that it has the same reliability as the financial statements.
4. The Board will approve a general policy regarding the communication of economic/financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that contributes to maximising the dissemination and quality of information available to the market, investors and other stakeholders.
5. The Board will include information in its annual public documentation on the Company's governance rules and the degree of compliance with them.
6. When a director resigns or is removed by the General Meeting, the Board will, to the extent material to investors, promptly publish the resignation with



sufficient reference to the reasons or circumstances given by the director, and disclose this in the annual corporate governance report.

Article 40. Relations with auditors

1. The Audit Committee will be responsible for proposing to the Board, for submission to the General Meeting, the appointment (stating the terms of engagement and the scope of the professional mandate), renewal and revocation of the auditor of the Company's annual financial statements and for supervising compliance with the audit contract in accordance with Article 15 of these Rules and the internal regulations of the Audit Committee, if any, approved by the Board. The Audit Committee will refrain from proposing to the Board, and the Board will refrain from submitting to the General Meeting, the appointment as auditors of the Company of any auditing firm that is incompatible with audit legislation, as well as those firms in which the fees that the Company expects to pay, for all items, are higher than five per cent of its total income during the last financial year.
2. The Board will endeavour to formulate the annual financial statements in such a way that there are no qualifications or reservations on the part of the auditor. In the exceptional cases in which they exist, both the Chair of the Audit Committee and the external auditors will clearly explain to the shareholders the content of the reservations or qualifications. However, when the Board considers that they should stand by their opinion, they must publicly explain the content and scope of their disagreement.
3. The Board will publicly disclose, in the manner provided for in the applicable legislation, the amount, broken down by item, of the fees for the audit and other services rendered by the auditor, as well as those corresponding to persons or entities related to the auditor.