

# REGULATIONS OF THE BOARD OF DIRECTORS

**Árima Real Estate SOCIMI, S.A.**

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## INTRODUCTION

### Article 1 Purpose

The purpose of this regulation (the "**Regulations**") is to determine the principles governing the actions of the Board of Directors of Árima Real Estate SOCIMI, S.A. (the "**Company**"), the basic rules of its organisation and the codes of conduct of its members, in order to achieve greatest transparency, effectiveness and drive when exercising their functions in the interest of the company.

### Article 2 Scope, distribution and entry into effect

1. The Regulations are applicable both to the Board of Directors of the Company (the "**Board**"), its delegated bodies - collegiate or single member - and its internal committees, as well as the members in the exercise of their functions. In addition, it will be applicable to the Company officers, including the first officer, officers reporting directly to it, the Board or the Executive Committees, any senior manager that regularly has access to Company privileged information, directly or indirectly, and that also has power to implement any management decisions affecting the future development and business perspectives of the persons in the Board (the "**Directors**").
2. The persons that must abide by the Regulations will be required to know, comply and make others comply with it, for which purpose the Secretary of the Board will provide them a copy, signing an acknowledgment of receipt upon reception.
3. The Regulations will be communicated to the Spanish National Securities Market Commission (CNMV) and registered in the Commercial Register, as per applicable regulations. In addition, the current version of the Regulations will be available on the Company's Web Page.
4. The first Regulations are approved by the Board, has indefinite validity and will be applicable as of the moment in which the Company shares are admitted for official negotiation in the Madrid, Barcelona, Bilbao and Valencia Stock Markets, regardless of the rights already recognised in Law and Articles of Association for shareholders.

### Article 3 Interpretation and regulatory hierarchy

1. The Regulations develop and complete legal and statutory rules applicable to the Board, and these will prevail in the case of contradiction with the Regulations.
2. The Board will be responsible for the interpretation of the Regulations and may provide clarifications on its content when necessary.

#### **Article 4      Modification**

1. The Board may modify the Regulations on the initiative of its Chairman, of one third (1/3) of the Board or the Audit and Control Committee members, when in their judgement there are circumstances that make it convenient or necessary, taking into consideration the circumstances and specific needs of the Company, and the principles and rules contained in good governance recommendations that are most widely recognised at any time. The modification proposal will be accompanied with a report that justifies the causes and scope of the proposed modification.
2. The modification proposals will be notified by the Audit and Control Committee. The proposal text, justification report and the Audit and Control Committee report will be attached to the call for the Board meeting where it will be discussed. The call will be made in advance and other formalities set forth in the Company's Articles of Association (the "**Articles of Association**") and in the Regulations.
3. At least an absolute majority of the Board members will be required to approve changes to the Regulation.
4. The Board will report on the modifications to the Regulation agreed, if any, to the first General Shareholders Meeting to be held. In addition, any modifications to the Regulation will be submitted to the distribution regime provided in Article 2.3. above.

### **TITLE I.      POWERS AND FUNCTIONS OF THE BOARD OF DIRECTORS**

#### **Article 5      Powers of the Board. Non-delegable matters**

1. The Board is competent to pass the resolutions on any matter not attributed in Law or the Articles of Association to the General Shareholders Meeting, with the highest power and faculties to manage, administrate and represent the Company, in- or out-of-court, regardless of which it will focus its activities essentially in the approval of the Company's strategy and precise organisation to put it in practice, the supervision and control of activities and ordinary management of the Company entrusted to the executive directors and senior management, as well as in the consideration of all matters of specific relevance to the Company.
2. The Board, in the development of its functions will seek the Company's interest and act with unity of purpose and independence of criteria, providing the same treatment to all shareholders found in identical conditions. The Board will seek to have good understanding on the interests of the various shareholders and highlight communication with the shareholders, maintaining regular meetings with institutional investors and getting the Directors to make presentations when the annual and intermediate financial

statements are published. It will also take into consideration the legitimate interests, public or private, that converge in the execution of any business activity and specifically between the various interest groups, of communities and territories in which the Company and its employees work. In this context, consideration should be given to maximising in a sustainable manner, the business value of the Company and its long-term success, as an interest common to all shareholders and, therefore, as a criterion that must lead the activities of the Board at all times, of its delegated bodies and its internal committees, as well as the members involved. Furthermore, the Board must ensure the Company observes the Law in the relations with other stakeholders, complies in good faith with its obligations and contracts, follows the uses and good practices in the areas it exercises its activities and complies with the accepted corporate responsibility principles.

3. Regardless of the powers to represent the Company and specific powers regarding the securities market as set forth in the Regulations, the Board will resolve on matters specifically attributed to it by the Articles of Association and the Regulations. In any case, the Board in plenary meeting will, by passing resolutions to be approved in each case as set forth in Law or the Articles of Association, handle the following matters, established as a catalogue of matters reserved for its exclusive understanding and cannot be delegated (except in the terms described under paragraph 4 of this article):
  - a) the call and agenda of the General Shareholders Meeting;
  - b) the drafting of annual financial statements, the management report and the proposal for application of the Company's results, as well as, if applicable, the consolidated annual financial statements and management report, as per specialties set forth in Section 11 of the Spanish SOCIMIs Act;
  - c) the definition of the group structure, the approval of general policies and strategies in the Company, and in particular, the strategic business plan, as well as the management objectives and annual budget, the treasury stock policy establishing its limits, the corporate governance and the corporate social responsibility policies, as well as the risk control and management policy, identifying the main risks of the Company and implementing and following up on suitable internal control and information systems, in order to ensure its future feasibility and competitiveness taking the more relevant decisions for best development. The Board, each year will approve a business execution plan, establishing the Company's strategy to manage the properties maintained and acquired by the Company and in any case, comply with the requirements to maintain its capacity as SOCIMI;

- d) the drafting of the dividends policy, if appropriate, with the purpose of maintaining its capacity as SOCIMI for its presentation and proposal to the General Shareholders Meeting, and the approval, if applicable, of dividend payments;
- e) the definition of the information and communication policies with shareholders and the markets, as well as the approval of financial information that the Company must make public periodically because of its capacity as a listed company.
- f) the approval of director remuneration relative to the Board as per the Articles of Association, the remunerations policy for Company executives and their management appraisals;
- g) on proposal of the Managing Director or First Executive, if any, the appointment and eventual dismissal of directors, as well as, if applicable, their dismissal clauses and indemnity and setting the conditions to be met in the director contracts;
- h) the definition of the Annual Corporate Governance Report of the Company's activity area and, if appropriate, eventual business relations with other listed group companies it is a member of, if applicable, and the mechanisms provided to resolve eventual conflicts of interest between them that may arise;
- i) the definition of the investment and financing policy;
- j) the execution of investments, divestments, acquisitions or transmission of assets or subscription of binding contracts to invest, divest, acquire or transfer assets, in the cases in which the cost of acquisition or gross gains attributed to the Company relative to these assets exceeds EUR 50,000,000;
- k) the execution of any joint investment or co-investment in a property between the Company and one or more third parties when the cost of acquisition of such property attributed to each one of the investors exceeds EUR 50,000,000;
- l) the subscription of credits, loans, guarantee lines or reinforcement and any other financial facility, including associated cover contracts for more than EUR 50,000,000, as well as any substantial modification thereof, except those necessary for financing the investments indicated in letters j) and k) above, except for those necessary to finance the previously approved assets;
- m) the subscription of any cover contract or use of derivatives, including those regarding debt assumption, interests or investments in assets (which may only be used in the measure in which they are allowed in legal regulations applicable to the Company), except for those associated with credits, loans, guarantee lines, reinforcement or other financial facilities for an amount not greater than that indicated in l) above;

- n) the approval of the creation or acquisition of investments in special purpose entities or registered in countries or territories considered tax havens, as well as the execution of any other transaction or operation of similar nature that, due to its complexity, could hinder the transparency of the Company;
  - o) the authorisation, after obtaining a favourable report from the Audit and Control Committee, of transactions carried out by the Company or its subsidiaries with directors, with significant shareholders holding 10% or more of the voting rights or represented on the board of directors of the company, or with any other persons who should be considered related parties in accordance with International Accounting Standards except in the cases established in this Regulation of the Board or which fall within the competence of the General Meeting according to Law;
  - p) passing, with regards to Company shareholders and owners of business rights over Company shares (including in any case indirect holders through financial intermediaries), resolutions that the Board considers most suitable with regards to (i) accrual by the Company of the special encumbrance for the Corporate Income Tax (*Impuesto sobre Sociedades*) established in the Spanish SOCIMI Act (or any other that may modify or substitute it in future) and (ii) any special legal pension fund or profit plan regimes that may affect shareholders or holders of business rights on them, all in compliance with these Articles of Association;
  - q) the approval and modification of the Board's Regulations;
  - r) the appointment of functions within the Board, including the Chairman and Deputy Chairmen, if any, the Secretary and Deputy Secretary, if any;
  - s) the execution of any transactions with the promoters (Rodex Agrupada Comunicación, S.L. or Inmodesarrollos Integrados, S.L.), Alza Real Estate, S.A. ("Alza") or any third party specifically related to the promoters, Alza or their respective directors and employees, unless they fall within the competence of the General Meeting according to Law;
  - t) the execution of any assets investment that does not fall within the investment criteria and characteristics of properties reported to the market in the brochure for admission to share trading of the Company; and
  - u) any other matters determined in Law at any time.
4. Notwithstanding section 3 above, the following matters may be exercised for urgency reasons by the Executive Committee (if it exists) or the Managing Director with subsequent ratification by the first Board meeting held after taking the decision: (i) the appointment and eventual dismissal of directors, as well as, if applicable, their dismissal



and indemnity clauses and the definition of conditions to be respected in the contracts of the directors; (ii) the approval of financial information that, as a listed company, it must make public periodically; (iii) the approval of the creation or acquisition of shares in special purpose entities or registered in countries or territories considered tax havens, as well as the execution of any other transaction or operation of similar nature that, due to its complexity, may hinder the transparency of the Company; and (iv) the adoption, with regards to Company shareholders and holders of business rights on Company shares (including in any case any indirect holders through financial brokers), the measures that the Board considers most suitable with regards to (a) accrual by the Company of the special Corporate Income Tax established in the Spanish SOCIMI Act (or any other rule that modifies or substitutes it in future) and (b) any special legal regimes regarding pension funds or profit plans that may affect shareholders or holders of business rights over them. The call for the General Shareholders Meeting and the definition of the agenda may be delegated to the Executive Committee.

#### **Article 6      Representative functions**

The Board has the power to represent the Company under the established legal and statutory terms.

#### **Article 7      Specific Securities Market functions**

1. The Board will develop any functions imposed by the nature of a listed company.
2. Specifically, the Board develops, in the form defined in the Regulations, the following specific functions in relation to the stock market:
  - a) the execution of any acts and the implementation of any measures necessary to promote the transparency before the financial markets, as well as the correct calculation of share prices and compliance with the price manipulation rules and abuses of privileged information;
  - b) the approval and updating of the Internal Code of Conduct in matters relating to Securities Markets;
  - c) the approval of the Annual Corporate Governance Report provided for in current regulations.

### **TITLE II. COMPOSITION OF THE BOARD OF DIRECTORS**

#### **Article 8      Quantitative composition**

1. The Board will consist of no less than five (5) and no more than nine (9) members that will be appointed by the General Shareholders Meeting, which will determine the exact

number of directors through express resolution or, implicitly through the provision or not of vacancies or the appointment or not of new directors within the abovementioned minimum and maximum.

2. Regardless of the above, the Board will propose the number of directors to the General Shareholders Meeting that, in accordance with the circumstances affecting the Company and considering the maximum and minimum consigned before, is most suitable to ensure the due representativeness and effective operation of the governance body.
3. The General Shareholders Meeting and the Board will seek to attend to the principle of a balanced presence between men and women in the Board structure.

## **Article 9      Qualitative composition**

1. Persons designated as directors will have to combine, in addition to the conditions required in Law and the Articles of Association, those defined in the Regulations, formally committing to on accepting their functions to comply with the obligations and dues set forth therein at all times.
2. During the exercising of their proposal powers to the General Shareholders Meeting and co-opting to designate directors, the Board will weigh the existence of four categories of directors:
  - a) Independent external directors, understood as those that comply with the requirements that, if applicable, may be established in the Spanish Corporate Enterprise Act (*Ley de Sociedades de Capital*) or substituting rule, to be considered as independent external directors. In the absence of legal provisions, independent external directors will be those designated based on their personal and professional conditions, which may carry out their functions without being conditioned by their relations with the Company, significant shareholders or directors.

Unless the Spanish Corporate Enterprise Act (*Ley de Sociedades de Capital*) or substituting rule establishes other requirements (which would prevail over those established in this Regulations), the following may not be designated in any case as independent directors:

- (i) those that have been employees or directors of group companies that the Company is a part of, except if three (3) or five (5) years have passed, respectively, since the end of such relation;
- (ii) perceive from the Company, or any of the group companies, any amount or benefit for a concept other than the remuneration as director, unless it is not significant.

For the purposes of these contractual terms and conditions, dividends or pension complements paid to the director as a result of his previous professional or employment relation will not be taken into account, as long as such complements are unconditional and, therefore, the company paying them cannot at its discretion suspend, modify or revoke their accrual without breaching its obligations;

- (iii) are, or have been in the last three (3) years, a partner of the external auditor or in charge of an audit report, regardless if the audit during such period of the Company or any other group company it is part of;
- (iv) are executive officers or senior management of another company in which any Company director or senior manager is an external director;
- (v) maintain, or have held during the last year, an important business relation with the Company or other group company, either in its own name or as significant shareholder, director or senior officer of an entity that maintains or would have maintained such relation. Business relations include as supplier of assets or services, including financial, advisor or consultant;
- (vi) are significant shareholders, executive officers, or senior management of an entity that receives, or has received over the last three (3) years, significant donations from the Company or other group company it is a member of. Mere patron of a foundation that receives donations will not be considered included in this point;
- (vii) are spouses, persons linked by analogous affective relation, or relatives up to a second degree of kin or kinship, of an executive officer or senior manager of the Company;
- (viii) have not been proposed, either for appointment, ratification or renewal, by the Appointments and Remunerations Committee;
- (ix) are, regarding any significant shareholder or represented in the Board, under any of the situations specified in letters (i), (v), (vi), or (vii) herein. In the case of a relation of kin specified in letter (vii), the limitation will apply not only to the shareholder, but also its dominical directors in the Company in which it holds an investment.

Dominical directors proposed to the Company by shareholders specified in letter (i) paragraph b) in this Article, will lose their condition as dominical directors as a result of the sale of their investment by the shareholder of the letter (i) they represented, and may

only be re-elected as independent directors when the shareholder they represented until then has sold all of its shares in the Company.

A director with a share investment in the Company may have the condition of independent, as long as he complies with all these terms and, furthermore, his investment is not significant.

b) External dominical directors, understood as such when they meet the requirements that may be established by the Spanish Corporate Enterprise Act (*Ley de Sociedades de Capital*) or substituting rule, in order to be considered as external dominical directors. In the absence of legal provisions, the following will be considered external dominical directors:

(i) those with a share investment greater or equal to what is legally considered as significant or that may have been designated for their shareholder condition, even if their share investment does not reach such amount; or

(ii) those that represent shareholders as referred to in paragraph (i) above. For the purposes of this definition it will be considered he represents a shareholder where:

1. has been appointed in exercise of the right of the proportional representation in the Board;
2. is a director, senior officer, employee or non-occasional service provider to the shareholder, or the companies in the same group;
3. if the corporate documentation indicates that the shareholder assumes that the director was designated by it or represents it;
4. is spouse, person linked by analogous affective relationship, or relative up to a second degree of kinship of a significant shareholder.

c) Executive officers, understood as such when they meet the requirements that, if applicable, may be established in the Spanish Corporate Enterprise Act (*Ley de Sociedades de Capital*) or substituting rule, to be considered as executive officers. In the absence of legal provisions, executive officers will be considered those that carry out senior management functions or are employed by the Company or another group company. However, the directors that are executive officers of parent companies of the Company or directors in them will be considered dominical.

When a director carries out senior management functions and, at the same time, is or represents a significant shareholder or represent in the Company's Board, he will be considered as officer or internal for the exclusive purposes of the Regulations, regardless of other legal effects that may be considered as dominical director.

- d) *Other directors*, in the measure in which it does not contradict current legislation at each time, "other directors" may exist meaning any external directors that cannot be considered dominical or independent. In the event of being established in legislation or good governance recommendations, the Annual Corporate Governance Report will explain the existence of "other directors" and, if appropriate, the links of the directors with the Company, its directors or shareholders.
3. The number of external, dominical and independent directors will represent a broad majority of the Board, and the number of executive officers will be the minimum necessary considering the complexity of the Company and the investment percentage of executive officers in its capital. Within the external directors, the relation between the number of dominical directors and independent ones will reflect the existing proportion between capital represented by dominical directors and the rest of the capital, where the number of independent directors will represent at least one third (1/3) of all directors. The Board will consider these guidelines in the exercising of their appointment proposal power to the General Shareholders Meeting and co-opting to cover vacancies.
  4. The nature of each director will be explained by the Board to the General Shareholders Meeting, which will execute or ratify its appointment and confirming, or if applicable, review each year in the Annual Corporate Governance Report, after verification by the Appointments and Remuneration Committee, also explaining with regards to external directors that cannot be considered dominical or independent, the reasons that explain such circumstance and ties, with the Company or its directors, or with its shareholders. In this respect, the definitions of the various types of directors will be established in current legislation or, failing that, in the good corporate governance recommendations applicable to the Company at any time.
  5. In addition, the Annual Corporate Governance Report will explain the reasons for which dominical directors have been appointed on shareholder request whose shareholder investment is less than five per cent (5%) of the capital and exposing the reasons why it was not possible to attend to, if applicable, formal presence requests in the Board from shareholders with an investment equal or greater than others that have designated dominical directors.
  6. Regardless of their continuity in the Board, any director that had such condition for an uninterrupted twelve (12) year period may not be qualified as an independent director.

### **TITLE III. APPOINTMENT AND RESIGNATION OF DIRECTORS**

#### **Article 10 Appointment, ratification or re-election of directors**

1. Regardless of the right of proportional representation corresponding to shareholders under the terms set forth in the Spanish Corporate Enterprise Act (*Ley de Sociedades de Capital*) or that may substitute it in future, directors will be appointed, re-elected, ratified and separated in the General Shareholders Meeting.
2. The Board, with the legally established requirements at any time, and in the event of any vacancies emerging during the period directors were appointed, may designate, through co-opting, the persons to cover such vacancies until the next General Shareholders Meeting.
3. The proposals to appoint or re-elect directors submitted by the Board to the General Shareholders Meeting and the appointment decisions taken by such body by virtue of the legally established co-opting powers, will be accompanied by a justifying report from the Board appraising the competence, skills and merits of the proposed candidate, which will be added to the minutes of the General Shareholders Meeting or of the Board. Appointment proposals will fall, in any case, on persons of recognised honour, solvency, technical skills and experience, and will be approved by the Board on proposal of the Appointments and Remunerations Committee, in the case of independent directors, and after the report from the Appointments and Remunerations Committee, in the case of other directors, having in any case the proposal or report from the Appointments and Remunerations Committee to assign the new director within one of the classes defined in the Regulations.
4. When the Board departs from the proposals of the Appointments and Remunerations Committee, it must motivate the reasons leaving evidence of them in the minutes.

#### **Article 11 Requirements and term of office**

1. In order to be a director, it will not be necessary to be a shareholder but only individuals may be directors.
2. Persons subject to legal proceedings for incapacity, prohibition or incompatibility may not be directors.
3. Directors will exercise their functions for a period of three (3) years as long as the General Shareholders Meeting does not resolve to separate or revoke, nor they relinquish their function, who may be re-elected, one or more times, for periods of equal duration. In the case of co-opted directors, these will hold office until the next General Shareholders Meeting.

## **Article 12      Dismissal and separation of directors**

1. Directors must submit their resignation from the position and formalise their resignation when incurring suddenly in any of the incompatibility or prohibition scenarios for executing the director function established in Law, as well as in the following scenarios:
  - a) in the case of dominical directors, when the shareholder who requested the appointment fully transmits its investment in the Company or reduces it to a level that requires the number of its dominical directors; or
  - b) when the Board requests it with a majority of at least two thirds (2/3) of its members, for having breached their obligations as director, prior proposal or report from the Appointment and Remunerations Committee or when his / her permanence in the Board may endanger the credit and reputation of the Company.
2. The Board may not propose the revocation of any independent director before the fulfilment of the statutory period he was appointed for, unless it finds there are fair reasons and after receiving a report from the Appointments and Remunerations Committee. Specifically, it will be understood there is a just cause when the director takes on new functions or assumes new obligations that prevent him / her from dedicating the time required to carry out the functions of a director, has breached the duties inherent to his / her function, breached some recommendation in terms of corporate governance or incurred in any of the circumstances that prevent his / her appointment as independent director. Regardless of the above, it will also be possible to propose the revocation of independent directors resulting from public acquisition offers, mergers or other similar corporate transactions that represent a change in the capital structure of the Company, when such changes in the Board structure are encouraged by the principle of proportionality specified in paragraph 3 under Article 9 above.
3. In the event due to resignation or other reason, a director should cease to hold office before the end of his / her mandate, he / she will explain the reasons in letter sent to all Board members, regardless that such resignation is reported as a relevant event and the reason is reported in the Annual Corporate Governance Report. In particular, in the case that the resignation of the director is due to the Board having passed significant or reiterated resolutions on which the director has stated his / her reservations and as a consequence opted to resign, his /her resignation will expressly state this circumstance. This provision also applies to the Secretary to the Board, even if not a director.
4. Regardless of all of the above, the separation of directors may be agreed at any time by the General Shareholders Meeting, even if not included in the agenda.

### **Article 13      Deliberations and voting**

Directors affected by appointment, re-election, ratification or revocation proposals will refrain from taking part in the associated deliberations or voting.

## **TITLE IV. DUTIES OF THE DIRECTOR**

### **Article 14      General obligations of the director**

1. The directors must comply with the duties imposed in Law, Articles of Association, Regulations and other internal rules of the Company, with loyalty to the Company's interests, understanding Company interest, and in relation to the principle of shareholder parity, developing their functions with a purpose and independent criteria.
2. It is an essential function of directors to guide and control the management of the Company in order to maximise its sustained value for the benefit of all shareholders. In addition, they must ensure that in relation with all those that have a direct or indirect interest in the Company, respect the laws and regulations, comply in good faith with the obligations and contracts, respect the uses and good practices of the sectors and territories where it exercises its activity and observes the additional corporate social responsibility principles voluntarily accepted by the Company.
3. Directors when carrying out their functions will act with the due skill and care expected of a professional holding their position and that of a loyal representative. In particular, they will:
  - a) obtain information and suitably prepare Board meetings and the delegate bodies it is part of; for such purposes it will obtain the necessary information on its legal obligations;
  - b) personally attend the meetings of the bodies it is a part of and actively part in deliberations so that their criteria effectively contributes to decision taking, regardless of paragraph 3 under Article 31.

In the essential cases in which, for justified reasons, they cannot attend the sessions they have been convened for and representation is essential, they must instruct the director to which they have conferred their representation as appropriate. Absences will be quantified in the Annual Corporate Governance Report.

- c) attend the General Shareholders Meeting;
- d) carry out any specific duty entrusted by the Board and is reasonably included in his /her dedication commitment;



- e) call on people with power to such respect to call an extraordinary Board meeting when considered necessary in the interest of the Company or to include in the agenda of the first meeting to be held, with any matters considered convenient;
  - f) inform the Board of any situation of conflict, direct or indirect, that may have a bearing with the interests of the Company. If there is such a conflict, the affected director will abstain from intervening in the transaction the conflict refers to, unless expressly authorised by the Board.
  - g) clearly express their opposition when they consider that a decision proposal submitted to the Board could be contrary to the business interest, and in particular independent and other directors not affected by the potential conflict of interest, in the case of resolutions that may negatively affect shareholders not represented in the Board.
4. In any case, directors will dedicate the necessary time and effort to their function to develop it effectively and, therefore, directors will inform the Appointments and Remunerations Committee of their other professional obligations, in the event they could interfere with the required dedication.

#### **Article 15 Duty of confidentiality of the director**

1. The director will maintain secrecy on the deliberations of the Board and the bodies that he / she is part of and, in general, will abstain from revealing the information it has had access to in the exercising of his / her function, as well as use them to his / her benefit or of third parties.
2. The obligation of confidentiality will subsist even when the director has been ceased, and will maintain secrecy of confidential information as well as other information, details, reports or background he / she is aware of as a consequence of exercising his / her function, which will not be communicated to third parties or be disclosed when they could be detrimental to the company.
3. Except in the cases in which the Law requires their communication or disclosure to the supervisory authorities or third parties, when such information revealing will be compliant with the Law.

#### **Article 16 Non-compete obligation**

1. The director cannot hold functions or provide services to competing entities of the Company or its affiliates or that the same, analogous or complementary type of activity as the corporate purpose, unless expressly authorised by the Company, through resolution from the General Shareholders Meeting.

2. The directors that, in any form, have interests that are contrary to those of the Company will resign from their function on request of any shareholder and subject to the resolution of the General Shareholders Meeting.
3. Before accepting any director position or in the governance body of another company or entity, the director will consult the Appointments and Remunerations Committee.

#### **Article 17     Conflicts of interests**

1. It will be considered there is a conflict of interest in the situations that enter into collision, directly or indirectly, with the interest of the Company or group companies, and in the personal interest of the director. There will be a personal interest of a director when the matter affecting him / her or a Related Party (as defined below).
2. For the purposes of the Regulation, "**Related Parties**" will include:
  - a) regarding an individual, the following:
    - (i) spouse or persons with analogous affective relation;
    - (ii) ascendants, descendants and brothers of the person subject to the Regulations or the spouse (or person with similar attachment) of the person subject to the Regulations;
    - (iii) spouses of ascendants, descendants and brothers of the person subject to the Regulations;
    - (iv) the companies in which the person subject to the Regulations, directly or through a third party, holds or may hold control, directly or indirectly, in accordance with situations considered under section 42 of the Spanish Commercial Code (*Código de Comercio*);
3. Conflict of interest situations will be governed by the following rules:
  - a) communication: the director will inform the Board, through the Chairman or Secretary, of any conflict of interest situation that may arise;
  - b) abstention: the director will abstain from attending and intervening during deliberation and voting on matters in which he / she is in conflict of interest and therefore, will not be taken into account in such cases for calculating the quorum. In the case of dominical directors, these will abstain from taking part in voting of matters that represent a conflict of interest between shareholders that have proposed their appointment and the Company;

- c) transparency: the Annual Corporate Governance Report of the Company will report on any conflict of interest situation the directors may be in by virtue of communication from the affected party or through any other means.
- 4. These terms will be subject to development through the corresponding rules that may be passed by the Board, included in the Internal Code of Conduct.

#### **Article 18     Use of non-public information**

- 1. The use by directors and executives of non-public information from the Company for private purposes may only proceed if the following conditions are met:
  - a) that such information is not applicable in connection with purchase or sale transactions of securities or financial instruments that the information refers to directly or indirectly;
  - b) that it does not entail an advantage situation for the director or executive over other suppliers and customers;
  - c) that their use does not cause any harm to the Company;
  - d) that the Company does not have an exclusivity right or legal position of similar nature over the information to be used.
- 2. In addition, the directors and officers must comply with the code of conduct established in the securities market legislation and, in particular, those set in the Internal Code of Conduct of securities markets that the Company's shares have been admitted for negotiation.

#### **Article 19     Business opportunities**

- 1. Directors and officers may not, for their own benefit or of Related Parties, participate in any business opportunity being considered by the Company or in any of the group companies, unless such companies have previously withdrawn from the study or its execution without the influence of the director or officer wishing to take advantage of the opportunity. Such taking advantage must be authorised by the Board following a report from the Audit and Control Committee.
- 2. For the purposes of the above, a business opportunity will be any possibility of performing an investment or commercial transaction emerging or discovered in connection to the exercising of the function by the director or officer, or through the use of Company means and information or of group companies, or under circumstances that make it reasonable to believe the offering from the party was in reality addressed to such companies.

3. In addition, the directors and officers will abstain from using the Company's name and invoking their condition as director or officer to carry out transactions on their own account or of Related Parties.

#### **Article 20      Use of corporate assets**

1. Directors and officers may not make use of Company assets or of group companies, or make use of its position to obtain an asset advantage, unless they have satisfied a suitable consideration.
2. Exceptionally, the director or officer may be dispensed from the obligation of satisfying a suitable consideration but, in such case, the asset advantage will be considered an indirect remuneration by the Board, following a report from the Audit and Control Committee.
3. For the purposes of this article:
  - a) by use of corporate assets, the use by the director of company assets for exclusively private purposes or unrelated to company interests;
  - b) by appropriate consideration, what the market would provide if the asset advantage was acquired by a third party outside the Company.

#### **Article 21      Duty of confidentiality of the director**

1. The director will inform the Company of the investment it or Related Parties could have in the capital of any company with the same, analogous or complementary genre of activity as the corporate purpose, and the functions or duties it exercises, as well as the realisation, directly or on behalf of others, of any genre of activity complementary to that of the Company's corporate purpose. Such information will be included in the annual financial statements report and the Annual Corporate Governance Report, as per legally requirements.
2. The director will also report to the Company:
  - a) of all functions he / she holds and the activities carried out in other companies or entities, as well as the remaining professional obligations. Specifically, before accepting any director or officer function in other companies or entities, the director must consult the Appointments and Remunerations Committee, and the director may not be part of more than five (5) boards of directors;
  - b) of any significant change in his / her professional situation, that affects the nature or condition on which he was appointed director;

- c) of court, administrative procedures or of any other kind brought against the director and that, due to their importance or characteristics, may seriously affect the reputation of the Company. Specifically, any director will inform the Company, through its Chairman, in the event he / she is processed or is issued a hearing procedure against him /her for any of the crimes specified in section 213 of the Spanish Corporate Enterprise Act (*Ley de Sociedades de Capital*). In this case, the Board will examine the case as soon as possible and take the decisions considered most appropriate for the best interest of the Company;
- d) the participation, direct or indirect, that he / she or his / her Related Parties have in the capital of the Company and any modification in such participation, as well as any transaction that is made by the director or his /her Related Parties, directly or indirectly carries out, on or in relation to the share capital of the Company. To such purposes, Related Parties will be understood as any other persons that, in compliance with article 3 of Regulation (EU) 596/2014 of the European Parliament and Council, 16 April 2014, on market abuse (Regulation on market abuse), is considered to have a tight relation with the directors; and
- e) in general, any event or situation that may be relevant to his / her activities as director of the Company.

## **Article 22      Related party transactions**

1. The Board, after obtaining a favourable report from the Audit and Control Committee, will be referred for the authorisation of related party transactions the Company or its subsidiaries carry out with directors, with significant shareholders holding 10% or more of the voting rights or represented on the Board, or with any other persons who are deemed to be related parties under International Accounting Standards, provided that the approval thereof is not reserved for the approval of the General Meeting of Shareholders, pursuant to Article 529 duovicies of the Spanish Enterprise Act
2. The Audit and Control Committee and the Board, before authorising the execution by the Company of transactions of this nature, will appraise the transaction from any point of view of equal treatment between shareholders and market conditions. In the report, the Audit and Control Committee shall assess whether the transaction is fair and reasonable from the point of view of the company and, where appropriate, of the shareholders other than the related party, and shall give an account of the assumptions on which the assessment is based and the methods used. The directors concerned may not participate in the preparation of the report.
3. In the event the related transaction affects a director, he / she will not be provided additional information on the transaction, and in the event he / she is present during the Board meeting or in the Audit and Control Committee, in addition to not being able to

exercise or delegate his / her voting right, he / she will leave the meeting room during deliberation and, if applicable, vote on the transaction, both in the Board and the Audit and Control Committee.

## **TITLE V. INFORMATION FOR DIRECTORS**

### **Article 23 Information and inspection powers**

1. To fulfil their duties, directors will be able to obtain information on all aspects of the Company and its subsidiaries. To do so they will be able to inspect its books, records, documents and all other background to company operations, being able to inspect all its installations and communicate with Management.
2. So as not to hinder the routine management of the Company, the exercise of the right to obtain information will be channelled through the Chairman of the Board, who will attend to the directors' requests, providing the information directly or offering appropriate intermediaries at appropriate levels of the organisation.

### **Article 24 Assistance from experts**

1. To assist in the performance of their duties, external directors have the right to obtain the necessary advice from the Company so they can carry out their duties, as well as the advice and services of the Secretary, and when considered necessary and for account of the Company, the advice of legal, accounting, financial or other experts, as long as specific matters of certain significance and complexity arising during the performance of their duties are concerned.
2. Requests for the hiring of external consultants or experts must be made to the Chairman of the Board and will be approved by the Board if in its opinion:
  - a) the cost is reasonable in relation to the importance of the problem and the Company's assets and revenue;
  - b) the technical assistance received cannot be adequately provided by the Company's own experts and technical personnel; and
  - c) it does not place at risk the confidentiality of the information that must be provided to the expert.
3. If the request for expert assistance is made by any of the Board Committees, it will not be refused unless a majority of Board members considers that the circumstances envisaged in section 2 of this article do not exist.

## **TITTLE VI. REMUNERATION OF THE BOARD OF DIRECTORS**

### **Article 25      Remuneration of the directors**

1. Independent directors, in their capacity as such, will be remunerated by means of allowances for attendance at Board meetings and the meetings of the Committees on which they sit. Allowances consist of a fixed annual amount that is to be determined by the General Shareholders Meeting. Executive directors will be remunerated in accordance with section 5 of this Article 25, while nominee directors will not be remunerated (in both instances, notwithstanding section 4 of this Article 25). The classification of directors will be made in accordance with these Regulations and the rules in force at any given time.
2. The General Shareholders Meeting may also set the basis for the regular review and updating of the amount mentioned in the previous paragraph. This amount, updated in that manner if required, will be effective until changed by a new resolution by the General Shareholders Meeting.
3. Directors, whether or not they perform executive functions, may also be remunerated by means of Company shares or share options. This remuneration must be decided on by the General Shareholders Meeting. The resolution must state the maximum number of shares to be granted, the exercise price for the share options, the value of the shares taken as a reference and the period established for this form of remuneration.
4. The Company will also be able take out liability insurance for its directors.
5. When a member of the Board is assigned executive duties under any title it will be necessary for an agreement to be entered into between the director and the Company that must first be approved by the Board with the favourable vote of two thirds of its members.

The director in question must refrain from attending the discussion and participating in the vote. The approved agreement must be attached to the session minutes.

These agreements must detail all the items for which the directors may obtain remuneration for the performance of executive duties (including salaries, incentives, bonuses, any possible compensation for the early termination of such duties and the amounts to be paid by the Company as insurance premiums or contributions to savings systems). The director will not be able to receive any remuneration for the performance of executive duties if the amounts and duties are not stated in that agreement.

Remuneration due under such agreements must be in line with the policy on director remuneration.

6. The remuneration envisaged in the previous sections resulting from membership of the Board must be compatible with the remaining earnings from employment, services or professional activities due to the directors for the performance of duties of a nature different from those of their condition as directors that they perform for the Company, and will be subject to the regime for employment, the providing of services or any other kind that might legally apply to them on the basis of their nature.
7. When a director leaves the Board for reasons of termination, resignation, conclusion of the term for which appointed or for any other reason, the Company may if it considers it advisable take out a director's liability insurance for the outgoing directors for such a term as it considers necessary.
8. Every year the Board will prepare a report on the remuneration of directors, including the remuneration they receive or should receive in their capacity as such and, if applicable, for the performance of executive duties. This annual report shall include complete, clear and comprehensible information on the directors' remuneration policy applicable to the current financial year, as well as an overall summary of the application of the remuneration policy during the financial year ended and a detail of the individual remuneration accrued for all items by each of the directors in that financial year, in accordance with applicable regulations. This report will be made available to the shareholders with the call to the General Shareholders Meeting at the same time as the annual corporate governance report, and shall be accessible on the Company's and the CNMV's website for a period of 10 years. This report will be subject to consultative vote as a separate item on the agenda.

## **TITTLE VII. STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS**

### **Article 26 Chairman. Functions.**

1. On the basis of a report from the Appointments and Remuneration Committee, the Board will elect from among its number a Chairman to act as the most senior institutional representative of the Company and promoter of governance actions for the Company and any group companies for which the Company is the dominant entity, also acting to promote the Board's management and supervision functions in relation to the administration of the Company's routine business activities, at the same time as ensuring the Board fulfils its role regarding relations with shareholders and the markets. Permanence in this position will not be able to exceed the Chairman's mandate as a director, notwithstanding the possibility of removal prior to the end of the mandate, or re-appointment.
2. The Board's Chairman will also head the Executive Committee if one is formed, holding a casting vote in decisions taken by both corporate bodies.



3. In addition, the Chairman will promote the independence and efficient operation of the various Board Committees.
4. The Chairman, who with the agreement of the Board will be able to assume responsibility for the Company's senior management, in addition to those powers corresponding to the chair by law and the Articles of Association and those that may be delegated by the Board, will have the following responsibilities:
  - a) To call and chair the Board meetings and the Executive Committee, if any, setting the agenda for the meetings, ensuring that directors receive sufficient information in advance of such meetings, encouraging discussions and active participation by directors at the meetings, ensuring they are able to take their decisions freely and express their opinions and guiding the discussions and voting procedures for both corporate bodies. When, exceptionally for reasons of urgency, the Chairman wishes to submit to Board approval decisions or resolutions not included on the agenda, it will be necessary to obtain express prior consent from the majority of directors present, with due record being made in the minutes;
  - b) to chair the General Shareholders Meetings and guide discussions and voting at them, notwithstanding the power the Chairman may possess under the Articles of Association to entrust guidance of the deliberations at the General Shareholders Meeting to a suitable director, or the Secretary;
  - c) to propose to the Board any initiatives considered appropriate for the proper operation of the Company, and especially those related to the operation of the Board itself and other corporate bodies, ensuring that sufficient time is spent on the discussion of strategic matters, as well as putting forward the names of persons to hold the positions of Managing Director and Secretary, and if necessary, Deputy Chairman and Deputy Secretary of the Board, and the persons who will form the Audit and Control Committee;
  - d) to organise and coordinate regular evaluation of the Board and, if appropriate, that of the Company's most senior executive; and
  - e) to agree and revise programmes for the updating of knowledge for individual directors when circumstances make it advisable.
5. In the event of vacancy, absence, inability to attend or illness, the Chairman will be replaced by the corresponding Deputy Chairman as indicated in the Articles of Association, and in the absence of the Deputy Chairman, by the eldest director.
6. The position of Chairman of the Board may be assigned to an executive director. If the Chairman of the Board is at the same time an executive director of the Company, the Board, with the abstention of the executive directors, must appoint a coordinating

director, who should be an independent director. This coordinating director may request that the Chairman's call for a Board meeting, or request the inclusion of new items on the agenda, coordinating and bringing together the non-executive directors and, if appropriate, leading the evaluation by the Board of its Chairman.

#### **Article 27 Deputy Chairmen and Managing Director**

1. The Board may appoint one or more Deputy Chairmen to replace the Chairman in the event of vacancy, absence, inability to attend or illness, as established in the Articles of Association. The term of these positions will not be able to exceed that of their mandates as directors, notwithstanding the possibility of removal by the Board prior to the end of their mandate, or their re-appointment.
2. The Board may delegate to the Chairman or other directors on a permanent basis those powers vested in it, except for those powers reserved for the Board by law, the Articles of Association or the Regulation.

The permanent delegation of Board powers and the designation of a director or directors to exercise them, whatever the title given to their position, will require the favourable vote of at least two-thirds of the Board members in order to be valid.

If appointed, the Managing Director will hold the executive and management functions determined by the Board. The Chairman of the Board will also be able to hold the position of Managing Director when it is so decided by the Board.

#### **Article 28 Secretary and Deputy Secretary to the Board**

1. On the basis of a report from the Appointments and Remuneration Committee, the Board will appoint a Secretary, and if necessary a Deputy Secretary, who do not need to be directors, and if they are not directors they may attend and speak at meetings, but not vote. The same procedure will be followed to decide on the termination of the Secretary, and if necessary, the Deputy Secretary. The appointment of the Secretary, and if applicable the Deputy Secretary, will be for an indefinite period, if the appointees are not directors; if they are directors, the duration of these positions will not be able to exceed that of their mandates, notwithstanding the possibility of removal or their re-appointment by the Board.
2. If a Deputy Secretary is appointed, that person will attend the sessions in the event of vacancy, absence, inability to attend or illness of the Secretary, performing the duties of the latter. In the absence of both the Secretary and the Deputy Secretary, the Board itself will in each case designate a director from among those attending the meeting. Unless decided otherwise by the Board, the Deputy Secretary will be able to attend the meetings to assist the Secretary with the drafting of the minutes for the meetings.

3. In addition to the duties assigned by the Articles of Association and by Law, the Secretary of the Board will be responsible for the following:
  - a) safekeeping of corporate documentation, duly recording in the minutes books the development of the meetings, and certifying the resolutions passed by the administrative bodies;
  - b) ensuring the formal and material legality of the actions of the Board, their statutory and regulatory compliance, and ensuring the observance of the Company's corporate governance principles and criteria and the rules of the Regulations of the Board.
  - c) confirming compliance with rules issued by regulatory bodies and observance of any of their recommendations;
  - d) in general, handling Company relations with the directors in all matters concerning the workings of the Board, at the instruction of the Chairman;
  - e) assisting the Chairman in ensuring that the directors receive information of relevance to their duties sufficiently in advance and in the appropriate format;
  - f) processing requests from directors for information and documentation on those matters that are of the Board's competence;
  - g) acting where necessary as the Secretary of the Executive Committee;
  - h) acting as Secretary at the General Shareholders Meeting.
4. If the Company is required under existing legislation to have a Legal Counsel for the Board, either the Secretary or the Deputy Secretary may assume those duties if they meet the requirements established in current legislation.

#### **Article 29     Coordinating Director**

If the Chairman of the Board is the executive director, the Board, with the abstention of the executive directors, must appoint a coordinating director from among the independent directors, who in addition to the duties established by Law, will be responsible for the following:

- a) chairing Board Meetings in the absence of the Chairman and the Deputy Chairman, if any;
- b) requesting the call of a Board Meeting or the inclusion of new items on the agenda for a meeting that has already been called;
- c) communicating the concerns of non-executive directors;

- d) establishing contacts with investors and shareholders to obtain their opinions and learn of their concerns, in particular on matters concerning the Company's corporate governance;
- e) coordinating the succession plan for the Chairman; and
- f) leading the regular evaluation of the Chairman of the Board.

### **Article 30     Board Meetings**

1. The Board will meet with the frequency it considers advisable, not less than once a quarter and a minimum of eight times a year, unless the Chairman at the latter's entire discretion should decide to increase the number of meetings.
2. The schedule for the ordinary meetings will be set by the Board itself at the beginning of each financial year. The schedule may be modified following Board resolution or at the decision of the Chairman, who must notify the change to the directors not less than five (5) days before the date initially established for the holding of the meeting, or before the new date that has been set in replacement, should the latter be sooner.
3. The Board will also meet whenever the Chairman agrees to call an extraordinary meeting, or when requested by a quarter of the directors. In this latter case, the Chairman must call the meeting within one month of the request, and should this not be done, the directors requesting the meeting may call the Board Meeting directly themselves. In addition, the call may be made by the Deputy Chairman or the coordinating director when the Chairman is also an executive director of the Company.
4. Meetings may be held at the registered offices of the Company or anywhere in Spain or abroad indicated in the call.
5. Calls to Board meetings may be made by letter, fax, telegram, email or any other means that provides confirmation of receipt, and will be authorised with the signature of the Chairman, the Secretary or the Deputy Secretary at the instruction of the Chairman. The call should be sent sufficiently in advance so that the directors receive it no later than three days before the date of the meeting, except in the case of urgent calls to meeting, which may even be called for immediate holding. These requirements exclude those cases in which Regulations demand a specific period of notice for the call. The call must always include the place, date and time of the meeting, and barring a compelling reason, must include the agenda for the meeting and be accompanied by such information as may be considered necessary for discussion purposes and for the passing of resolutions on the matters to be dealt with, unless the Board were to have been called or were to have been exceptionally called as a matter of urgency.

6. Directors may delegate their representation to another director, although non-executive directors will only be able to delegate to another non-executive director.
7. Notwithstanding the above, when in the opinion of the Chairman circumstances so merit it, extraordinary Board meetings may be called by telephone, fax, telegram, email or any other means without the requirements and formalities for the call mentioned in the previous sections of this article being applicable.
8. If sufficient suitable means are available to guarantee their efficacy, Board meetings may be held by conference call, video conference or any similar means, so that one or more of the directors can attend the meeting using those systems. To this end, the call to meeting, in addition to indicating where the physical meeting will be held must also mention that it may be attended by means of a conference call, video conference or similar means, indicating and making available the required technical means, which must permit direct simultaneous communication among all participants.
9. The summons to meetings of the Board will be made in accordance with the Articles of Association and the Regulations of the Board. Nevertheless, the Board will be considered to be validly constituted without the need for summons when all the directors are present and represented and they unanimously agree on the holding of a universal meeting and on the items on the agenda to be dealt with.
10. The Chairman will decide on the agenda for the meeting. Directors and any of the Board Committee members may request the Chairman to include items on the agenda, and the Chairman will be obliged to do so when the request has been made no less than five (5) days before the date set for the holding of the meeting.

### **Article 31 Constitution, deliberation and passing of resolutions**

1. For the resolutions of the Board to be valid, notwithstanding what the Articles of Association or the Law may state in relation to certain matters, it will be necessary for at least half plus one of the directors to be present or represented.
2. Directors must attend the meetings being held in person, without prejudice to the terms of section 8 of Article 30. Nevertheless, directors may be represented by another director in accordance with the legislation applicable at any given time. Representation will be granted specifically for the Board meeting in question, and may be notified by any of the means envisaged in section 5 of Article 30 of the Regulations.
3. Notwithstanding the above, as long as there are valid grounds justifying a director's inability to attend, the Chairman may authorise the holding of Board meetings by audio-visual means or telephone, as long as the technical means are available and they enable direct and simultaneous communication among all the participants, and thus the unity of the act, and as long as there is no objection from any of the directors.

4. Board meetings may be attended, as guests, by technical experts both from within the Company and outside it to provide assistance to the directors when the Chairman considers it is necessary. The Chairman will not refuse or unjustifiably delay requests for invitations to experts that may be made by the directors.
5. Discussions will be chaired by the Chairman of the Board, or if not present by the corresponding Deputy Chairman in order, or in their absence by the eldest of the directors. The meeting chair will be assisted by the Secretary, or if not present by the Deputy Secretary, or in their absence by a director appointed by the Board itself. The Chairman will grant the floor to those directors requesting it until the Chairman decides that the matter has been sufficiently debated, whereupon it will be put to the vote. When justified by the circumstances the Chairman may also take the necessary measures to ensure the confidentiality of the discussions and the resolutions passed during the Board meeting sessions.
6. Resolutions will be passed by a majority of the directors present or represented, except in those cases for which the Articles of Association, legislation or the Board Resolutions require a greater majority. In the event of a tied vote, the Chairman will have the casting vote. As an exception to the above, approval of resolutions related to the following matters will require the favourable vote of a qualified majority of 4 directors (if the Board consists of 5 directors) of 5 directors (if the Board consists of 6 directors), of 6 directors (if the Board consists of 7 directors), of 7 directors (if the Board consists of 8 directors) or of 8 directors (if the Board consists of 9 directors):
  - (i) the report required for the General Shareholders Meeting to approve the setting up of a system of remuneration for directors and senior management consisting of the granting of shares or share options;
  - (ii) the amendment of the business of the Company, as defined in subsection “Investment Policy and Strategy” of section “Information about the Issuer” of the prospectus filed by the Company with the Stock Exchange Commission on October 9 2018 and April 8 2019, as well as the prospectus filed in relation to the capital increase approved by the Extraordinary General Shareholders Meeting of the Company held on November 5 2019; and
  - (iii) the amendment of this section 31.6 of these Regulations of the Board of Directors.
7. At the initiative of the Chairman, the Board will be able to pass resolutions following a written vote and without a meeting, as long as no director opposes such a procedure. When this voting system is applied, the Secretary of the Board will record the resolutions passed in minutes, stating the names of the directors and the system followed to determine the will of the Board, indicating the vote cast by each director. In this case

it will be considered that the resolutions have been passed at the place of the registered office of the Company, on the date the last of the votes cast was received. The minutes will also declare that no member of the Board stated opposition to such a procedure. Written votes must be sent within a term of ten (10) days as from the date on which the request for a vote to be cast was received, otherwise the vote will not be valid. At the end of the term for the casting of a vote, the Secretary will notify the directors of the result of the vote, or the impossibility of using such a voting procedure because of the objection of a director.

8. Annually, the Board will evaluate (i) the quality and efficiency of the functioning of the Board; (ii) the performance their duties by the Chairman, or the Managing Director or senior executive officer of the Company, if applicable, based on a report to be submitted by the Appointments and Remuneration Committee; (iii) the functioning of its Committees, based on the reports they have presented; (iv) diversity in the composition and competencies of the Board; and (v) the performance and contribution by each director, with special focus on those responsible for the various Committees. Based on the results of the evaluation, it will propose an action plan to correct the deficiencies detected. To this end, the Chairman of the Board will organise and coordinate with the heads of the Committees the evaluation of the Board, as well as that of the Managing Director or senior executive officer if applicable. The results of the evaluation must be stated in the minutes for the meeting, or attached to it as an appendix.
9. Every three (3) years, the Board will be assisted by an outside consultant in the carrying out of the evaluation referred to in the previous section, whose independence will be verified by the Appointments and Remuneration Committee. The business links that the consultant or any company in its group maintain with the Company must be detailed in the Annual Corporate Governance Report. The process and the areas evaluated must be described in the Annual Corporate Governance Report.

## **Article 32 Formalising of resolutions**

1. Minutes must be drafted for each Board meeting by the Secretary of the Board or the Deputy Secretary, to record those present, the agenda for the meeting, details of the location of the meeting and the time it took place, the main points of the discussions, as well as the contents of the resolutions passed, and the minutes must be approved by the Board itself at the end of the session or at the next session.
2. Any director will be able to request that their intervention at the meeting or proposal be fully transcribed in the minutes, as long as either at that time or whenever the chair has indicated the director submits the text that faithfully reproduces the intervention. This requirement will not be necessary when the Board meetings are recorded on any information technology medium that enables storage and subsequent reproduction in full. In particular, when so requested, the minutes will incorporate the concerns

regarding any proposal expressed by any director or the Secretary, or in the case of directors, their concerns on the development of the Company, when such concerns are not resolved during the Board meeting.

3. In the case of Board meetings held by means of conference calls, video conference or any similar system, the Secretary of the Board must record the fact in the minutes of the meetings held in such a manner, and in addition to the names of the directors present in person, or represented by another director, the minutes must record the names of those attending the meeting by means of a conference call, video conference or any similar system.
4. Certificates of minutes, whether full or partial, required to certify Board resolutions will be issued by the Secretary or, if necessary, the Deputy Secretary, even if they are not directors, with the approval of the Chairman or the Deputy Chairman as applicable.

### **Article 33      Executive Committee and Managing Director**

1. The Board may appoint, from among its members, and at the Chairman's proposal, an Executive Committee, comprised of a minimum of three (3) and a maximum of five (5) members, and a Managing Director, and delegate permanently, to the Committee or to the Managing Director, all or a portion of its delegable powers, without prejudice to the powers of attorney it may grant to any other person.
2. In addition to the powers that the Regulations reserve for itself, under no circumstances may the powers that the Articles of Association or the Law establish as non-delegable, as well as the powers that the General Shareholders Meeting grant to the Board, be delegated without express authorisation.
3. The appointment of the Executive Committee and of the Managing Director and their powers, as well as the powers delegated to the Chairman, must be registered in the Commercial Registry.
4. For the Board to make appointments and permanently delegate the powers envisaged in Article 33, two thirds (2/3) of Board members must vote in favour thereof.
5. When appointing Executive Committee members, the Board will ensure that the participation structure for the various categories of directors is similar to that of the Board itself. Its Secretary will be the Secretary to the Board.
6. Executive Committee members will cease to be committee members when they cease to hold their directorship or when so determined by the Board. The Board will fill any vacancies that arise as quickly as possible.



7. If the Chairman of the Executive Committee is absent, his /her functions will be performed by the member chosen to do so by the other members.
8. The Executive Committee will hold its ordinary meetings at least once a month, and may meet extraordinarily when corporate interests so require.
9. The Executive Committee will be called, unless justified by an emergency, no less than seven (7) days in advance. Together with the notice for each meeting, Executive Committee members will be sent the relevant documentation so that they may form their opinion and cast their vote.
10. Executive Committee meetings will be validly convened when, at least, one half plus one of the Committee members attend in person or by proxy.
11. The resolutions of the Executive Committee will be passed by a majority of the directors on the Committee present or represented by proxy at the meeting. The Chairman of the Board will act as the Chairman of the Committee and, in his / her absence, the Committee member appointed by the Committee to act as Chairman. In the event of a tie, the Chairman will have the casting vote.
12. The Executive Committee, through its Chairman, will inform the Board of the matters addressed and the decisions taken by the Committee, and a copy of the meeting minutes will be sent to all directors.
13. With regard to all other matters, the Executive Committee, will be governed by that established, with respect thereto, by the Articles of Association and, secondarily, insofar as they are not incompatible with its nature, also by that set forth in the aforementioned Articles of Association and the Regulations with regard to the Board.

## **TITLE VIII. BOARD OF DIRECTORS COMMITTEES**

### **Article 34 Board Committees**

1. The Board will create from among its members, permanently and internally, an audit and control committee (the "**Audit and Control Committee**") and an appointments and remuneration committee (the "**Appointments and Remuneration Committee**"). The Audit and Control Committee and the Appointments and Remuneration Committee will have the essential function of supporting the Board in its supervisory and monitoring duties the ordinary management of the Company, having, in this respect, the reporting, advisory and proposal powers established in the Articles of Association, in the Regulations and in the provisions in force at any given time. The members thereof will be appointed by the Board to which they will report with regard to the discharge of their functions.

2. Without prejudice to the foregoing, the Board may also create other committees with the responsibilities, make-up and mode of operation determined in each case by the Board itself.
3. The committees will report to the Board on the performance of its functions, and the Board will deliberate over the proposals and reports from each committee.
4. The committees may obtain external advisory services when they consider necessary to discharge their functions and minutes will be prepared of their meetings with a copy being sent to all Board members.
5. The Board will appoint committee members, taking into account the directors' knowledge, skills and experience and the duties of each committee.
6. Any employee or Executive director will be required to attend the meetings of any committee when they are requested to do so, and they must attend without any other executive when so requested by the Committee in question.

#### **Article 35     Audit and Control Committee**

1. The Board will create, on a permanent basis, an Audit and Control Committee that will be made up of a minimum of three (3) and a maximum of five (5) directors who will be appointed, at the proposal of the Appointments and Remuneration Committee by the Board for a period of no more than three (3) years that, under no circumstances may exceed the term of their directorship, however, they may be reappointed for periods of equal duration insofar as they are also reappointed as directors. Unless the legislation in force at any given time establishes otherwise, Audit and Control Committee members and, particularly its Chairman, will be elected based on their knowledge of and experience in accounting, auditing or risk management. All Audit and Control Committee members will be external or non-executive directors, the majority of which will be independent directors.
2. From among the Audit and Control Committee members, the Board will elect the Chairman, who will be an independent director and who will hold the position for a period of no more than three (3) years and not more than his / her terms as a member of the Audit and Control Committee and may be reappointed once, one (1) year after he / she stands down. The Board may also appoint a Deputy Chairman.
3. Audit and Control Committee members will cease to be committee members when they cease to hold their directorship or when so determined by the Board.
4. The Audit and Control Committee will regulate its own functioning in accordance with the Articles of Association and Regulations. Members that have acted as Chairman may not hold the position again for at least one (1) year from the end of

their term. The Secretary to the Board will act as the Secretary of the Audit and Control Committee, and where applicable, the Deputy Secretary to the Board, will act as the Deputy Secretary of the Committee. The Secretary will assist the Chairman and must ensure that the Audit and Control Committee functions properly. The Secretary is responsible for duly recording in the minutes, the course of the meetings, the content of the deliberations and the resolutions passed. The Secretary, or whomever performs the secretarial functions, will prepare the meeting minutes.

5. The primary function of the Audit and Control Committee is to support the Board in its supervisory duties, by periodically reviewing the process of preparing the economic-financial information, its internal controls and the external auditor's independence. In particular, and without prejudice to its other duties in accordance with the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) or the Regulations or those entrusted to it by the Board, the Audit and Control Committee will be responsible, among other matters, for the following:
- a) reporting in the General Shareholders Meeting on any matters raised thereat by the shareholders in relation to which the Committee has authority;
  - b) in relation to the external auditor;
    - (i) making proposals to the Board with regard to the selection, appointment, reappointment or replacement of the external auditor (which must be international firms with recognised prestige), as well as the terms of engagement;
    - (ii) regularly receiving from the internal auditor information on the audit plan and the outcome of its execution, and verifying that senior management bears the recommendations in mind;
    - (iii) ensuring the external auditor's independence and, to that end, that the Company informs the Spanish National Securities Market Commission (CNMV) of the change of auditor in the form of a significant event, including in the aforementioned communication a declaration regarding any disagreements with the outgoing auditor and, if any, the basis thereof, and, where applicable, if the external auditor resigns, an examination into the circumstances that gave rise to the resignation.

The Audit and Control Committee will establish appropriate relations with the auditors or audit firms so as to receive information on matters that might pose a threat to their independence for examination by the Audit and Control Committee, and any other matters relating to the audit procedures carried out, as well as such other communications as are provided for in legislation governing audits and auditing standards.

In any case, they must receive from the auditors or audit firms on an annual basis, written confirmation of their independence vis-à-vis the entity or the entities related to it directly or indirectly, as well as information on any additional services of any kind provided to these entities by the aforementioned auditors or firms, or by the persons or entities related to them in accordance with Spanish Law 22/2015, of 20 July, on Auditing (*Ley 22/2015, de 20 de julio, de Auditoría de Cuentas*);

- (iv) seeking to engage the Company's Auditor to audit the companies that, where applicable, form part of the group;
  - (v) if the external auditor resigns, examining the circumstances that gave rise to the resignation;
  - (vi) ensuring that the external auditor's remuneration for its work does not compromise its quality or independence;
  - (vii) ensuring that the external auditor holds an annual meeting with the whole of the Board to report on the audit work carried out and regarding the evolution of the Company's audit and risk situation;
  - (viii) ensuring that the Company and the external auditor respect prevailing regulations governing the provision of non-audit services, the limits on the concentration of the Auditor's business and the terms of other regulations governing auditor independence in general.
- c) annually and prior to issuing the auditors' report, issuing a report expressing an opinion on the independence of the auditors or audit firms. In any case, this report must offer an opinion on the provision of the additional services mentioned in point (iii) of paragraph b) above;
- d) supervising the efficacy of internal control, the risk management systems, where applicable, and management of the Company's internal audit services that monitor the proper functioning of the information and internal control systems, in particular with regard to the processes for preparing the financial information related to the Company and, where applicable, to its group; and the head of the internal audit function must submit the annual work plan to the Audit and Control Committee, report any incidents that arise during its implementation directly to the Committee and submit a report to the Committee on its activities at the end of each reporting period. The Audit and Control Committee will discuss with the auditors or audit firms the significant weaknesses detected in the internal control system during the audit;

- e) actively participating in the preparation of the risk strategy and important decisions regarding its management. Ensuring that the risk control and management systems adequately mitigate the risks within the framework of the policy defined by the Board;
- f) knowing and periodically reviewing the financial reporting process and the internal risk control and management systems associated with the Company's relevant risks so they are properly identified, managed and known, ensuring the independence and efficacy of the internal audit function, proposing the selection, appointment, reappointment and removal of the head of the internal audit service, as well as the budget for the aforementioned service, receiving periodic information on its activities and verifying that senior management bears in mind the conclusions and recommendations from its reports;
- g) informing the Board in advance with regard to:
  - (i) the financial information that, because the Company is listed, must be disclosed periodically, supervising the process of preparing and presenting the abovementioned information and ensuring that the interim financial statements are prepared with the same accounting policies as the annual financial statements and, to that end, considering the appropriateness of a limited review by the Company's external auditor;
  - (ii) the creation or acquisition of ownership interests in special-purpose entities domiciled in countries or territories with the status of tax havens and any transactions or operations of a similar nature that, due to the complexity thereof, may adversely affect the transparency of the Group to which the Company belongs;
  - (iii) the operations, transactions or actions referred to in Articles 19, 20 and 22 of the Regulations;
  - (iv) the proposed amendments to the Regulations.
- h) approving the appointment of the external appraiser — which must be an international firm of recognised prestige — appointed by the executive team and supervising the services provided by the aforementioned appraiser in relation to the appraisal of the Company's real estate assets to be carried out at 31 December of each year;
- i) receiving from employees, confidentiality, but not anonymously, and in writing, communications regarding possible irregularities of potential importance,

particularly of a financial and accounting nature, observed within the Company or companies of its group;

- j) issuing the reports and the proposals envisaged in the Articles of Association and in the Regulations and any others requested by the Board or by the Chairman thereof;
  - k) ensuring compliance with the internal codes of conduct and corporate governance rules;
  - l) supervision of the communication strategy and relationship with shareholders and investors, including small- and medium-shareholders;
  - m) review of the Company's corporate responsibility policy, ensuring that it is aimed at value creation;
  - n) monitoring of the corporate social responsibility strategy and practices and the assessment of the degree of compliance therewith;
  - o) supervision and assessment of the relationship processes with the various stakeholders;
  - p) assessment of everything related to the Company's non-financial risks including operational, technological, legal, social, environmental, political and reputational;
  - q) coordination of the non-financial and diversity reporting process, in accordance with the applicable legislation and international standards of reference.
- 6. The Audit and Control Committee will have access to the necessary information and documentation to perform its functions and may obtain advice from external professionals who may attend meetings in a speaking but non-voting capacity.
  - 7. The Audit and Control Committee will be informed regarding structural and corporate modification transactions that the Company intends to carry out for their analysis and to report on them to the Board regarding their economic conditions and accounting impact and, in particular, where applicable, on the proposed exchange ratio.
  - 8. The Audit and Control Committee will meet at least quarterly, reviewing the financial information that must be periodically sent to the relevant authorities, as well as any information that the Board must approve to be included in the financial statements and, where applicable, whenever called by its Chairman, or at the request of the Board or the Chairman of the Board. Every year the Audit and Control Committee will prepare an annual action plan of which it will inform the Board.
  - 9. Any member of the Company's executive team or staff, as well as the Company's external auditors who are asked to attend the meetings of the Audit and Control

Committee to provide their collaboration and access to the information available to them, are required to do so.

10. Audit and Control Committee meetings will be validly convened when one half plus one of the Committee members attend in person or by proxy and its resolutions will be passed when the majority of its members, present or represented, vote in favour thereof, with the Chairman having the casting vote in the event of a tie.
11. With regard to everything not expressly regulated in the Articles of Association with regard to the functioning of the Audit and Control Committee, that resolved by the Committee itself will apply and, secondarily, in so far as its nature and functions make it possible, that established in the Articles of Association and in the Regulations with regard to the Board will apply.

### **Article 36      Appointments and Remuneration Committee**

1. The Board will create, on a permanent basis, an Appointments and Remuneration Committee that will be made up of a minimum of three (3) and a maximum of five (5) members who will be appointed by the Board at the proposal of the Chairman of the Board. The Appointments and Remuneration Committee will be formed exclusively of external directors, the majority of which must be independent and will be presided over by an independent director who will be appointed by the Board from among its members. Furthermore, the Board may also appoint a Deputy Chairman. At least one member of the Appointments and Remuneration Committee must have experience in remuneration matters.
2. The term of members of the Appointments and Remuneration Committee may not exceed the term of their directorship, however, they may be reappointed for periods of equal duration insofar as they are also reappointed as directors. Appointments and Remuneration Committee members will cease to be committee members when they cease to hold their directorship or when so determined by the Board.
3. The Appointments and Remuneration Committee will regulate its own functioning in accordance with the Articles of Association and Regulations. The Secretary to the Board will act as the secretary of the Appointments and Remuneration Committee, and where applicable, the Deputy Secretary to the Board, will act as the Deputy Secretary of the Committee. The Secretary will assist the Chairman and must ensure that the Appointments and Remuneration Committee operates properly. The Secretary is responsible for duly recording in the minutes, the course of the meetings, the content of the deliberations and the resolutions passed. The Secretary, or whomever performs the secretarial functions, will prepare the meeting minutes.
4. The Appointments and Remuneration Committee will focus its functions on supporting and assisting the Board in relation, essentially, to proposals for the

appointment, reappointment, ratification and removal of directors, the implementation and monitoring of the remuneration policy for directors and executives, monitoring directors' fulfilment of their duties, particularly in relation to conflicts of interest and related-party transactions, and supervision of compliance with the Internal Codes of Conduct and corporate governance recommendations. In particular, and without prejudice to its other duties in accordance with the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) or the Regulations or those entrusted to it by the Board, the Appointments and Remuneration Committee will be responsible, among other matters, for the following:

- a) establishing criteria to determine the make-up of the Company's executive team and the selection of directors, and informing the Board in relation to gender diversity and candidates' qualifications;
- b) assessing the competencies, knowledge and experience required by the Board and for defining the functions and abilities required by the candidates that should fill each vacancy and evaluate the time and dedication required to enable them to carry out their duties satisfactorily.

Any Board member may request that the Appointments and Remuneration Committee take into consideration potential candidates to fill directorship vacancies should they be considered suitable;

- c) examining and organising the succession of the Chairman and the Managing Director so that it is considered adequate and, where applicable, submitting proposals to the Board so that the above mentioned succession occurs in an orderly and well-planned manner;
- d) proposing to the Board, the appointment, ratification, reappointment and removal of independent directors so that it can, in turn, where applicable, propose them to the General Shareholders Meeting and report on other proposals related to appointing, ratifying, reappointing and removing directors submitted to the General Shareholders Meeting, as well as appointments by co-option. reporting on situations in which the Board believes there is just cause for removing an independent director before the end of the statutory period for which they have been appointed;
- e) reporting on the appointment of the secretary and, where applicable, Deputy Secretary to the Board;
- f) proposing the appointment of members of the Audit and Control Committee to the Board;
- g) ensuring that, when vacancies arise on the Board, the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and so that



the Company deliberately seeks and includes among potential candidates, women who have the professional profiles sought, and must report to the Board regarding these matters related to gender diversity;

- h) receiving the information from directors in relation to the professional obligations they have outside of the Company and addressing the inquiries that the directors must make to the Appointments and Remuneration Committee prior to accepting any executive position or on the board of directors of any other company or entity;
- i) annually verifying the classification of each director;
- j) informing the Board regarding the appointments and removals of Executives, as well as any compensation or indemnity related to a possible dismissal, at the request, if applicable, of the Company's Managing Director;
- k) ensuring that the remuneration policy established by the Company is observed and, in particular, proposing to the Board the directors' remuneration policy, the distribution among the directors of the remuneration related to attendance fees determined by the General Shareholders Meeting and the individual remuneration of the executive directors and other conditions related to their contracts, and presenting to the Board, at the request of the Chairman of the Appointments and Remuneration Committee, any proposals regarding the remuneration policy for Executives and the basic conditions of their contracts, including, where applicable, the proposal and calculation of the delivery of Company shares to the aforementioned executives in accordance with any incentive plans they may have signed with the Company;
- l) monitoring the fulfilment by the directors of their duties, particularly in relation to conflicts of interest and; related-party transactions;
- m) preparing and submitting to the Board the annual assessment of the functioning of the Board, the discharge by the Board's Chairman of his functions and, where applicable, the discharge by the Company's Managing Director of his functions, as well as the proper functioning of the Appointments and Remuneration Committee;
- n) periodically reviewing the remuneration policy applied to directors and senior executives, including share-based remuneration systems and their application, as well as guaranteeing that their individual remuneration is proportionate to that paid to other directors and senior executives at the Company;
- o) ensuring that potential conflicts of interest are not detrimental to the independence of the external advisory services provided to the committee;

- p) verifying the information on remuneration of the directors and senior executives contained in the various corporate documents, including the annual directors' remuneration report.

In relation to matters related to executive directors and Executives, the Appointments and Remuneration Committee will consult the Chairman and the Managing Director of the Company.

5. The Appointments and Remuneration Committee will have access to the information and documentation necessary to discharge their functions. During Appointments and Remuneration Committee meetings, members may be assisted by people who, in their capacity as advisors, they consider appropriate, and who may attend the meeting in a speaking but non-voting capacity.
6. The Appointments and Remuneration Committee will meet at least once per year and at the request of any of its members or its Chairman. The Chairman of the Appointments and Remuneration Committee will call a meeting thereof at the request of the Board, as well as in any case in which the Chairman requires a report, requests to implement a proposal and as many times as considered necessary for the effective fulfilment of the functions of the Appointments and Remuneration Committee.
7. The Appointments and Remuneration Committee meetings will be validly convened when one half plus one of the Committee members attend in person or by proxy and its resolutions will be passed when the majority of its members, present or represented, vote in favour thereof, with the Chairman having the casting vote in the event of a tie.
8. The Appointments and Remuneration Committee will regulate its own functioning with regard to everything not set forth in the Articles of Association and in the Regulation, and, secondarily, in so far as its nature and functions make it possible, that established in the Articles of Association and in the Regulations with regard to the Board will apply.

## **TITLE IX. POLICY ON BOARD OF DIRECTORS RELATIONS**

### **Article 37 Relations with shareholders**

1. The Board will foster communication by the Company with its shareholders.
2. To that end, and if the Company's activity and shareholder structure so requires, it will promote, with the attendance of certain of the Directors or members of senior management it considers appropriate, informational meetings regarding the

performance of the Company and its group, particularly for shareholders who reside in areas with the most relevant Spanish and foreign financial markets, as well as with institutional investors. Under no circumstances will these meetings entail the delivery of any information that could put them in a privileged or advantageous situation with regard to other shareholders.

#### **Article 38      Information provided to the shareholders for the General Shareholders Meeting**

1. The Board will provide shareholders, prior to each General Shareholders Meeting, any information legally required and will address in writing requests for information, clarifications or questions that, in relation to the items on the Agenda or in relation to the information accessible to the public that has been provided to the Spanish National Securities Market Commission (CNMV) since the last General Shareholders Meeting, made by shareholders prior to the General Shareholders Meeting or during the meeting itself, in accordance with the applicable legislation and with the Articles of Association and Shareholders General Meeting Regulations.
2. The Board will take any measures to assist the General Shareholders Meeting in effectively exercising the functions specific to it in accordance with the law and the Articles of Association.

#### **Article 39      Relations with the markets**

1. The Board will implement the provisions necessary so that the public is immediately informed, by sending to the Spanish National Securities Market Commission (CNVM) and simultaneously publishing on the Company's Web Page, of:
  - a) relevant events capable of notably influencing the formation of the market price of the securities issued by the Company;
  - b) changes that significantly affect the Company's shareholder structure of which it is aware;
  - c) substantial modifications to the Company's governing rules, currently comprised of the Articles of Association, the General Shareholders Meeting Regulations, the Regulation and the Internal Code of Conduct;
  - d) treasury share transactions in accordance with that set forth under the law; and
  - e) any other information required by the legislation in force.

2. The Board will implement the measures necessary to ensure that the periodic financial information and any other information made available to the markets is prepared pursuant to the same professional principles, criteria and practices with which the financial statements are prepared and are as reliable as they are.

#### **Article 40 Relations with external auditors**

1. The Board' relations with the Company's external auditors will be channelled through the Audit and Control Committee.
2. The Board will refrain from engaging audit firms in which the fees that the company and group companies expect to pay for all items is greater than five percent (5%) of the audit firm's income in Spain during the immediately preceding year.
3. The Board will attempt to definitively prepare the financial statements so that there are no qualifications or reservations in the audit report and, in exceptional cases in which they exist, both the Chairman of the Audit and Control Committee and the auditors will clearly explain to the shareholders the content and scope of the aforementioned reservations or qualifications.

#### **Article 41 Relations with Executives**

The relations between the Board and Executives must be channelled through the Chairman of the Board or, where applicable, when so determined by the Board, through the Managing Director.