

English translation for information purposes only

**BOARD
REGULATIONS
OF
EUROPASTRY, S.A.**



[English translation for information purposes only. In case of discrepancy, the Spanish version shall prevail]

CONTENTS

TITLE I GENERAL PROVISIONS.....	1
Article 1.- Subject matter and purpose.....	1
Article 2.- Interpretation.....	1
Article 3.- Change.....	1
Article 4.- Dissemination and registration.....	2
TITLE II MISSION OF THE BOARD OF DIRECTORS.....	2
Article 5.- General oversight function.....	2
Article 6.- Representation functions.....	5
Article 7.- Specific functions relating to the financial statements and the directors' report.....	6
Article 8.- Specific functions relating to the capital market.....	6
Article 9.- Principles of action.....	7
Article 10.- Other interests.....	7
TITLE III COMPOSITION OF THE BOARD.....	8
Article 11.- Qualitative composition.....	8
Article 12.- Quantitative composition.....	9
TITLE IV BOARD STRUCTURE.....	10
Article 13.- Chair of the Board.....	10
Article 14.- Vice-Chair or Vice-Chairs of the Board.....	11
Article 15.- Lead Independent Director.....	11
Article 16.- Secretary of the Board.....	12
Article 17.- Vice-Secretary or Vice-Secretaries of the Board.....	12
Article 18.- Board Committees.....	12
Article 19.- The CEOs and the Executive Committee.....	14
Article 20.- The Audit Committee.....	15
Article 21.- The Nominations, Remunerations and Sustainability Committee 20	
TITLE V FUNCTIONING OF THE BOARD.....	24
Article 22.- Calling Board meetings.....	24
Article 23.- Development of Board meetings and passing of resolutions...25	
TITLE VI APPOINTMENT AND REMOVAL OF DIRECTORS.....	26
Article 24.- Appointment of directors.....	26

Article 25.-	Incompatibilities.....	27
Article 26.-	Term of office.....	28
Article 27.-	Re-election of directors.....	28
Article 28.-	Removal of directors.....	28
Article 29.-	Duty to abstain.....	30
TITLE VII DIRECTORS' RIGHT OF INFORMATION.....		30
Article 30.-	Powers of information and inspection.....	31
Article 31.-	Assistance of experts.....	31
TITLE VIII DIRECTORS' REMUNERATION.....		32
Article 32.-	Directors' remuneration.....	32
Article 33.-	Remuneration Policy.....	33
Article 34.-	Annual directors' remuneration report.....	34
TITLE IX DUTIES OF DIRECTORS.....		34
Article 35.-	General obligations for directors.....	34
Article 36.-	Non-disclosure obligation.....	37
Article 37.-	Non-compete obligation.....	37
Article 38.-	Conflicts of interest.....	37
Article 39.-	Use of non-public information and the corporate assets.....	38
Article 40.-	Business opportunities.....	38
Article 41.-	Indirect transactions.....	39
Article 42.-	Directors' duty to report.....	39
Article 43.-	Related-party transactions.....	40
Article 44.-	Directors' liability.....	40
TITLE X ANNUAL CORPORATE GOVERNANCE REPORT AND BOARD RELATIONS.....		40
Article 45.-	Annual corporate governance report.....	40
Article 46.-	Relations with shareholders.....	41
Article 47.-	Relations with the markets.....	41
Article 48.-	Relations with the auditor.....	42
TITLE XI GOVERNING LAW.....		43
Article 49.-	Governing law.....	43

TITLE I
GENERAL PROVISIONS

Article 1.- Subject matter and purpose

1. The purpose of these Board Regulations (the "**Regulations**") of "Europastry, S.A." (the "**Company**") is to establish the principles for that body's action, the basic rules of its organization and functioning, and the rules of conduct for its members.
2. For the purposes of these Regulations, the Europastry group (the "**Group**") will be considered to comprise the Company, as parent company, and its subsidiaries in accordance with section 42 of the Spanish Commercial Code [*Código de Comercio*].
3. These Regulations will enter into force on the date the Company's shares are admitted for trading on the Spanish Stock Exchanges and will remain in effect indefinitely.
4. The rules of conduct established in these Regulations will apply to the Board of Directors, its delegated bodies (collegiate or single-person) and its internal committees, as well as the members comprising them. Furthermore, and insofar as they are compatible with their specific nature, the rules of conduct established in these Regulations will also apply to senior managers of the Company. The persons to whom these Regulations apply are obliged to know, comply with and ensure compliance with their content.

Article 2.- Interpretation

1. These Regulations will be interpreted in accordance with the Law, the Bylaws and the principles and recommendations on good governance for listed companies approved or issued by the Spanish authorities, essentially in accordance with their spirit and purpose. In case of doubt, the Board may clarify their content and interpretation.

Article 3.- Change

1. These Regulations may only be amended at the request of the Chair of the Board, a third of the Board members or the Audit Committee when, in their opinion, there are circumstances making it appropriate or necessary, and they must attach to their proposal a report justifying the grounds for and

scope of the amendment proposed.

2. The proposed amendments that do not come from the Audit Committee must be reported on by it.
3. The text of the proposal, the justifying report of its authors and, as applicable, the report of the Audit Committee must be attached to the notice of meeting for the Board meeting that is to deliberate on it.

Article 4.- Dissemination and registration

1. The persons to whom these Regulations apply are obliged to know, comply with and ensure compliance with their content.
2. These Regulations and their subsequent amendments will be submitted to the General Meeting, notified to the Spanish National Securities Market Commission and registered at the Commercial Registry in accordance with the Law.
3. The current version of these Regulations at any given time will be available on the Company's corporate website and at its registered office, thus guaranteeing their dissemination to the persons to whom they apply, as well as among the shareholders and the general investing public.

TITLE II

MISSION OF THE BOARD OF DIRECTORS

Article 5.- General oversight function

1. In accordance with the Law and the Bylaws, the Board is the Company's management and representation body, and is, therefore, authorized to perform, in the scope of the corporate purpose defined in the Bylaws, the legal transactions or acts of administration and disposal necessary to carry it out, except those reserved by the Law or the Bylaws to the competence of the General Meeting. The Board must effectively assume the powers of oversight, management, control and representation of the Company assigned to it in the Law and the Bylaws, and must establish, as the core of its mission, the approval of the Company's strategy and the specific organization for its implementation, as well as the oversight and control of compliance with the objectives by management, and the respect for the Company's corporate purpose and interest.

2. In any case, it will be up to the Board, by passing resolutions that must be approved in each case in accordance with the Law, the Bylaws and these Regulations, to deal with the following matters, established as a formal catalog of matters reserved to its exclusive knowledge, although there may be others for which the current law, the Bylaws or these Regulations recognize competence to the Board:
- a) Oversight of the effective functioning of the committees established and the actions of the delegate bodies and executives appointed.
 - b) Determination of the general strategies and policies of the Company, and, in particular:
 - (i) the strategic or business plan, as well as the annual management and budget objectives;
 - (ii) the investment and financing policy;
 - (iii) the Company's and the Group's corporate governance policy;
 - (iv) the environmental, social and corporate governance policy;
 - (v) the remuneration and senior management performance evaluation policy;
 - (vi) the treasury stock policy and, in particular, its limits;
 - (vii) the dividends policy;
 - (viii) the determination of the Company's tax strategy; and
 - (ix) the risk management and control policy, including tax risks, as well as oversight of the internal information and control systems.

The risk management and control policy must identify, at least:

- the various types of risk faced by the Company, including, among the financial or economic risks, contingent liabilities and other off-balance-sheet risks;
- a risk management and control model based on different levels;

- the setting of the risk level that the Company considers acceptable;
 - the measures envisaged to mitigate the impact of the risks identified, if they materialize; and
 - the internal information and control systems that will be used to control and manage those risks, including contingent liabilities and other off-balance-sheet risks.
- c) Its own organization and functioning.
- d) Authorization for issue of the financial statements and their submission to the General Meeting.
- e) The preparation of any type of report required in the Law for the management body, if the operation to which the report refers cannot be delegated.
- f) Appointment and removal, as applicable, of the Company's CEOs, and establishment of the terms of their contracts.
- g) Appointment and removal of the executives reporting directly to the Board or of any of its members, and establishment of the basic terms of their contracts, including their remuneration.
- h) Decisions relating to directors' remuneration, within the framework outlined in the Bylaws and the remuneration policy approved by the General Meeting. In particular, distribution of the annual fixed allocation determined by the General Meeting among the directors, following a report from the Nominations, Remunerations and Sustainability Committee, which will be carried out by the Board taking into account the conditions of each director, the functions and responsibilities assigned to them and their membership of the various Committees, and, in the case of executive directors, determination of their additional remuneration for their executive functions and other conditions that their contracts must respect.
- i) Calling of the General Meeting and preparation of the agenda and the motions.
- j) The powers that the General Meeting has delegated to the Board,

unless it has been expressly authorized to sub-delegate them.

- k) Organization and functioning of the Board and, in particular, approval and amendment of these Regulations.
 - l) Approval of the financial information that, due to its status as a listed company, the Company must periodically disclose.
 - m) Definition of the Group structure.
 - n) Approval of the investments or transactions of any type that, due to their high amount or special characteristics, are considered strategic or pose special tax risk, unless the General Meeting is responsible for approving them.
 - o) Approval of the creation or acquisition of shares in special-purpose vehicles or entities based in countries or territories considered tax havens, as well as any other similar transactions or operations that, due to their complexity, may impair the transparency of the Company or its Group.
 - p) Approval, following a report from the Audit Committee, of related-party transactions in the cases and terms set out in section 529 of the Spanish Companies Act [*Ley de Sociedades de Capital*]. The directors affected or who represent or are connected to the affected shareholders must abstain from the vote on the motion in question.
 - q) Approval of a policy on the payment of General Meeting of Shareholders attendance fees, where appropriate.
 - r) Oversight of the preparation and presentation of the financial information and the directors' report, which will include, where appropriate, the mandatory non-financial and sustainability information, and submission of recommendations or proposals to the management body aiming to safeguard its integrity.
 - s) The other decisions not specifically envisaged in these Regulations.
3. However, if the Law and the Bylaws so permit, when duly justified urgent circumstances arise, the decisions corresponding to the above matters can be taken by the delegated bodies or persons, although they must be ratified at the first Board meeting held after the decision is taken.

Article 6.- Representation functions

1. The Board is responsible for representing the Company in the terms established under law and the Bylaws.
2. The Board members and committees to which it delegates powers of representation will notify the Board of the acts they perform exercising that power of attorney that exceed ordinary administration.

Article 7.- Specific functions relating to the financial statements and the directors' report

1. The Board will authorize for issue the individual and consolidated financial statements and the directors' report, so that they present a fair view of the equity, financial position and profit/loss of the Company and its Group, in accordance with the Law, having received the Audit Committee's report in advance. Those financial statements will be certified in advance, in terms of their integrity and accuracy, by the Company's CFO, with the approval of the Chair.
2. After the reports referred to in the previous point have been examined, the Board may request any clarifications it considers appropriate from the issuers of the reports.
3. In particular, the Board will ensure that the aforementioned accounting documents are drafted clearly and accurately to facilitate the appropriate understanding of their content. In particular, they will include the comments considered useful for those purposes.
4. It must be recorded in a certificate that, before signing the authorization for issue of the financial statements required in the Law, the Board members have had the report that the Audit Committee must prepare on them available to them, as well as, in general, the information necessary to do so, and they were able to record any observations they consider pertinent.

Article 8.- Specific functions relating to the capital market

1. The Board will carry out any functions imposed by the Company's status as a company listed on the Spanish stock exchanges.
2. In particular and without limitation, in accordance with these Regulations,

the Board will perform the following specific functions in relation to the capital market:

- a) Completion of any acts and adoption of any measures required to ensure the Company's transparency in view of the financial markets.
- b) Completion of any acts and adoption of any measures required to prevent, within its scope of action, market manipulation and abuse of inside information.
- c) Approval and updating of the Internal Code of Conduct in matters relating to the securities market (the "**Internal Code of Conduct**").
- d) Approval of the annual corporate governance report and the annual directors' remuneration report envisaged in the Law.

Article 9.- Principles of action

1. The Board will perform its functions with unity of purpose and independent judgment, offering the same treatment to all shareholders in the same position and being guided by the Company's interest; this means achieving a profitable and sustainable business in the long term, promoting its continuity and maximizing the Company's value.
2. In the scope of the corporate organization, the Board will take the necessary measures to ensure:
 - a) that the Company's management strives to create long-term sustainable value for the shareholders and has correct incentives to do so;
 - b) that the Company's management is under the effective oversight of the Board;
 - c) that no person or small group of people has decision-making power not subject to checks and balances;
 - d) that no shareholder receives special treatment compared with the others; and
 - e) that the Company's relations with shareholders and stakeholders are developed under the principles of good faith, respect for the Law, the Company's corporate governance regulations, and customs and good

practices of the capital markets.

Article 10.- Other interests

In pursuit of the Company's interest, as well as observing the applicable regulations and maintaining behavior based on good faith, ethics and respect for commonly accepted customs and good practices, the Board will balance the Company's interest with the legitimate interests of employees, suppliers, customers and other stakeholders that may be affected, as applicable, also taking into consideration the impact of its activities on the wider community and the environment.

TITLE III
COMPOSITION OF THE BOARD

Article 11.- Qualitative composition

1. In addition to the conditions required in the Law and the Bylaws, the persons appointed as directors must meet the conditions envisaged in these Regulations, formally agreeing to comply with the obligations and duties set out in them upon taking on the position.
2. Exercising its power to make proposals to the General Meeting and to co-opt to fill vacancies, the Board will ensure that, in the composition of the body, the external directors constitute a large majority of the Board and that the number of executive directors is the minimum necessary.
3. The Board will ensure that the number of independent directors represents at least one third of the total number of directors.
4. The Board must approve a directors selection policy that:
 - a) is specific and verifiable;
 - b) ensures that the proposals for appointment or re-election are based on a prior analysis of the competences required by the Board; and
 - c) promotes diversity of knowledge, experience, age and gender. For these purposes, measures that lead the Company to have a high number of female senior managers are considered to promote gender diversity.
5. Within four (4) years of the admission of the shares for trading on the

stock exchange, the Nominations, Remunerations and Sustainability Committee will prepare a matrix with the necessary skills of the Board to define the skills and knowledge of the candidates for director positions, particularly those of executive directors and independent directors, to assist that Committee in defining the functions that must correspond to each position to be filled, as well as the most appropriate skills, knowledge and experience for it. This skills matrix must be periodically updated in accordance with the challenges and opportunities that it is considered the Company will face in the short, medium and long term.

6. It will be ensured that the percentage of directors representing substantial shareholders among the total non-executive directors is not greater than the proportion existing between the Company's capital represented by those directors and the rest of the capital.
7. The character of each director will be explained by the Board to the General Meeting, which must make or ratify their appointment. Furthermore, that character will be reviewed annually by the Board, after verification by the Nominations, Remunerations and Sustainability Committee, reporting on it in the annual corporate governance report.
8. The following information on directors will be posted and kept updated on the Company's corporate website:
 - a) Professional profile and biography.
 - b) Other boards to which they belong, whether listed companies or not, as well as other paid activities that they perform, regardless of their nature.
 - c) Indication of the category of director to which they belong, indicating, in the case of external directors representing substantial shareholders, the shareholder they represent or to which they are connected. Directors will be classified as directors representing substantial shareholders, independent, executive and other external directors in accordance with current legislation.
 - d) Date of their first appointment as a director, as well as their successive re-elections.
 - e) Shares of the Company, and options on them, which they hold.

Article 12.- Quantitative composition

1. The Board will comprise a minimum of five and a maximum of nine directors. The General Meeting will decide the specific number of directors.
2. The Board will propose to the General Meeting the number that, in accordance with the Company's circumstances, is most suitable to ensure the due representativeness and effective functioning of the body.

TITLE IV
BOARD STRUCTURE

Article 13.- Chair of the Board

1. Following a report from the Nominations, Remunerations and Sustainability Committee, the Board will elect a Chair of the Board among its members.
2. The Chair of the Board is the highest representative of the Company and has overall responsibility for the management of the Board and the effectiveness of its functioning. The Chair of the Board may also be appointed CEO or have executive functions assigned under any other title or power of attorney, in which case section 4 below will apply.
3. In addition to the powers corresponding to them in accordance with the Law, the Bylaws, the General Meeting Regulations and these Regulations, they will:
 - a) chair the General Meeting and lead its discussions and deliberations;
 - b) call and chair the meetings of the Board, as established in the Bylaws and these Regulations, establishing the agenda of the meetings and leading the discussions;
 - c) prepare and submit to the Board a schedule of dates and matters to be addressed;
 - d) ensure, with the collaboration of the Secretary of the Board, that the directors receive sufficient information to deliberate on the agenda items in advance;
 - e) lead the Board's discussions and deliberations, stimulating the debate and the active participation of the directors during its meetings, safeguarding its free decision making and ensuring that sufficient

time is devoted to the discussion of strategic issues;

- f) submit to the Board the motions they consider appropriate for the smooth running of the Company and, in particular, those corresponding to the functioning of the Board and the other Company bodies, and propose appointments for internal positions within the Board;
 - g) organize and coordinate, along with the Chair of the Nominations, Remunerations and Sustainability Committee, the periodic evaluation of the Board, its committees, its members and, as applicable, the Company's executive directors;
 - h) agree and review the introductory processes and knowledge upgrade programs for directors when the circumstances so advise.
4. The position of Chair may fall to an executive director. In this case, the appointment of the Chair will require two thirds of the Board members to vote in favor and, in any case, a lead independent director will be appointed in accordance with article 15 of these Regulations.

Article 14.- Vice-Chair or Vice-Chairs of the Board

- 1. The Board may elect, among its members, following a report from the Nominations, Remunerations and Sustainability Committee, one or more Vice-Chairs to temporarily replace the Chair of the Board, in the order established in this article, in case of vacancy, absence, illness or unavailability.
- 2. If there is more than one Vice-Chair of the Board, the one expressly designated for that purpose by the Board will replace the Chair; otherwise, the Vice-Chair with the longest time served in the position and, in case of equal seniority, the eldest will replace the Chair.

Article 15.- Lead Independent Director

- 1. The Lead Independent Director will be authorized to carry out the following actions:
 - a) Request the calling of a Board meeting or the inclusion of new agenda items in a Board meeting already called.

- b) Coordinate and assemble the non-executive directors and convey their concerns.
- c) Chair the Board in the absence of the Chair and the Vice-Chairs, if any.
- d) Maintain contact with investors and shareholders to gauge their viewpoints to form an opinion on their concerns, particularly in relation to the Company's corporate governance.
- e) Coordinate the succession plan for the Chair of the Board.
- f) Manage the periodic evaluation of the Chair of the Board.

Article 16.- Secretary of the Board

1. Following a report from the Nominations, Remunerations and Sustainability Committee, the Board will appoint a Secretary of the Board with the ability to perform the functions pertaining to that position, and the same procedure must be followed for their removal.
2. The Secretary of the Board does not necessarily have to be a director.
3. In addition to the powers corresponding to them in accordance with the Law, the Bylaws and these Regulations, they will:
 - a) store the Company's documentation, duly reflect the development of the meetings in the minutes books and attest to their content and the resolutions passed;
 - b) ensure that the Board's actions are aligned with the applicable regulations and compliant with the Bylaws and other internal regulations, as well as the good governance recommendations that the Company has decided to follow, and that its governance rules and procedures are observed and regularly reviewed.
 - c) Assist the Chair so that the directors receive the relevant information to perform their function with sufficient notice and in the appropriate format, ensuring, in particular, to give the directors the necessary information and advice.

Article 17.- Vice-Secretary or Vice-Secretaries of the Board

1. Following a report from the Nominations, Remunerations and Sustainability Committee, the Board may appoint one or more Vice-Secretaries of the Board to assist the Secretary of the Board and replace them in the performance of their functions in case of vacancy, absence, illness or unavailability, and the same procedure must be followed for their removal. The Vice-Secretary of the Board does not need to be a director.
2. Unless decided otherwise by the Chair of the Board, the Vice-Secretary may attend the Board meetings to assist the Secretary.

Article 18.- Board Committees

1. The Audit Committee and the Nominations, Remunerations and Sustainability Committee are subject to the following common rules of composition and functioning:
 - a) Following a report from the Nominations, Remunerations and Sustainability Committee, the Board will appoint the members of these committees and allocate the positions on them (without the need to appoint a secretary), taking into account the knowledge, skills and experience of the directors and the tasks of each Committee; it will deliberate on their motions and reports; and the committees will have to regularly report to it on their activity and will be answerable to it for the work carried out.
 - b) They will exclusively comprise non-executive directors, with a minimum of three and a maximum of five. This does not affect the possible presence of executive directors or senior managers at their meetings, for information purposes, when each of the committees so resolves. However, the presence of executive directors at the meetings will be exceptional.
 - c) The independent directors will, in any case, be a majority and one of them must be appointed Chair.
 - d) They can seek external advice when they consider it necessary to perform their functions, under the same circumstances as apply to the Board (*mutatis mutandis*).
 - e) Minutes will be drafted for their meetings, a copy of which will be sent to all the Board members.

- f) The committees will meet as many times as necessary, in the opinion of their Chair, to exercise their competences and when two of their members so request.
 - g) They will be quorate when the majority of their members are in attendance, present or by proxy, and their resolutions will be passed by absolute majority of votes. In case of a tie, the Chair of the committee will have the casting vote.
 - h) The Chairs of the corresponding committees will report to the Board on the matters addressed and the resolutions passed in their meetings at the first Board meeting after the committee meeting.
 - i) Within three months of the year-end, each committee will submit to the Board's approval a comprehensive report on their work during the previous year, which will be made available to the shareholders at the Annual General Meeting.
2. The Board of Directors may establish, on a permanent or temporary basis, other delegated committees in addition to the mandatory ones, whether temporary or permanent, also for the sole purpose of efficient organization of its duties, including without limitation, a Strategy and Business Development Committee with functions including, but not limited to, advising, supporting, proposing and monitoring the strategic policy and business development plan, the Company's competitive situation and potential business opportunities of the Company. This committee shall include individuals, whether or not members of the Board of Directors, with extensive knowledge and experience in business management and direction, acquisitions, divestments and corporate finance.
3. In matters not specifically envisaged, the rules of functioning established in the Bylaws and these Regulations in relation to the Board will apply to both the mandatory Committees and the non-mandatory Committees, as long as they are compatible with the nature and function of the Committee.

Article 19.- The CEOs and the Executive Committee

1. The Board may permanently delegate all or part of its powers to one or several CEOs, who may act jointly and severally or jointly, or, to an Executive Committee comprising the members it considers appropriate (with a minimum of three and a maximum of five members), all the powers falling to the Board, except those whose competence it has reserved under the Law, the Bylaws or these Regulations. As an exception, the CEOs or the Executive Committee may take decisions in relation to the matters outlined in article 5.2 of these Regulations when duly justified urgent circumstances arise, in which case the Board must subsequently ratify them.
2. To be valid, the permanent delegation of any power of the Board to one or several CEOs or the Executive Committee, and the appointment of the directors to perform those positions will require to thirds of the Board members to vote in favor and will only take effect upon registration at the Commercial Registry.
3. The CEOs and Executive Committee members will cease to hold those positions when they cease to be a director or when the Board so resolves.
4. In matters not specifically envisaged for the Executive Committee, the rules of functioning established in these Regulations in relation to the Board will apply, if they are compatible with the nature and function of the Committee.

Article 20.- The Audit Committee

1. The Audit Committee will comprise a minimum of three and a maximum of five non-executive directors, appointed by the Board, who have the dedication, capacity and experience necessary to perform their function, and at least the majority of whom must be independent directors. The members of the Committee as a whole and particularly the Chair will be appointed taking into account their knowledge and experience in accounting, auditing and financial and non-financial risk management. Furthermore, the Audit Committee members, as a whole, will have the pertinent technical knowledge in relation to the Company's sector of activity.
2. The Board will appoint the Chair of the Audit Committee among the independent directors comprising it.

3. The position of Chair of the Audit Committee will be held for a maximum of four years, at the end of which the individual cannot be re-elected until at least one year after they left that position, although they may continue or be re-elected as a member of the Committee. The Audit Committee members will cease to hold those positions when they cease to be directors or, in any case, when the Board so resolves.
4. Although it may be assigned other tasks in the Bylaws or by the Board, the Audit Committee will have the following basic responsibilities.
 - a) Report to the General Meeting on the issues raised in relation to the matters within the Committee's competence and, in particular, on the result of the audit, explaining how this has contributed to the integrity of the financial information and the function that the Committee has performed in that process.
 - b) Ensure that the Board submits the financial statements to the General Meeting in accordance with the applicable regulations and without limitations or qualifications in the audit report and, in the exceptional cases in which there are qualifications, both the Chair of the Audit Committee and the auditor will clearly explain to the shareholders the content and scope of those limitations or qualifications.
 - c) Submit to the Board the proposals for selection, appointment, re-election and replacement of the auditor and, as applicable, the verifier of the sustainability information, taking responsibility for the selection process in accordance with the Law, as well as the conditions for contracting them, and regularly obtaining information from the auditor on the audit plan and its execution, as well as preserving its independence in the performance of its functions.
 - d) In relation to the external auditor: (i) examine, in case of withdrawal of the external auditor, the reasons; (ii) ensure that the external auditor's remuneration does not compromise its quality or independence; (iii) oversee that the Company communicates to the Spanish National Securities Market Commission, as other relevant information, the change of auditor and attaches a declaration on the potential existence of disagreements with the outgoing auditor and their content, if any; (iv) ensure that the external auditor holds an annual meeting with the full Board to inform it on the work carried out and on the evolution of the accounting situation and risks of the

Company; (v) oversee the performance of the audit agreement, ensuring that the opinion on the financial statements and the main content of the audit report are drafted clearly and accurately; and (vi) ensure that the Company and the external auditor observe the rules in force on provision of services other than audit services, the limits on the concentration of the auditor's business and, in general, the other rules on the auditor's independence.

- e) Establish and maintain the appropriate relations with the external auditor and, as applicable, the verifier of the sustainability information to receive information on issues that could compromise their independence, so that the Committee can examine it, and any other issues related to the financial statements audit process, and, where appropriate, the authorization of services other than the prohibited services, in accordance with the Law, as well as any other communications envisaged in the audit legislation and audit rules. In any case, the Audit Committee must receive from the auditor each year the declaration of its independence in relation to the entity or entities directly or indirectly connected to it, as well as the detailed and individualized information on the additional services of any type provided and the corresponding fees received from these entities by the auditor or the persons or entities connected to the auditor in accordance with the regulations in force.
- f) Issue, annually, before the audit report is issued, a report expressing an opinion on whether the auditor's independence has been compromised. This report must state a position, in any case, on the reasoned evaluation of all the additional services referred to in the previous point, considered individually and as a whole, other than the legal audit and in relation to the independence regime or the legislation governing the audit activity.
- g) Oversee the internal audit unit and, in particular, (i) ensure its independence and effectiveness; (ii) propose the selection, appointment and removal of the head of the internal audit unit; (iii) propose the budget of that service; (iv) approve the annual work plan of the internal audit unit and its corresponding annual activities report; (v) approve its focus and its work plans, ensuring that its activity is mainly focused on relevant risks for the Company; (vi) receive periodic information on its activities; and (vii) check that

senior management takes into account the conclusions and recommendations of its reports.

The Company's internal audit unit will oversee the smooth running of the internal information and control systems, and will report to the Audit Committee.

The head of the Company's internal audit unit will submit its annual work plan to the Audit Committee for its approval and will report to it on its execution (including possible incidents and limitations on its scope arising in its development), the results and follow-up of its recommendations, and will submit an activities report to the Audit Committee at the end of each financial year.

- h) Oversee and assess the financial and non-financial information's integrity and the process for preparing it, as well as the financial and non-financial risk management and control systems relating to the Company and its Group (including operational, technological, legal, social, environmental, political and reputational risks or risks related to corruption), reviewing compliance with the regulatory requirements, the appropriate definition of the consolidation perimeter, and the proper application of accounting principles, reporting to the Board on this.
- i) Oversee the effectiveness of the Company's internal control, internal audit and risk management systems, including tax risks, as well as discussing with the auditor and, as applicable, the verifier of the sustainability information the significant weaknesses in the internal control system detected in completing the audit and, as applicable, the verification of the information on sustainability, all without undermining its independence. For those purposes, and as applicable, it may submit recommendations or proposals to the Board and the corresponding period for their follow-up. In relation to this, it is responsible for proposing to the Board the risk management and control policy, which will identify at least: (i) the types of risk (operational, technological, financial, legal and reputational) faced by the Company; (ii) the setting of the risk level that the Company considers acceptable; (iii) the measures to mitigate the impact of the risks identified should they materialize; and (iv) the control and information systems that will be used to control and manage those risks.

- j) Oversee the functioning of the Company's internal risk management and control unit, which is responsible for: (i) Ensuring the proper functioning of the risk management and control systems and, in particular, that all the significant risks affecting the Company are identified, managed and quantified; (ii) actively participating in preparing the risk strategy and in the important decisions on managing the risks; and (iii) ensuring that the risk management and control systems adequately mitigate the risks in accordance with the policy defined by the Board.
- k) Analyze and report the economic conditions, the accounting impact and, as applicable, the exchange ratio proposed for the structural and corporate modifications that the Company plans to carry out, before being submitted to the Board.
- l) Reporting to the Board, in advance, on all the matters envisaged in the Law, the Bylaws and these Regulations and, in particular, on: (i) the financial and non-financial information that the Company must periodically publish; (ii) the creation or acquisition of shares in special-purpose vehicles or entities based in countries or territories considered tax havens; and (iii) related-party transactions.
- m) Review the prospectuses and any other relevant information that the Board must provide to the markets and supervisory bodies.
- n) Establish and oversee a system that allows the employees and other persons connected to the Company or the Group to communicate, confidentially and, if applicable and considered appropriate, anonymously, the potentially significant irregularities, particularly financial and accounting irregularities, noted within the Company.
- o) Periodically assess the adequacy of the Company's corporate governance system to ensure that it achieves its mission of promoting the Company's interest and takes into account, as applicable, the legitimate interest of the other stakeholders; make the necessary proposals for its improvement and oversee compliance with the internal codes of conduct and corporate governance rules of the Company, also ensuring that the corporate culture is aligned with its purpose and values. In particular, the Audit Committee is responsible for receiving and, as applicable, issuing a report on (i) the actions and decisions adopted by the Compliance Unit in exercising its

competences in accordance with the Company's Internal Code of Conduct on matters related to the Securities Markets; and (ii) the disciplinary measures to be applied, as applicable, to members of the Company's senior management.

- p) Oversee the policy for communicating economic/financial, non-financial and corporate information, as well as communication with shareholders and investors, voting advisers and other stakeholders, including small and medium shareholders.
- q) Assess all matters related to non-financial risks of the Company, including operational, technological, legal, social, environmental, political and reputational risks.
- r) Coordinate the non-financial and diversity information reporting process, in accordance with the applicable regulations and widely accepted international standards.

Points c), e) and f) of this section do not affect the audit regulations.

- 5. The Audit Committee will meet periodically in accordance with the needs, and at least four times a year.
- 6. Any member of the management team or staff member of the Company or Group who is requested to attend will be obliged to attend the Audit Committee meetings and collaborate with it, giving it access to the information they possess. The Audit Committee may also request that the auditor attend its meetings.
- 7. For the optimum performance of its functions, the Audit Committee may seek advice from external professionals.
- 8. The Chair of the Audit Committee must report to the Board on the matters addressed and the decisions taken within the Committee. Furthermore, the minutes of this Committee will be available to the Board.

Article 21.- The Nominations, Remunerations and Sustainability Committee

- 1. The Nominations, Remunerations and Sustainability Committee will comprise a minimum of three and a maximum of five non-executive directors appointed by the Board, ensuring that they have the knowledge,

skills and experience necessary to perform their function. At least two of the members of the Nominations, Remunerations and Sustainability Committee must be independent directors. The Nominations, Remunerations and Sustainability Committee members will cease to hold those positions when they cease to be directors or, in any case, when the Board so resolves.

2. The Board will appoint the Chair of the Nominations, Remunerations and Sustainability Committee among the independent directors comprising it.
3. Although it may be assigned other tasks in the Bylaws or by the Board, the Nominations, Remunerations and Sustainability Committee will have the following basic responsibilities.
 - a) Periodically review the structure of the Board and its Committees, and advise the Board on the most appropriate configuration in terms of size and balance between the various types of directors. For these purposes, assess the skills, knowledge and experience necessary in the Board. For these purposes, it will define the functions and skills that candidates must have to fill each vacancy and will assess the required time and dedication so that they can effectively perform their task, verifying that the non-executive directors have sufficient time to properly carry out their functions.
 - b) Report to the Board on issues relating to gender diversity and establish a representation target for the less represented sex on the Board, and prepare guidance on how to reach that target.
 - c) Submit to the Board proposals for appointment of independent directors for their appointment by co-opting or their submission to the decision of the General Meeting, as well as proposals for the re-election or removal of those directors by the General Meeting, in accordance with the directors selection policy it may have adopted.
 - d) Submit proposals for appointment of the other directors for their appointment by co-opting or their submission to the decision of the General Meeting, as well as proposals for their re-election or removal by the General Meeting.
 - e) Verify, annually, compliance with the directors selection policy and report on this in the annual corporate governance report.

- f) Submit proposals for appointment, re-election and removal of positions within the Board, including the Secretary and Vice-Secretaries, and propose to the Board the members who must be on each of the Committees. In proposals for re-election of directors, the Nominations, Remunerations and Sustainability Committee will take into account the same factors as for the first election and, furthermore, will assess the performance and evaluation of the director during the time they have held the position and their capacity to continue performing their role satisfactorily.
- g) Ensure that the Board adequately discloses the reasons and circumstances for removals before the end of the term, whether due to resignation or by resolution of the General Meeting.
- h) Without affecting the powers assigned to the Lead Independent Director, if any, examine and organize the succession of the Chair of the Board and the executive directors of the Company, and, as applicable, make proposals to the Board so that that succession takes place smoothly, under planning and in line with the objectives set in the directors selection policy.
- i) Organize and coordinate the periodic evaluation of the Chair of the Board and, along with the Chair, the periodic evaluation of the Board, its committees, its members and the Company's executive directors. Submit to the Board the results of the evaluation along with a proposed action plan or recommendations to correct possible deficiencies detected or improve the functioning of the Board or its Committees.
- j) Submit proposals for appointment and removal of senior managers and the basic terms of their contracts.
- k) Propose to the Board the remuneration policy for directors and general managers or those who perform their senior management functions reporting directly to the Board, Executive Committees or CEOs, as well as the individual remuneration and other contractual terms of executive directors, ensuring that they are observed.
- l) Check compliance with the remuneration policy established by the Company.

- m) Periodically review the remuneration policy applied to directors and senior managers, including the remuneration systems with or referenced to shares of the Company and their application, assessing their adequacy and benefits, and ensure that their individual remuneration is proportionate to what the other directors and senior managers of the Company are paid.
- n) Verify the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual directors' remuneration report.
- o) Verify that the information that the Company publishes on its corporate website on remuneration is sufficient and adequate, and that it applies the good corporate governance recommendations.
- p) Report on conflicts of interest involving directors.
- q) Ensure that potential conflicts of interest do not undermine the independence of the external advice given, as applicable, to the Committee.
- s) Furthermore, in relation to oversight on environmental, social and corporate governance matters, the Nominations, Remunerations and Sustainability Committee must:
 - (i) ensure that the environmental, social and corporate governance policy is focused on creating value;
 - (ii) oversee the environmental, social and corporate governance practices and strategy, and the assessment of their degree of compliance;
 - (iii) propose the principles or commitments to be voluntarily assumed by the Company in relation to the various stakeholders;
 - (iv) identify the environmental, social and corporate governance policy objectives and the development of supporting instruments;
 - (v) define the corporate strategy on sustainability, environment and social issues;

- (vi) determine the principles, commitments, objectives and strategy related to shareholders, employees, customers, suppliers, social issues, environmental, diversity, fiscal responsibility, respect for human rights and prevention of unlawful conduct;
 - (vii) establish the methods or systems for monitoring the results of the application of the specific practices, the associated risks and their management;
 - (viii) implement (1) the oversight mechanisms for non-financial risk, ethics and business conduct; (2) channels for communication, participation and dialog with stakeholders; and (3) responsible communication practices to avoid manipulation of information and protect integrity and honor; and
 - (ix) review the non-financial information prepared on the Company on matters within its scope of action.
4. The Nominations, Remunerations and Sustainability Committee must consider the suggestions made by the Chair, the Board members, the executives or shareholders of the Company. In particular, any director may request the Nominations, Remunerations and Sustainability Committee to take into consideration, in case it considers them suitable, potential candidates to fill vacancies on the Board.
 5. The Nominations, Remunerations and Sustainability Committee will consult the Chair of the Board and the Company's executive directors, particularly on matters relating to executive directors and senior managers.
 6. The Nominations, Remunerations and Sustainability Committee will meet each time the Board or its Chair requests a report or the adoption of proposals and, in any case, if it is convenient for the smooth development of its functions.
 7. The Chair of the Nominations, Remunerations and Sustainability Committee must report to the Board on the matters addressed and the decisions taken within the Committee. Furthermore, the minutes of this Committee will be available to the Board.

TITLE V
FUNCTIONING OF THE BOARD

Article 22.- Calling Board meetings

1. The Board will meet, at the Chair's request, with the necessary frequency and as many times as the Company's interest requires or the Chair considers appropriate for the smooth running of the Company and the effective performance of the functions assigned to the Board. This must be at least four times a year, with a minimum of once a quarter, following the schedule of dates and matters established at the start of the year, and each director may individually propose other agenda items not initially envisaged. One meeting must be held within the first three months of each financial year, in any case, for the mandatory authorization for issue of the financial statements and the directors' report for the previous year, which will include, where applicable, the mandatory non-financial information that the Company must periodically disclose.
2. The Chair must call the Board meeting notifying the points to be addressed when they consider it appropriate in the Company's interest and when the Vice-Chair (if any), the Lead Independent Director (if any), or two or more directors so request. The Chair will include new items on the agenda when any director so requests and the request has been made at least two days before the date scheduled for the meeting.
3. The Board will be called by its Chair or the person acting as Chair. Directors constituting at least one third of the Board members may call it, indicating the agenda, to be held at the registered office, if, after being requested to do so, the Chair has not called it within one month. Furthermore, the Chair must call a Board meeting when requested by the Lead Independent Director.
4. Despite the power to call meetings indicated in the previous point, when the meeting is not called at the decision of the Chair, the Chair must call the meeting within ten days of receiving the request.
5. Board meetings will be called by letter with acknowledgment of receipt, email or any other means valid under law that evidences the sending date, and the notice of meeting will be authorized with the signature of the Chair of the Board or the Secretary or Vice-Secretary by order of the Chair.

The notice of meeting will be issued with at least three (3) days' notice, unless due to urgent reasons the meeting must be called with a shorter notice period.

The notice of meeting will always include the data and venue of the meeting and, unless there are justified reasons, the agenda (which will indicate the items on which the Board must pass a resolution or decide), and it will be accompanied by the pertinent documentation to allow the Board members to form an opinion and, as applicable, cast their vote on the matters submitted to their consideration.

Article 23.- Development of Board meetings and passing of resolutions

1. The Board will be quorate when over half of its members attend the meeting, in person or by proxy. Directors must attend the Board meetings and, where they do not do so personally, they will grant proxy and delegate their vote to another director of the same category and ensure that the proxy includes the appropriate instructions. In any case, external directors may only grant proxy to another external director. Directors may only be absent in unavoidable cases and absences will be recorded in the annual corporate governance report.
2. The Board will be quorate without the need to issue a notice of meeting if all the directors, present or represented, unanimously accept to hold the meeting and the agenda items. Furthermore, if no director objects, votes may be held in writing and without a meeting.
3. Resolutions will be passed by absolute majority of the directors present or represented unless a different majority is required in the Law, the Bylaws or these Regulations.

In particular, at least two thirds of the directors must vote in favor to permanently delegate powers, appoint members of the Executive Committee, appoint an executive director as Chair of the Board and approve the contracts that the Company enters into with executive directors.

In case of a tie, the Chair will have the casting vote.

4. When, exceptionally and due to urgency, the Chair wishes to submit decisions or resolutions not included on the agenda to the Board's approval, the prior, express consent of the majority of the directors present or represented, which will be duly recorded in the minutes, will be required.

5. When the directors or the Secretary of the Board state any concern regarding the motions debated within the Board and they are not resolved during the meeting, those concerns must be recorded in the meeting's minutes, if any director or the Secretary so requests.
6. The Board of Directors may also meet with the directors being in several places connected by videoconference or teleconference systems that allow the recognition and identification of the attendees, the constant communication among all participants regardless of their location, as well as the participation and casting of votes, all of this in real-time. The session of the Board of Directors held in this manner shall be understood to have taken place at the Company's registered office.
7. At least once a year, the Board must evaluate: (i) the quality and efficiency of the functioning of the Board; (ii) the performance by the Company's Chair and executive directors of their functions, based on the report issued for those purposes by the Nominations, Remunerations and Sustainability Committee; (iii) the functioning and composition of the Board Committees, based on the reports that they submit to it; (iv) the performance and contribution of each director, paying special attention to the heads of the various committees; and (v) the diversity in the composition and skills of the Board, proposing, based on the outcome, an action plan to correct any deficiencies detected.

TITLE VI

APPOINTMENT AND REMOVAL OF DIRECTORS

Article 24.- Appointment of directors

1. Directors will be appointed by the General Meeting or co-opted by the Board, in accordance with the Law, the Bylaws and these Regulations.
2. The proposals for appointment of directors that the Board submits to the General Meeting and the appointment decisions that the Board takes under the co-opting powers legally assigned to it must be preceded by the corresponding proposal (in case of independent directors) or report (in case of the other directors) from the Nominations, Remunerations and Sustainability Committee. When the Board does not follow the recommendations of the Nominations, Remunerations and Sustainability Committee, it must provide the reasons for its actions and record its reasons in the minutes.

3. In any case, the proposal must be accompanied by a supporting report from the Board assessing the skill, experience and merits of the proposed candidate, which will be attached to the minutes of the General Meeting or the Board meeting. The proposal for appointment or re-election of any non-independent director must also be preceded by the corresponding report from the Nominations, Remunerations and Sustainability Committee.
4. The Board must ensure that the procedures for selecting its members promote diversity of gender, experience and knowledge, and that they do not contain implicit biases that may entail any form of discrimination, particularly in relation to the selection of female directors.
5. The Board will approve a directors selection policy, in accordance with article 11.4 of these Regulations, which ensures that the proposals for appointment or re-election are based on a prior analysis of the needs of the Board and promotes diversity of knowledge, experience and gender without containing implicit biases that could entail any form of discrimination.

The outcome of the prior analysis of the Board's needs will be recorded in the supporting report of the Nominations, Remunerations and Sustainability Committee, which will be published upon calling the General Meeting to which the ratification, appointment or re-election of each director is submitted.

The Nominations, Remunerations and Sustainability Committee will verify, on an annual basis, compliance with the directors selection policy and report on this in the annual corporate governance report.

6. The Company will take the necessary actions to provide the appropriate support to new directors so that they can swiftly acquire sufficient knowledge of the Company, as well as its corporate governance rules.
7. Alternate directors will not be appointed.

Article 25.- Incompatibilities

The following may not be directors:

- a) Individuals who are directors in over eight (8) companies, of which at most four (4) may have shares admitted for trading in a domestic or foreign official secondary market or multilateral trading system.

To calculate those numbers, the following will not be considered: (a) boards of Group companies of which they are directors proposed by the Company or by any Group company; (b) boards of asset-holding companies of the directors or their direct family members or that constitute vehicles or supports for the professional activity of the director; or (c) boards of companies whose purpose is non-profit care activities or helping third parties, or a purpose similar, supplementary or ancillary to these activities.

- b) Individuals subject to any other incompatibility or legal disqualification.

Article 26.- Term of office

1. Directors will hold office for the term envisaged in the Bylaws and may be re-elected in the terms set out in the Bylaws. However, independent directors may not hold office for more than 12 consecutive months, unless they become directors representing substantial shareholders, executive and other external directors.
2. Co-opted directors will perform their position until the next General Meeting sits, although they may be ratified or re-elected. If the appointment is made after the General Meeting has been called and before it is held, the appointment will be in effect until the next General Meeting after the one that has already been called. In any case, this period will not be counted for the purposes of the previous section.

Article 27.- Re-election of directors

1. Before any re-election of directors submitted to the General Meeting, the Nominations, Remunerations and Sustainability Committee must issue a report assessing the quality of the work and the dedication of the directors proposed to their role during the previous term.
2. The Chair, the Vice-Chairs, the Lead Independent Director and, if they are directors, the Secretary and Vice-Secretaries of the Board who are re-elected as Board members by resolution of the General Meeting will continue to perform the roles they had been carrying out previously within the Board without the need for a new appointment.

Article 28.- Removal of directors

1. Directors will be removed from their position when the term for which they

were appointed has elapsed or when the General Meeting so decides, exercising the powers assigned to it under the law or the Bylaws.

2. The Board will only propose the removal of an independent director before the end of the term for which they were appointed, envisaged in the Bylaws, when the Board notes just cause, following a report from the Nominations, Remunerations and Sustainability Committee. For these purposes, there will be just cause when the director starts to occupy new positions or takes on new obligations that prevent them from devoting the necessary time to performing the functions of their position, breaches the duties inherent to their position or is suddenly subject to any of the circumstances envisaged in the next section of this article. Their removal may also be proposed as a result of takeover bids or delisting, mergers or other similar corporate operations that involve a significant change in the Company's shareholder structure.
3. Directors must offer their resignation to the Board and formally resign, if the Board considers it appropriate, in the following cases:
 - a) When they no longer perform the executive functions to which their appointments as director are linked or when the reasons for which they were appointed no longer exist. In particular, in the case of directors representing substantial shareholders, when the shareholder or shareholders who proposed, requested or decided their appointment sell or transfer their shareholding in whole or in part and, as a result, lose the status of substantial shareholder or sufficient shareholding to justify the appointment, or when that shareholder reduces its shareholding to a level that requires the reduction of the number of directors representing substantial shareholders.
 - b) In the case of independent directors, when they are suddenly subject to any of the circumstances that, in accordance with the Law, prevent them from continuing to be considered independent directors.
 - c) When they are subject to any of the legally envisaged cases of incompatibility or disqualification.
 - d) When they are prosecuted for an allegedly criminal act or subject to disciplinary proceedings for a serious or very serious offense investigated by the supervisory authorities.

- e) When the Board so requests by majority of at least two thirds of its members, if, due to having breached their obligations as directors, they are severely admonished by the Board, following a proposal or report from the Nominations, Remunerations and Sustainability Committee.
 - f) When their continuation on the Board may affect the good name or reputation of the Company or jeopardize its interests in any other way.
4. Directors must inform the Board of the criminal proceedings in which they are under investigation and the disciplinary proceedings for a serious or very serious offense that the supervisory authorities are investigating against them, as well as, in both cases, the subsequent development of the proceedings. If a director is prosecuted or an order opening oral proceedings is issued against them for any of the offenses envisaged in company legislation, the Board must examine the case as soon as possible and, in view of the specific circumstances and following a report from the Nominations, Remunerations and Sustainability Committee, will decide whether the director should remain in their position or not. All of these points will be reported, providing reasoning, in the annual corporate governance report. Directors must also notify the Board and, as applicable, resign when situations affecting them arise, whether related to their activity in the Company or not, which could damage its good name and reputation.
5. Directors removed from their position before the end of their term of office, either due to resignation or by resolution of the General Meeting, must sufficiently explain the reasons for the resignation or, in the case of non-executive directors, their opinion on the reasons for their removal by the General Meeting, in a letter that will be sent to all the Board members. Although all of this will be recorded in the annual corporate governance report, insofar as it is relevant for investors, the Company will publish the removal as soon as possible including a sufficient reference to the reasons or circumstances provided by the director.
6. Once they have ceased to perform their position, directors will be subject to the non-compete obligation envisaged in article 37.2.

Article 29.- Duty to abstain

The affected directors may not participate in the deliberations on the proposals for appointment, re-election and removal that are to be submitted to the General Meeting. Furthermore, the executive directors must refrain from participating in the deliberation and abstain from the vote in relation to the contract regulating their relationship with the Company, including the remuneration for performing executive functions.

TITLE VII
DIRECTORS' RIGHT OF INFORMATION

Article 30.- Powers of information and inspection

1. Directors are vested with the broadest powers to obtain information on any aspect of the Company, to examine its books, records, documents and other background information on corporate transactions, and to inspect all its facilities. The right of information extends to all the Group companies, whether domestic or foreign.
2. To avoid disturbing the ordinary management of the Company, the right of information will be exercised through the Chair of the Board, who will deal with the director's requests by providing the information directly, offering the appropriate contacts within the organization or arranging the measures so that they can perform the desired examinations and inspections *in situ*.
3. If the information request is denied, delayed or dealt with defectively, the requesting director may repeat their request before the Audit Committee, which, after hearing from the Secretary and the requesting director, will decide the appropriate action for the above purposes.

The information requested may only be denied when, in the Audit Committee's opinion, it is not necessary or it is harmful to the Company's interests. It may not be denied when the request is supported by the majority of the directors.

4. When the circumstances so advise, the Company may establish knowledge update programs aimed at the directors.
5. Directors will be periodically informed of the changes in the shareholding and the opinion of the substantial shareholders, investors and rating agencies on the Company and its Group.

Article 31.- Assistance of experts

1. To seek assistance from experts in performing their functions, the directors can request that legal and financial advisers, accountants or other experts be engaged at the Company's cost. The commission must relate to specific issues of particular importance and complexity that arise in the performance of the position.
2. The request to engage external experts or advisers must be made to the Secretary of the Board, who may make it conditional on the prior authorization of the Board, which will grant it if, in its opinion:
 - (i) it is necessary for the proper performance of the functions assigned to the directors;
 - (ii) the cost is reasonable, in view of the significance of the issue and the assets and revenue of the Company; and
 - (iii) the technical assistance received cannot be adequately provided by experts and technical personnel of the Company.

TITLE VIII
DIRECTORS' REMUNERATION

Article 32.- Directors' remuneration

1. The remuneration payable to directors must be that necessary to attract and retain the directors with the desired profile and to remunerate the dedication, qualification and responsibility that the position requires. However, it should not be so high that it compromises the independent judgment of the non-executive directors.

The remuneration received by the directors must, in any case, be reasonably proportionate to the importance of the Company, its financial position at any time and the market standards for comparable companies. The established remuneration system must be focused on promoting the long-term profitability and sustainability of the Company and include the necessary precautions to avoid excessive risk assumption and rewarding unfavorable results.

2. The General Meeting will determine and approve, within the framework of the Bylaws and the directors' remuneration policy, the maximum remuneration payable as remuneration of directors in their capacity as

such.

3. The remuneration will accrue monthly in arrears, such that the remuneration of each director will be proportional to the time that each director has performed their role during each financial year in which that remuneration remains in force.
4. The remuneration will be held established for each financial year of twelve (12) months. Therefore, if a financial year has a shorter duration than twelve (12) months, the amount of the remuneration will be reduced proportionally.
5. The remuneration of the directors shall be paid at such intervals as may be determined by the Board of Directors, which may delegate this authority to the executive directors if expressly resolved. In this regard, the provisions of the agreements entered into with the executive directors (*consejeros ejecutivos*) shall be taken into account. Unless the General Shareholders' Meeting resolves otherwise, the last approved remuneration shall remain in effect.
6. The maximum amount of the annual remuneration for all the directors in their capacity as such must be approved by the General Meeting and will remain in force until it modifies it. At the very least, the remuneration policy will establish the maximum amount of the annual remuneration to be paid to all the directors in their capacity as such and the criteria for distributing it in accordance with the functions and responsibilities assigned to each of them. Unless the General Meeting determines otherwise, the distribution of this remuneration among the various directors will be established by Board resolution, which must take into consideration the functions, positions and responsibilities assigned to each director, in accordance, in particular, with the dedication of each of them to the management of the Company and the commitments assumed by the Company in the contracts it has entered into with the executive directors.
7. It is up to the Board to individually determine the remuneration of each director for the performance of the executive functions assigned to them within the framework of the remuneration policy and in accordance with their contract, following a report from the Nominations, Remunerations and Sustainability Committee.

8. In any case, the directors' remuneration will be adjusted to the remuneration policy in force at any given time.

Article 33.- Remuneration Policy

1. At least every three years, the General meeting will approve, as a separate agenda item, the directors' remuneration policy, which will be adapted, in relevant points, to the remuneration system envisaged in the Bylaws. The directors' remuneration policy will remain in force for the three years following the one it which it is approved, from its approval by the General Meeting. However, the proposal of a new remuneration policy must be submitted to the General Meeting before the end of the third year of application of the previous policy, and the General Meeting may determine that the new policy should apply from the approval date and for the next three years. Any modification or replacement of the policy during that period will require the prior approval of the General Meeting in accordance with the established procedure.
2. The Board's proposal on the remuneration policy will be reasoned and must be accompanied by a specific report from the Nominations, Remunerations and Sustainability Committee. Both documents will be made available to the shareholders on the Company's corporate website as soon as the General Meeting is called. The shareholders may also request to be sent it free of charge and the General Meeting notice of meeting will mention this right.
3. The approved directors' remuneration policy will determine the remuneration payable to directors within the remuneration systems envisaged in the Bylaws.

Article 34.- Annual directors' remuneration report

1. The Board will approve and publish, on an annual basis, at the proposal of the Nominations, Remunerations and Sustainability Committee, a report on directors' remuneration, including the remuneration they receive or must receive in their capacity as such and, as applicable, for the performance of executive functions, all in accordance with the Law.
2. The annual directors' remuneration report must include complete, clear and comprehensible information on the directors' remuneration policy applicable in the current year. It will also include an overall summary of

the application of the remuneration policy during the year ended, as well as details of the individual remuneration accrued for all items by each of the directors in that year.

3. The annual directors' remuneration report will be disseminated as other financial information simultaneously with the annual corporate governance report, will be made available to the shareholders along with the Annual General Meeting documentation and will be put to a vote at the General Meeting in an advisory capacity, as a separate agenda item.

TITLE IX **DUTIES OF DIRECTORS**

Article 35.- General obligations for directors

1. In the performance of their functions and in compliance with the duties imposed in the Law, the Bylaws and these Regulations, the directors will act with the skill and care expected of the "reasonable professional" and with the diligence of a faithful representative in defense of the Company's interest, taking into account the nature of the position and the functions assigned, acting in good faith and in the Company's best interest, performing the position with the loyalty of a faithful representative and promoting or controlling the appropriate management of the Company to maximize its value on a sustainable basis in the long term and properly distribute it to the benefit of the shareholders. The shareholders grant the directors their mandate and the directors are accountable to the shareholders. Directors must adequately assess, as part of the decision-making process in which they participate, the reality of the Company and other interests at stake. In this regard, where appropriate, they will balance the Company's interest with the legitimate interests of its employees, suppliers, customers and the other stakeholders who may be affected, as well as the impact of the Company's activities on the wider community and the environment.
2. In the scope of the strategic and business decisions, subject to business judgment, the standard of skill and care expected of the "reasonable professional" will be considered met when the director has acted in good faith, with no personal interest in the matter being decided upon, with sufficient information and in accordance with an adequate decision-making procedure. In particular, as part of their position, directors must:

- a) Devote the necessary time and effort to the performance of the functions of director.
- b) Request the appropriate and necessary information they need to discharge their obligations.
- c) Adequately prepare the meetings of the Board and the committees to which they belong, diligently obtaining information on the progress of the Company and the matters to be addressed in those meetings.
- d) Attend the meetings of the bodies of which they are part and actively participate in the deliberations so that their opinion effectively contributes to the decision-making process; if, for a legitimate reason, they cannot attend the meetings to which they have been called, they must grant proxy to another director. Directors may only be absent in unavoidable cases. Absences of the directors will be quantified in the annual corporate governance report.
- e) Attend the General Meetings.
- f) Perform any specific task assigned to them by the Board and that is reasonably within their commitment as directors.
- g) Investigate any irregularity in the Company's management of which they have become aware and oversee any risk situation.
- h) Ask the persons with the capacity to call Board meetings to call an extraordinary Board meeting or include the items that they consider appropriate on the agenda of the next meeting to be held.
- i) Object to the corresponding resolutions when they consider that any motion submitted to the Board is contrary to the Company's interest, the Law or the Company's internal regulations, requesting that their objection be recorded in the minutes. They must also object to decisions that could harm the shareholders not represented on the Board.
- j) Not exercise their powers for purposes other than those for which they were granted.
- k) Take the necessary measures to avoid situations in which their interests, whether relating to themselves or others, may conflict with

the Company's interest and their duties to the Company.

3. Directors must notify the Company of:
 - a) Any direct or indirect conflict that they or Connected Persons (as defined in article 38 of these Regulations) may have with the Company's interest.
 - b) Significant changes in their professional situation that affect the character or status under which they were appointed director.
 - c) Criminal proceedings in which they are under investigation and the disciplinary proceedings for a serious or very serious offense that the supervisory authorities are investigated against the director, as well as, in both cases, the subsequent development of the proceedings. If a director is prosecuted or an order opening oral proceedings is issued against them for any of the offenses envisaged in company legislation, the Board must examine the case as soon as possible and, in view of the specific circumstances and following a report from the Nominations, Remunerations and Sustainability Committee, will decide whether the director should remain in their position or not.
 - d) In general, any fact or situation that may be relevant to their actions as a director of the Company or that could be detrimental to the Company's interest.

Article 36.- Non-disclosure obligation

1. Except in the cases in which the Law permits or requires, the director will keep the deliberations and resolutions of the Board and the committees on which they sit secret, and, in general, they will refrain from disclosing the information, data, reports or background information to which they have had access in performing their functions, as well as from using it for their own benefit, for the benefit of the shareholder who, as applicable, proposed or made their appointment or for any third party. This does not affect the transparency and reporting obligations imposed under the applicable law.
2. The non-disclosure obligation will remain in force even when the director has left their position.

Article 37.- Non-compete obligation

1. Directors may not, themselves or through an intermediary, be a director or executive, or provide services to another company or entity that has a similar corporate purpose to the Company or that is a competitor of it. This does not affect the positions they may hold in Group companies.
2. Directors who complete their term of office or cease to perform their position for any other reason may not provide services in another entity that has a similar corporate purpose to the Company for two years. If it considers it appropriate, the Board may release the outgoing director from this obligation or shorten the period for which it applies.

Article 38.- Conflicts of interest

1. It will be considered that there is a conflict of interest with the director in situations in which the interest of the Company or the companies in its Group collides, directly or indirectly, with the personal interest of the director. The director will have a personal interest when the matter affects them or a Connected Person, or, in the case of a director representing substantial shareholders, the shareholder or shareholders who proposed or made their appointment or their Connected Persons.
2. For the purposes of these Regulations, "**Connected Persons**" of a director will be those envisaged in section 231 of the Companies Act, as well as any company in which they perform an administration or management position or in which they have a significant shareholding.
3. The director must communicate to the Board, through the Chair or Secretary, any situation of direct or indirect conflict of interest affecting them.
4. Directors may not carry out activities, on their own behalf or for third parties, which entail current or potential effective competition with the Company or, in any other way, place them in permanent conflict with the Company's interests, with the exception of the positions they may hold, as applicable, in Group companies, unless expressly authorized by the General Meeting and without prejudice to the applicable regulations.
5. In particular, unless the corresponding dispensation has been obtained in accordance with section 230 of the Companies Act, the director must refrain from:

- a) Executing transactions with the Company, except ordinary transactions, executed on standard terms for customers and of little significance, meaning those whose information is not necessary to present the true image of the assets, financial position and profit/loss of the Company.
- b) Using the Company's name or invoking their status as director to unduly influence private transactions.
- c) Obtain advantages or remuneration from third parties other than the Company or its Group related to the performance of their position, except for mere courtesies.
- d) In general, attending and participating in the deliberations and votes affecting matters in which they have a conflict of interest.

Article 39.- Use of non-public information and the corporate assets

1. Directors may not use the Company's assets or assert their position in it to obtain any financial benefit.

Article 40.- Business opportunities

1. Directors cannot take advantage of a business opportunity of the Company for their own benefit or that of Connected Persons unless they first offer it to the Company, it declines the option without influence from the director and the director is authorized to take advantage of it by the General Meeting or the Board, as appropriate in accordance with the applicable legislation, following a report from the Nominations, Remunerations and Sustainability Committee.
2. For the purposes of the previous section, business opportunity means any possibility of making an investment or commercial transaction that has arisen or has been discovered in connection to the director performing their position, or by using resources and information of the Company, or under circumstances that reasonably suggest that the third party's offer was actually directed at the Company.
3. Directors must also refrain from using the Company's name and invoking their status as director of the Company to carry out transactions on their own behalf or on behalf of Connected Persons.

Article 41.- Indirect transactions

Directors breach their duties of loyalty to the Company if they knowingly allow or do not disclose the existence of transactions carried out with Connected Persons, where the conditions and controls envisaged in the previous articles have not been applied.

Article 42.- Directors' duty to report

1. Although they must comply with their legal obligations, directors must inform the Company of:
 - a) any shareholding or interest (through agreements or instruments of any type, such as deposit certificates or derivative instruments) they have, directly or through Connected Persons, in the share capital of the Company or any other company with the same, a similar or supplementary type of activity to that constituting the Company's corporate purpose, as well as the positions or functions they perform in them and the performance, on their own behalf or for third parties, of any supplementary type of activity to that constituting the Company's corporate purpose; and
 - b) all the positions they hold and the activities they carry out in other companies or entities, and, in general, any fact or situation that may be relevant to their actions as director of the Company.
2. Furthermore, directors must comply with the reporting obligations set out in the Internal Code of Conduct.

Article 43.- Related-party transactions

1. Following a report from the Audit Committee, the Board must approve the related-party transactions referred to in section 529(2) *duovicies* of the Companies Act, with the possibility of delegation in the legally envisaged cases.

Article 44.- Directors' liability

1. Directors will perform their functions under the principles of personal liability.
2. Directors will be liable to the Company, the shareholders and the creditors

for the loss they cause as a result of acts or omissions contrary to the Law or the Bylaws, or of those performed in breach of duties inherent to the performance of their function, if they have acted intentionally or negligently, under the terms and conditions established in the Law. In no case will the fact that the harmful act or agreement was adopted, authorized or ratified by the General Meeting release the director from liability.

TITLE X

ANNUAL CORPORATE GOVERNANCE REPORT AND BOARD RELATIONS

Article 45.- Annual corporate governance report

1. Following a report from the Audit Committee and the Nominations, Remunerations and Sustainability Committee on the respective matters within their competence, on an annual basis, the Board will approve a corporate governance report for the Company that will be made available to the shareholders along with the Annual General Meeting documentation.
2. The annual corporate governance report will offer a detailed explanation of the structure of the Corporate governance system and its functioning in practice, in accordance with the legally envisaged content.
3. The annual corporate governance report will be published in accordance with the Law.

Article 46.- Relations with shareholders

1. The Board will enable the appropriate channels to receive the proposals that the shareholders may put forward in relation to the Company's management. The Company will define and promote a policy for communication and contact with shareholders, institutional investors and voting advisers that fully observes the anti-market abuse rules and provides for equal treatment for shareholders in the same position.
2. The Board, by means of any of its directors and with the collaboration of the senior management members it considers appropriate, may organize informative meetings on the progress of the Company and its Group for the shareholders residing in the most important financial centers, in Spain and other countries.
3. In relation to the two previous sections, the Company will publish, via its

corporate website, the communication policy referred to in section 1 above, including information on how it has been implemented and identifying the contacts or those tasked with carrying it out.

4. Public vote delegation requests made by the Board or any of its members must indicate how the proxy holder will vote if the shareholder does not issue express instructions.
5. The Board will promote the informed participation of the shareholders in the General Meetings and will adopt any measures appropriate to help the General Meeting to effectively perform the functions pertaining to it in accordance with the Law and the Bylaws.
6. In particular, the Board will adopt the following measures:
 - a) It will endeavor to provide the shareholders, before the General Meeting, with all information legally required and all that which, while not legally required, may be of interest and reasonably provided.
 - b) It will deal with information requests made by the shareholders prior to the General Meeting with the utmost diligence.
 - c) It will address the questions posed by the shareholders during the General Meeting with the same diligence.

Article 47.- Relations with the markets

1. The Board will notify the public in the legally established manner and will carry out the following specific activities in relation the securities markets:
 - a) Approval of the periodic public financial and non-financial information.
 - b) Disclosures of inside information that could significantly influence the Company's share price.
 - c) Completion of any acts and adoption of any measures required to ensure the Company's transparency in view of the financial markets, reporting, in particular, to them any facts, decisions or circumstances that may be relevant for the share price.
 - d) Completion of any acts and adoption of any measures required to promote correct setting of the Company's share prices, particularly avoiding manipulations and abuse of inside information.

- e) Material modifications of the Company's governance rules.
- 2. The Board will take the necessary measures to ensure that the six-monthly financial information and any other that, based on prudence, must be disclosed to the markets is prepared in accordance with the same principles, criteria and professional practices as are applied when preparing the financial statements and that it has the same reliability as the latter. For this latter purpose, that information will be reviewed by the Audit Committee.

Article 48.- Relations with the auditor

- 1. The Board's relations with the Company's external auditor will be channeled through the Audit Committee.
- 2. The Board will refrain from contracting audit firms subject to incompatibilities in accordance with the auditing legislation, as well as audit firms in which the fees payable, for all items, are higher than 5% of the total revenue of the audit firm in Spain in the immediately previous financial year.
- 3. The Board will endeavor to authorize for issue definitive financial statements to avoid qualifications from the auditor. However, when the Board believes that it must maintain its position, it will publicly explain the content and scope of the disagreement.
- 4. The auditor will hold an annual meeting with the full Board to inform it of the work carried out and the evolution of the Company's accounting situation and risks.

TITLE XI
GOVERNING LAW

Article 49.- Governing law

The Company will be governed by these Regulations and, in matters not envisaged in them, by its Bylaws and Royal Legislative Decree 1/2010, of July 2, approving the consolidated text of the Spanish Companies Act and by the other provisions applicable to it. All references to the "**Law**" in these Regulations will be held made to the applicable legislation and, in particular, to the Spanish Companies Act.

English translation for information purposes only

* * *