



GREENERGY RENOVABLES S.A.
BOARD OF DIRECTORS' REGULATIONS

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PRELIMINARY TITLE. PURPOSE, INTERPRETATION AND AMENDMENT OF THESE REGULATIONS

Article 1. Purpose

The purpose of these Board of Directors' Regulations (the "**Regulations**") is to establish certain internal and operational rules regarding the Board of Directors of Grenergy Renovables, S.A. (the "**Company**" and, together with its dependent companies, the "**Group**"), and to set forth for this purpose the principles of action and the basic organisation and functioning rules, while developing and supplementing the provisions established by law and by the Company's By-laws, in order to ensure that the Company is managed as efficiently as possible.

Article 2. Scope, interpretation and dissemination

These Regulations are applicable to the Company's Board of Directors and its delegated bodies and Committees, to the members thereof and, insofar as they are concerned by these Regulations, to the Company's Senior Managers.

For the purposes hereof, the term "**Senior Managers**" includes those that directly depend on the Board of Directors or on the Company's chief executive officer, as well as the internal auditor.

The Board of Directors, by resolution of its members, shall resolve any queries arising in connection with the application of these Regulations according to the general criteria for interpretation of legal provisions and in accordance with any applicable provisions established by law or the By-laws.

The persons to which these Regulations are applicable, mainly Directors and Senior Managers of the Company, are required to be aware of, comply with and enforce the same.

These Regulations shall be posted on the website of the *Comisión Nacional del Mercado de Valores* (Spain's Securities and Exchange Commission) and on the Company's corporate website.

Article 3. Amendment

These Regulations may only be validly amended by resolution of the Board of Directors, adopted with the favourable vote of an absolute majority of Directors personally present or represented at the meeting.

TITLE I. GENERAL PROVISIONS OF THE BOARD OF DIRECTORS

Chapter One. Powers and functioning of the Board

Article 4. Powers and general duties of the Board

The Board of Directors is in charge of adopting, implementing and developing such actions and decisions as may be required to achieve the corporate objects, as set forth in the Company's By-laws, in accordance with applicable legal regulations.

More specifically, the Board of Directors has the power to adopt resolutions on all types of matters not reserved exclusive, by law or by the Company's By-laws, to the General Meeting, and is vested

with all powers and faculties required to manage, run, administer and represent the Company, with its activities being mainly focused on the supervision of the Company's day-to-day management, as well as that of any matters of particular interest to the Company.

The Board of Directors, at a plenary meeting, is vested with the following powers and competences, that may not be delegated:

1. Its own organisation and functioning.
2. Coordination of the Company's business activities in the best interest of the Company and its partly-owned subsidiaries.
3. The determination of the Company's general policies and strategies; the approval of its investment and financing policy, its strategic or business plan, the annual management objectives budget and the policy concerning its own shares, as well as the determination of the Company's and the Group's corporate governance policy and the dividend policy. In addition, the Board of Directors shall determine the risk management and control policy, including tax-related risks, while identifying the main risks to which the Company is exposed and implementing and supervising the Company's internal reporting and control systems, thus ensuring the future viability of the Company, and making the most relevant decisions for an optimal development thereof.
4. The approval of the corporate social responsibility policy.
5. The approval of any investments or operations of all kinds which, given their high amount or special characteristics, are deemed to be strategic or pose a special tax-related risk, unless approval thereof is vested in the General Meeting.
6. The definition of the Group's structure.
7. Any decisions concerning the compensation payable to Directors, within the framework of the By-laws and of the remuneration policy approved by the General Meeting.
8. The appointment and removal of the Company's managing directors, as well as the determination of the terms and conditions of their contracts.
9. The appointment and removal of any managers who directly report to the Board or to any of its members, as well as the determination of the basic terms and conditions of their contracts, including their compensation.
10. To approve the creation or the purchase of any shares in special purpose vehicles or in companies having their registered office in countries or territories considered as tax havens, or any other similar transactions or operations which, given their complexity, may impair the Company's and the Group's transparency.
11. The drafting of the annual accounts before they are submitted to the General Meeting.
12. The delivery of any kind of report required by law from the Board of Directors, whenever the operation to which the report refers may not be delegated.
13. To call the General Meeting of Shareholders, drawing up the agenda and the proposed resolutions.
14. The approval of the financial information that, given the listed status of the Company, must be published from time to time by the latter.
15. The appointment of Directors by cooptation in the event of vacancies in the Board.

16. The appointment and removal of the Chairperson, the Vice-Chairpersons, and, if applicable, of the Secretary and the Vice-Secretary of the Board of Directors, as well as any other position that may be created in the future.
17. The appointment and removal of any Directors who are also members of any Board Committees provided for in these Regulations.
18. The supervision and effective functioning of the Committees, if any, set up by the Board, and of the delegated bodies and the managers it may have appointed.
19. The approval and amendment of these Regulations.
20. The approval, following a report from the Audit Committee, of the operations carried out by the Company or the companies in the Group with Directors, in the terms set forth by applicable legal regulations, or with shareholders owning, individually or jointly with others, a significant share, including shareholders represented in the Board of Directors of the Company or of other companies in the Group or with persons related to the latter.

Exceptionally, this approval shall not be required for operations (i) carried out under contracts with standardised terms and conditions which are applied en masse to a high number of clients; (ii) that are made at prices or tariffs generally established by those who act as suppliers of the goods or services in question; and (iii) whose quantity does not exceed 1% of the annual income of the Company.

21. The authorisation or waiver of the obligations arising from the duty of loyalty in accordance with the provisions of the Joint Stock Companies Act and of these Regulations.
22. To agree the issue and admission to trading of any bonds, as well as the provision of security for the issue of bonds, provided that the issue does not concern bonds convertible into shares or bonds that allocate to bondholders a share in the Company's profits.
23. The determination of the Company's fiscal strategy.
24. Any powers granted to the Board by the General Meeting, unless it has been expressly authorized by the General Meeting to subdelegate the same.

However, if permitted by law and under duly justified circumstances of urgency, the decisions relating to the foregoing matters may be adopted by delegated bodies or individuals, provided that they are ratified at the first meeting of the Board of Directors to be held following the decision's adoption.

The Board of Directors shall request the authorisation or prior approval of the General Meeting of Shareholders before the acquisition, disposal or contribution to another company of essential assets, an asset being deemed to be essential when the amount of the operation exceeds 25% of the value of the assets posted on the latest balance sheet approved, the transfer to dependent entities of essential activities that had been previously carried by the Company, although the latter keeps full ownership thereof, any operations whose effect is equal to that of the liquidation of the Company and the compensation policy applicable to Directors, among other matters.

The Board, at a plenary meeting, shall evaluate on a yearly basis and adopt, if deemed appropriate, an action plan to correct any deficiencies detected.

The Board of Directors shall perform its duties with unity of purpose and independence of judgement, giving equal treatment to all shareholders in the same position and guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and the maximization of the economic value of the Company.

The Board of Directors shall ensure that, in the pursuit of the corporate interest, in addition to compliance with laws and regulations and a behaviour based on good faith, ethics and respect for commonly accepted customs and good practices, it shall endeavour to reconcile its own corporate interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and on the environment.

Chapter Two. Proceedings of the Board

Article 5. Meetings of the Board

The Board shall meet whenever it is convened by the Chairperson or by the person acting as such. The Chairperson shall be required to call a meeting of the Board of Directors whenever requested, at least, by one third of the members of the Board. In this case, if the Chairperson, without just cause, fails to call the meeting within a period of ten days, the Board may be called by the Directors who requested the meeting, specifying the relevant agenda, with the meeting being held at the city or town where the registered office is located. In addition, the coordinating Director shall be fully empowered to request that a meeting of the Board of Directors be convened.

Notices of meetings may be sent by letter, fax or e-mail by the Chairperson or the Secretary, at least five days prior to the date of the meeting. The relevant documentation concerning the items on the agenda must be submitted at least three days prior to the meeting.

In the event of urgency, as freely determined by the Chairperson, notice of meeting may even be given by telephone, so that the meeting of the Board may be held immediately.

The Board of Directors shall meet at least eight times a year, following the schedule and the matters to be agreed upon by the Board at the beginning of the financial year, with each Director being individually entitled to propose new items on the agenda other than those initially included. In any event, the Board shall meet as regularly as required to efficiently perform its duties, and whenever required by the Company's best interest.

The meetings shall be held at the registered office of the Company or in any location previously specified by the Chairperson in the notice of meeting.

The Chairperson shall decide on the agenda of the meeting. The Directors and the Board Committees may request the Chairperson to include certain matters on the agenda, in which case the Chairperson shall be required to do so.

Meetings of the Board may be held by multiconference call, videoconference or any other similar system, so that one or several Directors may attend the meeting using these systems. For this purpose, the notice of meeting, in addition to specifying the location in which the physical meeting shall be held, must highlight that the meeting may also be attended by such multiconference call, videoconference or similar system, in which case the Company must have the technical means required for this purpose, which in any event must make it possible for all attendees to communicate each other directly and simultaneously. The Secretary of the Board must highlight in the relevant

minutes the name of the Directors personally present or, as the case may be, represented by another Director at the meeting, but also the name of those who attend the meeting via a multiconference call, a videoconference or a similar system.

Votes may be held by means of a poll and without the meeting being formally convened, if no Director opposes this procedure.

Article 6. Quorum, conduct of meetings and adoption of resolutions

The Board shall be validly constituted if the meeting is attended by majority of its members, whether personally present or represented by another Director.

Proxies must be given in writing, are specific for each meeting and may only be given to another member of the Board. Non-executive may only be represented at a Board meeting by another non-executive Director.

The Chairperson shall encourage the participation of all Directors in the meetings and discussions of the Board.

Resolutions are adopted by absolute majority of the Directors who attend the meeting, unless a reinforced majority is required by Law, the By-laws or these Regulations. In the event of a tie when voting on a resolution, the Chairperson, or the person acting as such at the meeting, shall have the casting vote.

Article 7. Minutes of Board meetings

Minutes of every meeting of the Board of Directors shall be taken by the Secretary of the Board or, in his/her absence, by the Vice-Secretary. The minutes shall specify the attendees, the meeting's agenda, the location, and the time at which it was held, the main points of discussion, as well as the content of the resolutions passed. All Directors are entitled to request that that his/her speech or proposal be included in the minutes, or be entirely transcribed therein, provided that the Director in question provides at the meeting, or within the period to be specified by the Chairperson, the text that faithfully corresponds to his/her speech. However, this condition shall not be required when the discussions of the Board are recorded in any electromagnetic media permitting the storage and subsequent full reproduction thereof.

The minutes of Board meetings shall be approved either at the meeting itself, in whole or in part, or in connection with one or several resolutions, or at the next meeting of the Board. The minutes are signed by the Chairperson or the Vice-Chairperson, and by the Secretary or Vice-Secretary. The minutes of Board meetings are recorded in the minutes book.

Chapter Three. Relationships of the Board

Article 8. Relationships with shareholders

The Company shall define, promote and publish on its corporate website a policy for communication and contact with shareholders, institutional investors and proxy advisors that must comply with market abuse legislation and ensure equal treatment of shareholders being in the same position.

The Board of Directors, as the vehicle that brings together the owners and the managers of the Company, shall arrange the appropriate channels to become aware of the proposals that may be

be raised by shareholders in connection with the management of the Company. In this respect, the Board of Directors shall encourage the informed participation of shareholders at General Meetings of Shareholders and shall adopt such measures as may be required to ensure that the General Meeting effectively exercises its powers, as set out by law and in the Company's By-laws.

For this purpose, the Managers of the Company, under the supervision of the Board of Directors, shall establish the content of the information to be provided on the corporate website and shall set up a Shareholders' Electronic Forum that may be accessed, with all due guarantees, both by individual shareholders and by any voluntary associations that may be set up, in order to facilitate their communication before General Meetings are held.

In addition, the Board, through some of its Directors and with the collaboration of the senior managers they may deem expedient, may arrange informative meetings on the evolution of the business of the Company and its Group.

Article 9. Relationships with markets

The Board of Directors shall perform such functions as are required by the legislation on the stock market and, more specifically, shall make such acts and shall adopt such measures as may be required or expedient to ensure the transparency of the Company's transactions on financial markets.

In addition, the Board of Directors shall adopt such measures as may be required to ensure that all the financial and non-financial information required by applicable legal regulations is placed at the disposal of these markets.

On a yearly basis, the Board of Directors shall publish a corporate governance report and a report on the compensation payable to Directors, to be disseminated as a material event by the Company, and such additional reports that may be imposed by applicable legal regulations or be useful to ensure the Company's full transparency.

Article 10. Relationships with the auditor

The relationships between the Board of Directors and the external auditor are channelled through the Audit Committee, which must ensure that the Board of Directors submits the accounts to the General Meeting of Shareholders without no reservations or qualifications in the audit report. If some qualifications have been raised on exceptional cases, the Chairperson of the Audit Committee and, exceptionally, the auditors, shall clearly explain to the shareholders the content and consequences of said reservations or qualifications.

The annual accounts to be submitted to the Board of Directors for subsequent drafting must be previously certified in terms of accuracy and integrity by the financial manager or by the head of the relevant department.

TITLE II. DIRECTOR STATUS

Chapter One. Composition, appointment and removal of Directors

Article 11. Composition of the Board

The determination of the specific number Directors, between the minimum and the maximum number set forth in the By-laws, falls within the competence of the General Meeting of Shareholders.

The individuals appointed as Directors must meet, in addition to the requirements set forth by the Joint Stock Companies Act, the By-laws and other applicable legal provisions, those provided for in these Regulations.

Directors need not be shareholders and there is no age limit to be appointed as Directors or to hold this office. Individuals who are subject to any legally established prohibition, incapacity or incompatibility may not be appointed as Directors.

Directors may be executive or non-executive Directors. In the category of non-executive directors, there may be shareholding directors, independent or external directors. These terms shall have the meaning given thereto by the legislation in force.

Shareholding Directors who lose this status as a result of a sale of their shares by the shareholder they represent may only be re-elected as independent Directors once the shareholder they represented up to that moment has sold all his/her shares in the Company, provided that they are not subject to any event of incompatibility.

A Director who holds shares in the Company may have independent Director status, provided that he/she meets all the requirements therefor and, in addition, that he/she does not hold a significant share.

Efforts shall be made by the Board of Directors to ensure that the number of shareholding and independent Directors represents a large majority of its members, and that the number of executive Directors is always kept to the required minimum, having regard to the shareholding structure of the Company and the capital represented in the Board. In addition, efforts shall be made by the Board of Directors to ensure that the percentage of shareholding Directors with respect to the total number of non-executive Directors is not higher than the proportion existing between the capital of the Company represented by those Directors and the rest of the share capital.

Article 12. Appointment, ratification or re-election of Directors

Directors shall be appointed by the General Meeting of Shareholders or, in the event of early vacancy, by the Board of directors itself exercising its co-optation right, in accordance with the provisions of applicable legal regulations.

In appointments by co-optation, the Director appointed by the Board need not be a shareholder of the Company. If the vacancy occurs after the General Meeting has been called but before it is held, the Board of Directors may appoint a Director until the next General Meeting is held.

Proposals for the appointment or re-election of independent Directors is among the competences of the Appointments, Remuneration and Sustainability Committee. In all other cases, the proposal must be submitted by the Board itself. All proposals for the appointment or re-election of Directors must be presented together with a supporting report from the Board in which the competence, the experience and the merits of the proposed candidate are assessed, which shall be attached to the minutes of the General Meeting or of the Board meeting. In addition, any proposal for the appointment or re-election of non-independent Directors must be preceded by a report from the Appointments, Remuneration and Sustainability Committee which, after analysing the needs of the Board of Directors, shall include, among other aspects, an assessment of the candidate and of his/her suitability with respect to the needs of the Company.

Furthermore, the Board shall inform the General Meeting of Shareholders of the criteria and diversity objectives at the time of the election or renewal of the members of the Board and its Committees, as well as of the measures, if any, that may have been agreed upon on these matters by the Appointments, Remuneration and Sustainability Committee.

Between the publication of the notice of meeting and the date on which the General Meeting is held, the Company shall uninterruptedly display on the corporate website at least the following information on the persons proposed for appointment, ratification or re-election of Board members: the identity, the resume and the category to which each of them belongs, as well as the proposal and the reports referred to above.

The Board of Directors and the Appointments, Remuneration and Sustainability Committee must ensure that the appointment of new Directors meets the requirements set forth by applicable legal regulations, the By-laws and these Regulations. More particularly, when designating the person to be proposed for a Director position, efforts shall be made to ensure that the latter is a person of recognised creditworthiness, competence, experience and professional prestige, as required to perform the relevant functions.

In addition, the Board of Directors shall ensure that the procedures applied to select its members favour diversity and are not affected by implicit biases that might result in any kind of discrimination and, in particular, that they encourage the appointment of female Directors in a number allowing the Company to reach a balanced presence of women and men.

Article 13. Term of office

Directors shall hold office for the period set forth in the By-laws, which in no event shall exceed three years. They may be re-elected, once or more times, for terms of equal duration.

Directors shall cease to hold office when, once this term has expired, the next General Meeting is held, or the legal period established for holding the General Meeting that should decide on the approval of the annual accounts of the previous financial year has elapsed.

Directors elected by cooptation shall hold office until the date of the following General Meeting of Shareholders to be held. However, if the vacancy occurs after the General Meeting is called but before it is held, the Board of Directors may appoint a Director until the next General Meeting is held.

Article 14. Removal of Directors

Directors shall cease to hold office upon the expiration of the term of office for which they were appointed. In addition, they may be removed from office at any time or when if so resolved by the General Meeting of Shareholders, even if the removal is not among the items on the agenda.

Directors are required to tender their letter of resignation to the Board of Directors and to formalise, if deemed expedient by the Board following a report by the Appointments, Remuneration and Sustainability Committee, the relevant resignation in the following events:

1. If they are subject to any of the events of incompatibility or prohibition provided for by law, the By-laws or these Regulations.
2. If they cease to perform the executive duties that were linked to their appointment as Directors, if the reasons why they were appointed disappear. More particularly, shareholding Directors must resign if the shareholder they represent transfers his/her entire share in the Company or reduces the same to a level requiring a reduction in the number of shareholding Directors in the Board.

In the event that, notwithstanding the provisions above, the Board of Directors considers that there are justified reasons for the relevant Director to remain in office, the effects that the new circumstances could have the Director's qualification shall be taken into account.

3. When they have materially breached their obligations as Directors, thus jeopardising the Company's best interests.
4. When their continuity as members of the Board is likely to adversely affect the functioning of the Board or impair the creditworthiness and reputation of the Company for any reason whatsoever. More particularly, Directors are required to inform the Board of any situations affecting them, whether or not related to the duties they perform within the Company itself, which might impair the creditworthiness and reputation of the Company and, in particular, if they are being investigated in connection with any criminal proceedings, including all their criminal vicissitudes. In any event, once the Board has been informed or has otherwise become aware of any of the situations mentioned above, the Board shall have to examine the case in the shortest time possible and, having regard to the special circumstances thereof, and following a report by the Appointments, Remuneration and Sustainability Committee, shall decide whether or not it should adopt any specific measure, including the opening of an internal investigation, request the Director to resign or propose his/her removal from office. The Board shall provide information on this matter in the corporate governance annual report, unless special circumstances apply which justify doing otherwise, which must be recorded in the minutes. This is without prejudice to the information the Company would be required to disclose, if appropriate, when adopting the relevant measures.

The Board of Directors shall not propose the removal of any independent Director before expiry the term of office, as set forth in the By-laws, for which she/was appointed, unless there is good cause to do so, as judged by the Board of Directors following a report by the Appointments, Remuneration and Sustainability Committee. In particular, good cause shall be deemed to exist if the Director in question starts performing new duties or takes up new obligations preventing him/her from allocating the necessary time to the performance of his/her duties as Director, causing him/her to breach the obligations inherent to his/her position or to incur in any of the events that would make him/her lose independent Director status, in accordance with the provisions of applicable legislation.

The removal of independent Directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the Company's capital structure, provided that such changes ensue from the proportionality criterion.

In addition, the Board of Directors may propose the removal of any Directors prior to expiry of the term of office, for which they were appointed under the By-laws whenever exceptional, justified reasons exist, as approved by the Board itself following a report by the Appointments, Remuneration and Sustainability Committee.

Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the corporate governance annual report.

Chapter Two. Duties of Directors

Article 15. General duties

In performing their duties, Directors shall comply with the obligations established by law, the By-laws and other internal regulations of the Company, acting with the diligence of an orderly businessman, taking into account the nature of the office and the duties assigned to each of them. In this respect, they must allocate the necessary time to the Company and adopt such measure as may be required to manage and control the Company effectively, always respecting the right of shareholders to being treated equally and performing their duties with unity of purpose and independence of judgement.

In addition, Directors must perform their duties with the loyalty of a faithful representative, always acting in good faith and in the Company's best interest.

In the area of strategic and business decisions, subject to business discretion, the standard of diligence of an ordinary businessman shall be deemed to be met if the Director has acted in good faith without personal interest in the matter being decided, with sufficient information and pursuant to an appropriate decision-making process.

In particular, Directors are required to:

1. Gather information and properly prepare the meetings of the Board of Directors and of the Committees of which the Director is a member, for which purposes the director must gather sufficient information and request the collaboration or assistance he/she may find expedient.
2. Personally attend the meetings of the Board to be held and those of the Committees of which the Director is a member and actively participate in the deliberations so that the Director's opinion may be an effective contribution to decision-making. Non-attendance of Directors must be limited to indispensable events and shall be quantified in the Corporate Governance Annual Report.

Notwithstanding this, Directors may be represented at Board meetings by another Director, provided that non-executive Directors may only be represented by another non-executive one. In the event of delegation, Directors are required to provide the proxy with clear instructions regarding the way the proxy should vote in respect of the matters under discussion.

3. Attend General Meetings.
4. Perform any specific tasks requested by the Board which are reasonably included within his/her scope of dedication.
5. Clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the corporate interest, and, in particular, in connection with matters that may entail a conflict of interest in respect of any of the directors, independent directors and even those who are not affected by the potential conflict of interest, in the case of decisions that may be detrimental to shareholders not represented on the Board of Directors.
6. To provide Company, in connection with the drafting of the annual accounts and the preparation of the Corporate Governance Annual Report, the information required by applicable legal regulations, including the performance of an activity that is identical, similar or complementary to the corporate objects of the Company, the number of shares he/she currently owns or has owned, the transactions carried out by the Director in his/her own interest, or by persons acting on his/her behalf, as well as direct or indirect conflict he/she may have with the Company's interest.

In addition, the Appointments, Remuneration and Sustainability Committee shall ensure that non-executive Directors have sufficient time available to perform their duties effectively. For this purpose, a Director of the Company may not be a member of more than three boards of directors of other Spanish listed companies. Exceptionally, and for duly justified reasons, the Board may release a Director from this prohibition.

Article 16. Basic obligations arising from the duty of loyalty

Directors are subject to a duty of loyalty. More particularly, they are required:

1. Not to exercise their powers for any purpose other than those in respect of which they were granted such powers.
2. Not to disclose the deliberations of the Board of Directors and of the Committees of which they are part. In particular, they must refrain from disclosing all the information, data, reports or antecedents to which they have had access in performing their duties, even if they have ceased to have Director status, which means that such information shall not be communicated to any third parties or otherwise be disclosed, except in the events where such disclosure is permitted or required by law.
3. To refrain from participating in deliberations and votes on resolutions or decisions in which they or a related party may have a direct or indirect conflict of interest, unless the resolution concerns the appointment or removal of the Director in question for positions in the management body or similar duties.
4. To perform their duties under the principle of personal responsibility, with freedom of judgement and independence in respect of any third party's instructions or relationships.
5. To adopt such measures as may be required to avoid being subject to situations in which their interests, either directly or on a behalf of a third party, may enter into conflict with the corporate interests and with their duties as regards the Company.
6. To inform the Company of any shares or financial instruments in the Company which are owned by the Director in question or by any of his/her related parties, as provided by law.
7. To inform the Company of any changes affecting the category to which they belong.

Article 17. Duty to avoid situations of conflict of interest and possible waiver thereof

1. Directors shall adopt all measures required to avoid being subject to situations in which their interests, either directly or on behalf of a third party, may enter into conflict with the corporate interest and with their duties as regards the Company.

In particular, the duty to avoid situations of conflict of interest requires Directors to refrain from:

- a) Performing transactions with the Company, except for ordinary operations conducted on standard conditions for clients and of little significance, these being understood as any transactions the reporting of which would not be necessary to express a faithful image of the net worth, financial position and results of the Company.
- b) Using the name of the Company or citing their Director status to exert an improper influence on the performance of any private transactions.
- c) Making use of corporate assets, including the Company's confidential information, for private purposes.
- d) Exploiting for their own benefit the Company's business opportunities.
- e) Obtaining advantages or remuneration from third parties not related to the Company or its Group, linked to the performance of their duties, except in the case of trivial courtesies.
- f) Engaging in activities for their own account or for account of third parties, entailing an effective actual or potential competition with the Company, or which otherwise place the Director in a position of permanent conflict of interest with the Company.

In particular, Directors must refrain from holding, directly or through an intermediary, any kind of office or position in undertakings or companies competing with the Company or with any company in its Group, and from rendering any type of representation or advisory service to the latter.

The above provisions shall also apply in the event that the beneficiary of the prohibited acts or activities is a person related to the Director. The persons that are deemed to be related to Directors are those listed in the Joint Stock Companies Act.

In any event, Directors shall report to the Board of Directors any situation of conflict, whether direct or indirect, that Directors themselves or any of their related parties may have with the Company's interest. The situations of conflict of interest that may affect Directors must be reported in the annual report and in the Corporate Governance Annual Report.

2. However, the Company may waive the prohibitions specified above in certain specific cases, by authorizing, in connection with the performance by a Director or related person of a given transaction with the Company, the use of certain corporate assets, the exploitation of a specific business opportunity, the obtention of a benefit or remuneration from a third party.

Such authorisation must necessarily be granted by the General Meeting of Shareholders if the object of the waiver of the prohibition is to obtain a benefit or remuneration from a third party, or concerns a transaction whose value is greater than 10% of the corporate assets, and may otherwise be granted by the Board of Directors provided that there is a guarantee that the members granting the waiver are independent from the Direct who benefits therefrom. In addition, it must be ensured that operation authorised shall cause no damage to Company's net worth or, where applicable, that its is carried out on market terms and in a transparent process.

The obligation not to compete with the Company may only be waived in the event that no damage is to be expected for the Company, or if any potential damage arising therefrom may be offset against the benefits expected to be obtained from the waiver. The waiver shall be granted by means of a specific, separate resolution of the General Meeting of Shareholders.

Article 18. Operations with related parties

Express prior authorisation from the Board of Directors, which may not be delegated, and a favourable report from the Audit Committee, shall be required, among others, in the following events:

- The provision of services by a Director to the Company or any other company of Group, other than those rendered by executive Directors in the performance of their duties as employees of the Company or otherwise.
- The sale or transmission through any other arrangement involving an economic consideration of any kind by a Director, a significant shareholder or a shareholder represented in the Board or with persons related to them, to the Company or any company in the Group, of supplies, materials, goods or rights in general.
- The transmission by the Company or by any company in the Group to a Director, a significant shareholder or a shareholder represented in the Board or with persons related to them, of supplies, materials, goods, or rights in general, other than in the course of the transmitting company's ordinary business.
- Provisions of services, work or sale of materials by the Company or any company in the Group to a Director, a significant shareholder or a shareholder represented in the Board or with persons related to them, under lower than market conditions, even when these provisions are part of their ordinary business.
- Approval, following a favourable report, in any event, by the Audit Committee, of the business relations established by the Company or its subsidiaries with their dominant (or parent) company or its subsidiaries, while ensuring that these relations are publicly reported, at least, in the Corporate Governance Annual Report. In this event, they must refrain from voting, as applicable, the votes cast by directors having some type of relationship with the parent company or its subsidiaries shall not be taken into account.
- Any other legal transaction with the Company or with companies in the Group in which the Director or any person related to him/her has a direct or indirect interest.

The aforesaid approval of the Board of Directors shall not be required for operations that simultaneously feature the following characteristics:

- 1.- They are carried out under contracts with standardised terms and conditions which are applied en masse to a high number of clients;

- 2.- They are made at prices or tariffs generally established by those who act as suppliers of the goods or services in question; and
- 3.- Their quantity does not exceed 1% of the annual income of the Company.

In any event, all kinds of significant transactions performed by any Director or significant shareholder with the Company, its subsidiaries or partially owned companies must be reported in the Corporate Governance Annual Report.

Chapter Three. Duty to inform and advise Directors

Article 20. Powers of information and inspection

In performing their duties, Directors are required to demand, and the right to obtain from the Company, all the adequate information they need to fulfil their obligations. In this respect, Directors have the broadest powers to obtain information regarding 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 exercise of this right to be informed must be channelled through the Chairperson, the Managing Director or the Secretary of the Board, who shall fulfil the requests submitted by Directors by directly supplying them the information, suggesting the appropriate interlocutors or arranging any measures required to ensure that they carry out the reviews and inspections requested.

In addition, the Chairperson of the Board of Directors, with the collaboration of the Secretary, shall ensure that Directors receive sufficiently in advance the information they need in connection with the discussion and adoption of resolutions on any matters to be dealt with, unless the meeting of Board has been constituted or exceptionally convened on grounds of urgency.

Article 21. Assistance of experts and training

The Company shall implement appropriate channels allowing Directors to obtain the advice they need to perform their duties, including, if the circumstances so require, external assistance paid for by the Company.

The Board of Directors may oppose the hiring of external experts paid for by the Company if, in the Company's opinion:

- (i) Such assistance is not necessary for Directors to perform the duties for which they are responsible;
- (ii) The cost thereof is not reasonable having regard to the importance of the matter and the assets and income of the Company involved therein; or
- (iii) The technical assistance that may be obtained may be adequately provided by experts and other technicians in the Company.

In addition, the Company shall set up training programmes through which Directors may gain proper knowledge, quickly and sufficiently, of the Company and the Group and their corporate governance regulations. The Company shall also provide Directors with programmes for updating their knowledge, whenever circumstances require, regardless of the knowledge required from Directors to perform their duties.

Chapter Four. Directors' compensation

Article 22. Compensation

1. The General Meeting of Shareholders shall approve, at least once every three years, as a separate item on the agenda, the Directors' compensation policy, which must conform to the remuneration system provided for in the By-laws. Any modification or substitution thereof shall require prior approval from the General Meeting of Shareholders.

The Board of Directors' compensation policy proposal must state the reasons on which it is based and be accompanied by a specific report from the Appointments, Remuneration and Sustainability Committee. Both documents shall be made available to shareholders on the Company's corporate website when the General Meeting is called. Shareholders may also request that these documents be given to them or delivered free of charge. The notice of General Meeting shall refer to this right.

The compensation policy that is approved shall determine the Directors' remuneration for their roles as such in accordance with the compensation system established by the Company's Bylaws and shall include the maximum amount to be paid to all Directors as a whole. The Board of Directors shall determine each Director's compensation, taking into account each of their functions and responsibilities, their membership in Board Committees and other objective circumstances that it may deem relevant.

The compensation policy to be proposed by the Board of Directors shall take the following criteria into account:

- a) The compensation paid to Directors should be appropriate to attract and retain Directors with the desired profile and to reward the dedication, qualification and responsibility required for the position, in an amount that is not capable of compromising the independent judgement of non-executive Directors;
- b) Variable compensation linked to the performance of the Company and to personal performance, as well as compensation in the form of shares, stock options or rights to shares or instruments that are referenced to the value of the stock and to long-term savings systems such as pension plans, retirement schemes or other social security systems, should be restricted to executive Directors. Delivery of shares may be considered compensation for non-executive Directors when they are subject to the condition of holding them until their tenure as director ends. This shall not apply to the shares that the Director needs to transfer, where applicable, to pay the costs related to their acquisition; and
- c) If variable compensation is paid, technical limits and precautions should be set to ensure that such compensation is linked the professional performance of its beneficiaries and are not merely related to the general evolution of the market or of the Company's business sector, or to similar circumstances. In any event, payment of variable remuneration shall be subject to an adequate verification that the pre-established performance and other conditions have been actually fulfilled. The annual report on directors' compensation must set out the criteria in terms of required time and methods for such verification having regard to the nature and the characteristics of each variable component. In any event, a reduction clause ("malus") must be included, which shall be based on deferring, for a sufficient period of time, payment of a fraction of the variable components, implying the full or partial loss thereof where, prior to the time of payment, an event occurs which makes application of this clause advisable.

In any event, the compensation policy proposed by the Board must also decide on the minimum content that is set forth in applicable legal regulations from time to time.

The compensation system shall be reasonably in line with the importance of the Company, its economic situation and the market standards of comparable companies. It shall also aim to promote the profitability and long-term sustainability of the Company, avoiding excessive risk and rewarding negative results.

2. The contract signed by those who perform senior management duties, such as executive Directors, must include all the items in respect of which they may obtain remuneration for the performance of their executive duties, including, if appropriate, the compensation payable in the event of early termination of those duties and the amounts to be paid by the Company by way of insurance premiums or contribution to savings systems. In this respect, Directors shall not receive any compensation for performing executive functions whose amounts or items are not listed in their contracts. The contract shall comply with the compensation policy approved at the General Meeting.

Contract termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria. For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.

Any compensation received by the directors in the exercise or termination of their office and for carrying out their executive functions shall conform to the current compensation policy of Directors, except for that compensation which is expressly approved at the General Meeting of Shareholders.

3. The Board shall prepare an annual report on the compensation of Directors, which must include the content provided for by applicable legal regulations. In the event that the Annual Report on Directors' Compensation is rejected at the advisory vote to be held at the Ordinary General Meeting, the compensation policy applicable for the next financial year shall be subject to the approval of the General Meeting before it is implemented, if the three-year period referred to above has not yet elapsed. An exception is made if the compensation policy is approved at the Ordinary General Meeting itself.

TITLE III. STRUCTURE AND COMMITTEES OF THE BOARD

Chapter One. Structure of the Board

Article 23. The Chairperson of the Board

The Board of Directors, following a report by the Appointments, Remuneration and Sustainability Committee, shall appoint a Chairperson from among its members.

The Chairperson is the head of the effective functioning of the Board of Directors and shall promote the independence and effective running of the various Board Committees.

The Chairperson of the Board of Directors shall be elected from among its members by the favourable vote of the absolute majority of the Directors present or represented at the meeting. However, if the Chairperson has executive functions, the favourable vote of two thirds of the members of the Board of Directors shall be required.

In addition to the powers granted by law or by the Company's Bylaws, the Chairperson shall have the following functions:

- To convene and preside over the meetings of the Board of Directors, setting the agenda for the meetings and conducting the discussions and deliberations.
- To chair the General Meetings of the Company and conduct the deliberations and votes pursuant to law, the By-laws and the General Meeting's Regulations.

- To ensure that Directors receive sufficient information in advance to be able to discuss the items on the agenda.
- To encourage debate and the active participation of Directors at Board meetings.
- To prepare and submit to the Board of Directors a schedule of dates and matters to discuss.
- To assume responsibility for managing the Board and ensuring its efficient operation when it performs its duties of overseeing and controlling the Company, as well as the bodies in charge of the management thereof.
- To ensure that sufficient time for discussion is allocated to strategic matters.
- To decide upon and review the programmes for updating knowledge in respect of each Director, whenever circumstances require.

Article 24. The Vice-Chairperson of the Board

The Board of Directors, following a report by the Appointments, Remuneration and Sustainability Committee, may appoint one or several Vice-Chairpersons from among its members. If several Vice-Chairpersons are appointed, an order of preference between them shall be established.

In the event of delegation, absence or illness of the Chairperson, or whenever so decided by the latter, his/her duties shall be performed by the Vice-Chairperson, if any, and in the event that there are several Vice-Chairpersons, by the relevant Vice-Chairperson President according to their order of preference. In the absence of both the Chairperson and the Vice-Chairpersons, the Chairperson's duties shall be performed by the coordinating Director, if any, or failing this by the oldest Director present at the meeting.

Article 25. The Managing Director

The Board of Directors may permanently delegate some or all its powers except those which may not be delegated, to one or more Managing Directors.

The Managing Director shall be responsible for the effective management of the Company's business operations and shall therefore be responsible for adopting and establishing such decisions and plans as are not reserved for the Board and its delegated bodies, always in accordance with the plans and guidelines approved by the Board of Directors. In addition, the Managing Director shall prepare and submit to the Board the relevant proposals in connection with the Company's guidelines and strategies.

The permanent delegation of any of the Board of Directors' powers to one or more Managing Directors and the appointment of the Directors who should fill this position requires the favourable vote of two thirds of the members of the Board of Directors to be valid but shall not take effect until registered with the Register of Companies.

When a member of the Board of Directors is appointed as Managing Director or is granted executive duties under a different title, a contract shall be signed between the latter and the Company, which must be previously approved by the Board of Directors, with the favourable vote of two thirds of its members. The Director concerned shall refrain from attending the discussion and taking part in the vote. The contract approved shall be attached as a schedule to the minutes of the meeting.

Article 26. The Coordinating Director

If the Chairperson has executive Director status, the Board of Directors, with the abstention of the executive Directors and after the Appointments, Remuneration and Sustainability Committee has issued its report, shall appoint a coordinating director from among the independent Directors.

The Coordinating Director shall be empowered to:

- Request that the Board of Directors be convened;
- Request the inclusion of new items on the agenda of a previously convened Board meeting;
- To coordinate and assemble the non-executive Directors;
- Direct, where applicable, the periodic review of the Chairperson of the Board of Directors;
- Take into account the concerns of non-executive Directors;
- Chair the Board of Directors in the absence of the Chairperson and the Vice-Chairperson, where applicable;
- Maintain contact with investors and shareholders to ascertain their views in order to form an opinion about their concerns, particularly with respect to the corporate governance of the Company;
- Insofar as the Chairperson is an executive Director, organise and coordinate the periodic appraisal of the performance of the Company's chief executive.
- Coordinate the Chairperson's succession plan; and
- Carry out such additional functions as the Board of Directors may grant to him/her to better perform his/her duties.

The Coordinating Director shall be appointed indefinitely, as long as he/she maintains his/her independent Director status.

The office of coordinating Director is compatible with the status of Chairperson or member of any of the Committees of the Board of Directors.

The Coordinating Director shall receive compensation for the performance of his/her duties, as agreed upon by the Board of Directors, pursuant to the compensation policy approved at the General Meeting.

Article 27. The Secretary of the Board

The Board of Directors, following a report by the Appointments, Remuneration and Sustainability Committee, shall appoint a Secretary, who needs not be a Director.

In addition to the functions assigned by law and by the By-laws, the Secretary shall perform the following duties:

- To keep the documentation of the Board of Directors, either directly or through the Vice-Secretary of the Board. In this regard, the documentation shall be kept at the Company's registered office;

- To record the minutes of the meetings in the minutes book and attest to its contents and the resolutions adopted;
- To ensure that the actions of the Board of Directors comply with the applicable regulations and conform to the Company's By-laws and other internal regulations. In particular, the Secretary of the Board shall also ensure that the Board of Directors is aware of recommendations on good governance that apply to the Company and that are part of the Code of Good Governance for listed companies;
- To assist the Chairperson so that Directors receive relevant information for them to perform their duties, sufficiently in advance and in the proper format; and
- To assist the Chairperson in the performance of his/her duties.

In any event, the Secretary shall not disclose the information, data, reports or antecedents to which he/she may have had access in performing his/her duties, even if he/she has ceased to have Director status, except in the events where such disclosure is permitted or required by law.

Article 28. The Vice-secretary of the Board

The Board of Directors, following a report by the Appointments, Remuneration and Sustainability Committee, may appoint a Vice-Secretary, who needs not be a Director.

The Vice-Secretary shall assist the Secretary of the Board of Directors and/or substitute him/her in the performance of his/her duties if the Secretary is absent.

The Vice-Secretary may attend Board of Directors meetings in the absence of the Secretary or when so requested by the Chairperson of the Board. Similarly, at the request of the Secretary, the Vice-Secretary may attend Board meetings to assist the Secretary in taking the minutes of the meeting.

Chapter Two. Board Committees

Article 29. Board Committees

The Board of Directors may set a number of specialised committees, determining their composition, appointing their members and establishing the functions they should perform.

In any event, the Board of Directors shall set an Audit Committee and an Appointments, Remuneration and Sustainability Committee, with such composition and minimum duties as are set forth in the Joint Stock Companies Act, the By-laws and these Regulations. Their members are appointed by the Board of Directors, to which they are answerable in performing their duties.

Minutes shall be taken of their resolutions, which shall be made available to all members of the Board of Directors.

The members of the Committees shall be authorised to propose to the relevant Committee the hiring, at the Companies' expense, of any legal advisers, accountants, technicians, financial experts, sales representatives or other professionals, as deemed expedient having regard to the Company's interests, to benefit from their assistance when performing their duties when it comes to specific matters of certain importance and complexity which may arise while exercising their functions.

In addition, any employee or manager of the Company shall be required to attend the meetings of any of these Committees when requested to do so by the latter.

Article 30. The Audit Committee

The Audit and Control Committee shall consist of a minimum of three and a maximum of eight Directors appointed by the Board and all of them must exclusively be non-executive Directors. A majority of them must be independent directors, and at least one of them shall be designated on account of his/her knowledge and experience in accounting and auditing matters, or both.

Overall, the members of the Audit Committee should have the relevant technical knowledge required to perform their duties. Notwithstanding this, all the members of the Audit Committee should have the knowledge, professional experience and engagement required to carry out the roles they are assigned.

The Audit Committee shall appoint a Chairperson from among its members, which must be an independent Director. The Chairperson of the Audit Committee must be replaced every four years and may be re-elected after a period of one year from having left the position. In addition, the Committee may appoint, if appropriate, one Vice-Chairperson from among independent Directors.

The Committee shall also appoint one Secretary. In the absence of a Secretary of the Committee, the duties thereof shall be performed by the Secretary of the Board or, if applicable, by the Vice-Secretary thereof.

The members of the Audit Committee shall cease to hold office when they no longer have Director status or when the Board of Directors so agrees.

Without prejudice to any other functions assigned by law or the By-laws, the Audit Committee shall perform at least the following duties:

1. To inform the General Meeting Shareholders of any issues raised by shareholders in connection with matters that are within the Committee's powers, and in particular, of the result of the audit, explaining how the audit contributed to the accuracy of the financial information and the role that the Committee performed in the process.
2. To monitor the effectiveness of the Company's internal controls, its internal audit and its risk management systems, and to discuss with the auditor any significant weaknesses detected in the Company's internal control system, all this without compromising its independence. To this end, and where applicable, it may submit recommendations or proposals to the Board of Directors.
3. To submit to the Board, for approval purposes, a report on the Company's control and risk management policy.
4. To directly supervise how the internal control and risk management functions are performed by one of the Company's officers or internal departments which has been expressly assigned the following functions: (i) to ensure the proper functioning of the control and risk management systems and, in particular, that all the important risks that affect the Company are adequately identified, managed and quantified, and that the control and risk management model is based on different risk levels; (ii) to actively participate in the development of a risk strategy and to take part in the main decisions concerning risk management; and (iii) to ensure that the control and risk management systems in place adequately mitigate the risks within the framework of the policy defined by the Board of Directors. In any event, the risks

referred to in the preceding paragraph are both financial and non-financial risks (with the latter including operational, technological, legal, social, environmental, political and reputational risks, as well as those related to corruption).

5. To monitor the process of preparing and submitting the required financial information and the management report, including, where appropriate, the compulsory non-financial information, and submit recommendations or proposals to the Board of Directors, aimed at ensuring the accuracy thereof.
6. To monitor, if the Board of Directors agrees to set it up, the unit that should fulfil internal audit duties and ensure the proper functioning of the Company's information and internal control systems, which shall report to the non-executive Chairperson of the Board or of the Audit Committee. The head of this unit in charge of internal audit duties shall submit to the Audit Committee, for approval purposes, its annual work plan, and shall directly inform the Committee of any incidents that may have arisen during its preparation, while also submitting an activity report at the end of every financial year. The annual internal audit plan must also include reputational risks.
7. In connection with information and internal control systems: ((i) to supervise the process of preparing, and assessing the integrity of, the financial and non-financial information concerning the Company and, where applicable, the Group, reviewing compliance with the regulatory requirements, the proper delimitation of its scope of consolidation and the correct application of accounting principles, provided that the supervision relating to the risks shall entail both financial and non-financial risks (with the latter including operational, technological, legal, social, environmental, political and reputational risks, as well as those related to corruption); (ii) to ensure the independence and effectiveness of the internal audit processes, proposing, if deemed expedient, the election, appointment, re-election and removal of the head of the internal audit division in addition to proposing the budget for this service, approving both the orientation and its operating plans, while ensuring that its work is mainly focused on the risks that are relevant to the Company, receiving regular information on their activities and verifying that senior managers are taking into account the conclusions and recommendations of the Committee's reports; and (iii) to establish and supervise a method that allows employees to make confidential and, if possible and appropriate, anonymous statements on any potentially material irregularities, especially of financial and accounting nature, that may have been detected within the Company.
8. To serve as a communication channel between the Board of Directors and the Company's external auditor, evaluating the results of each audit. In connection with the external auditor, it shall also be responsible for: (i) submitting proposals to the Board of Directors to elect, appoint, re-elect and remove the auditor, taking responsibility for the recruitment process in accordance with the current regulation in force, as well as the conditions of his/her contract; (ii) regularly obtaining information on the audit plan from the auditor and how it is being executed; and (iii) preserving the independence of the external auditor in the performance of his/her duties.

The Audit Committee shall also be responsible for: (i) in the event of resignation of the external auditor, examining the circumstances that resulted in that resignation; (ii) ensuring that the compensation paid to external auditor for his/her work does not compromise his/her integrity or independence; (iii) verifying that the Company reports the change of auditor to the *Comisión Nacional del Mercado de Valores* (CNMV) as a material event, and that this notification is accompanied by a statement as to the disagreements, if any, the Company had the outgoing auditor and the content thereof; and (iv) ensuring that the Company and the external auditor

comply with the legal regulations in force regarding the provisions of non-audit services, the limits to the concentration of the auditor's business and, in general, any other rules on the independence of auditors.

9. To establish relevant relationships with the external auditor in order to receive information on any issues that may pose a threat to his/her independence, so that they may be discussed by the Committee, as well as any other issues in connection with the progress of the auditing process, and, where appropriate, the authorization of services other than those forbidden, under the terms provided for in the current regulations on independence, as well as other notifications provided for in legislation on audits and auditing standards. In any event, the Audit Committee must receive from the external auditors an annual statement on their independence with respect to the Company and to any entities that are either directly or indirectly linked to it, as well as detailed and individualized information on any additional services of any type and the relevant fees collected from these entities by the external auditor or by any entities associated with the latter, in accordance with the legal regulations concerning the auditing activity.
10. On a yearly basis, and prior to the release of the audit, to issue a report in which an opinion is expressed on whether the independence of the auditors or audit firms may have been compromised. This report must contain, in any event, a reasoned assessment of the performance of each and every one of the additional services referred to above, discussed both individually and collectively, other than legal audit services and in connection with independence requirements or with the legislation that regulates the auditing activity.
11. To notify the Board of Directors, in advance, on all matters provided for by law, the By-laws and these Regulations and, in particular, on:
 - a) The financial information that the Company is required to make public periodically;
 - b) The creation or acquisition of participations in special purpose vehicles or in entities having their registered office in countries that are considered as tax havens; and
 - c) Operations with related parties.
12. To monitor compliance with the Company's internal codes of conduct and its corporate social responsibility policy.

For these purposes, the Audit and Control Committee shall be specifically assigned the following minimum functions; (i) overseeing compliance with the Company's internal codes of conduct; (ii) assessing all matters relating to the Company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks; and (iii) coordinating the process of reporting non-financial information and information on diversity, in accordance with applicable legal regulations and international reference standards.
13. To review and deliver a report to the Board of Directors on the financial conditions and the accounting impact and, more particularly, on the proposed exchange ratio, of any operations regarding the structural and corporate modifications the Company may be planning to carry out.
14. To issue such reports and proposals concerning its scope of competence as may be requested by the Board of Directors or by its Chairperson, as well as those that may be deemed expedient for the Committee to perform its functions as effectively as possible, including reports on the any proposed amendments to these Regulations.

15. To report in any event the business relationships existing between the Company and its subsidiaries or with its dominant (or parent) company, and ensure that public information thereon is provided, at least in the Annual Corporate Governance Report.
16. To ensure that the internal control policies and systems established are effectively in practice.
17. To monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.
18. To report the operations with related parties that must be approved by the General Meeting or by the Board of Directors and monitor the internal procedure implemented by the Company for such operations whose approval has been delegated.
19. To propose to the Board of Directors such additional issues as may arise on matters that are deemed to be within the scope of competence of the Audit Committee.

The Audit Committee may approve its own operational regulations in accordance with the By-laws and these Regulations.

The Audit Committee shall meet whenever requested by at least two of its members or when decided by its Chairperson, who has the authority to convene these meetings, so that the Committee may perform its duties. The notice of meeting shall be considered valid provided it is delivered by any means which provides a record of receipt.

The Audit Committee shall be validly constituted when its meeting is attended by a majority of its members, either personally present or represented. Resolutions shall be adopted by the majority of its members, either personally present or represented. The Committee member concerned shall refrain from participating in the deliberation and votes on resolutions or decisions in which he/she or one of his/her related persons has a direct or indirect conflict of interest. The votes of the Directors affected by the conflict and who must abstain shall be deducted for the purposes of calculating the majority of votes necessary.

The members of the Audit Committee may attend its meetings through a representative. The proxy shall be given in writing and specifically for each meeting, and only to another member of the Committee.

Any member of the Company's management team or staff or those of its subsidiaries shall be required to attend the meetings of the Audit Committee to work with the Committee and give it access to the information that is available to them, when duly convened to do so, and this may be done without the presence of any other manager. In particular, executive Directors of the Company must attend to report to the Committee, insofar as decided by the Committee itself. The Committee may also request that the external auditor of the Company attend the meetings, as well as hire the services of external lawyers and other independent professionals to perform its duties as efficiently as possible.

Minutes shall be taken of the meetings of the Committee, which shall be made available to all the members of the Board.

For all matters not expressly regulated in this article in connection with the functioning of the Audit Committee or, where appropriate, in its own Regulations, the provisions of these Regulations concerning the Board of Directors shall apply in a supplementary manner, to the extent that its nature and its functions make it possible.

Article 31. The Appointments, Remuneration and Sustainability Committee

The Appointments, Remuneration and Sustainability Committee shall consist of a minimum of three and a maximum of eight Directors appointed by the Board of Directors from among non-executive Directors, a majority of whom must be independent Directors. Efforts shall be made to ensure that the members of the Appointments, Remuneration and Sustainability Committee benefit from knowledge, skills and experience in line with the duties they should perform. The Appointments, Remuneration and Sustainability Committee shall consist of the number of independent Directors to be determined by law from time to time.

The Appointments, Remuneration and Sustainability Committee shall appoint one Chairperson from among its members, who in any event must be an independent Director. In addition, the Committee, if appropriate, may appoint a Vice-Chairperson from among independent Directors.

The Committee shall also appoint a Secretary. In the absence of the Secretary of the Committee, the latter's duties shall be performed by the Secretary of the Board or, where applicable, by the Vice-Secretary thereof.

The members of the Appointments, Remuneration and Sustainability Committee shall cease to hold office when they no longer have Director status or when the Board of Directors so agrees.

Without prejudice to any other functions assigned by the law or the By-laws, the Appointments, Remuneration and Sustainability Committee shall have, at least, the following duties:

1. To evaluate the skills, knowledge and experience necessary to be a member of the Board of Directors. For these purposes, the Appointments and Remuneration Committee shall define the functions and aptitudes that candidates must have for each vacancy and evaluate the time and dedication they should need to perform their duties effectively.
2. To organise and coordinate the periodic appraisal of the performance of the Board and, if appropriate, that of the Company's chief executive.
3. To establish a representation objective for the less-represented gender within the Board of Directors and to develop methods on how to achieve this objective.
4. To submit proposals to the Board of Directors for the appointment of independent Directors through cooptation or to be decided on at a General Meeting, in addition to proposals for the re-election or removal of these Directors by the General Meeting.
5. To report on the proposed appointment of other Directors through cooptation or to be decided on at a General Meeting of Shareholders, in addition to any proposals for their re-election or removal by the General Meeting.
6. To review and organise the succession of the Chairperson of the Board and of the Company's chief executive and, if appropriate, to submit proposals to the Board so that this succession takes place in orderly, planned manner.
7. To report on all proposals concerning the appointment or removal of Senior Managers and the Secretary, and the basic terms and conditions of their contracts.

8. To propose to the Board the members of each of the Committees to be set up, in accordance with the provisions of these Regulations.
9. To propose the Directors' compensation policy to the Board as well as the compensation policy applicable to general managers or to employees performing senior management duties while directly reporting to the Board of Directors, the Executive Committees or the Managing Directors, as well as the individual compensation individual compensation and any other contractual conditions of executive Directors, ensuring that these conditions are met.
10. To propose to the Board of Directors the basic conditions of Senior Managers' contracts.
11. To check that the compensation policy established by the Company is being observed.
12. To periodically review the compensation policy applied to Directors and Senior Managers, as well as the compensation systems which include shares and how they are implemented, in addition to guaranteeing that their individual compensation is proportional to the remuneration paid to other Directors and Senior Managers of the Company.
13. To ensure that any conflicts of interest do not impair the independence of the external advice provided to the Appointments, Remuneration and Sustainability Committee.
14. To verify the information on the compensation of Directors and Senior Managers, as found in various corporate documents, including the annual report on Directors' compensation.
15. To propose to the Board of Directors, for approval purposes, a policy regarding the selection and diversity of Directors and to annually verify compliance therewith, making reference to this policy in the Corporate Governance Annual Report.
16. To check compliance with the Company's rules and policies on social and environmental matters and on corporate governance, as well as with all internal codes of conduct and corporate governance. For such purposes, the Appointments, Remuneration and Sustainability Committee shall at least be assigned the following tasks:
 - a) Overseeing compliance with the Company's corporate governance rules and internal codes of conduct, while ensuring that the corporate culture is aligned with this purpose and values.
 - b) Periodically assessing and reviewing the corporate governance system and the Company's environmental and social policy, so that they may achieve their objective of promoting corporate interests, while taking into account, where appropriate, the legitimate interests of remaining stakeholders.
 - d) Monitoring that the Company's policies in environmental and social matters conform to the strategy and the policy fixed by the Company.
 - e) Supervising and evaluating any stakeholder engagement processes.
17. To propose to the Board of Directors any other issues the Committee may deem relevant on matters falling within the Committee's scope of competence.

The Appointments, Remuneration and Sustainability Committee may approve its own operational regulations in accordance with the By-laws and these Regulations.

The Appointments, Remuneration and Sustainability Committee shall consult the Chairperson and the Company's chief executive, mainly about matters concerning executive Directors and Senior Managers.

The Appointments, Remuneration and Sustainability Committee shall meet whenever requested by at least two of its members or when decided by its Chairperson, who has the authority to convene these meetings, so that the Committee may perform its duties. The notice of meeting shall be considered valid provided it is delivered by any means which provides a record of receipt.

The Appointments, Remuneration and Sustainability Committee shall be validly constituted when its meeting is attended by a majority of its members, either personally present or represented. Resolutions shall be adopted by the majority of its members, either personally present or represented. The Committee member concerned shall refrain from participating in the deliberation and votes on resolutions or decisions in which he/she or one of his/her related persons has a direct or indirect conflict of interest. The votes of the Directors affected by the conflict and who must abstain shall be deducted for the purposes of calculating the majority of votes necessary.

The members of the Appointments, Remuneration and Sustainability Committee may attend its meetings through a representative. The proxy shall be given in writing and specifically for each meeting, and only to another member of the Committee.

Any member of the Company's management team or staff or those of its subsidiaries shall be required to attend the meetings of the Appointments, Remuneration and Sustainability Committee to work with the Committee and give it access to the information that is available to them, when duly convened to do so, and this may be done without the presence of any other manager. In particular, executive Directors of the Company must attend to report to the Committee, insofar as decided by the Committee itself. The Committee may also request that the external auditor of the Company attend the meetings, as well as hire the services of external lawyers and other independent professionals to perform its duties as efficiently as possible.

Minutes shall be taken of the meetings of the Committee, which shall be made available to all the members of the Board.

For all matters not expressly regulated in this article in connection with the functioning of the Appointments, Remuneration and Sustainability Committee or, where appropriate, in its own Regulations, the provisions of these Regulations concerning the Board of Directors shall apply in a supplementary manner, to the extent that its nature and its functions make it possible.

TITLE IV. FINAL PROVISION

Article 32. Term and effective date

These Regulations shall be valid for an indefinite term and shall come into force on the date on which all the shares in the Company are admitted to trading on stock markets through the Spanish Stock exchange Interconnection System (SIBE). These Regulations shall apply to the Board of Directors and Committees whose meetings are convened after the effective date of these Regulations.

